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Total Rewards that retain: A study of demographic preferences

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A dissertation submitted in partial fulfillment of the requirements for the award of the degree of Master of Social Science in Organisational Psychology

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COMPULSORY DECLARATION

This work has not been previously submitted in whole, or in part, for the award of any degree. It is my own work. Each significant contribution to, and quotation in, this dissertation from the work, or works, of other people has been attributed, and has been cited and referenced.

Signature: _____ Date: _____

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Abstract

Orientation-Changing workplace demographics and a scarcity of skills have forced employers to understand which total reward factors influence the retention of talented employees, as undifferentiated retention strategies are no longer appropriate.

Research purpose-The objectives of this study were to develop an understanding of the total reward factors and the ideal combination and quantum of total rewards that retain employees from various demographic groups including: knowledge workers, employees of different races, genders and age groups.

Motivation for the study-People are integral to an organisations' competitive advantage but talent retention is a challenge for companies globally. To survive the war for talent it is necessary to understand the total reward factors that retain employees. This is especially applicable in South Africa where the demographic profile of the workplace is changing and differentiated retention strategies are needed to retain employees from diverse groups.

Research Design-A quantitative research approach adopting a descriptive design was used. Data was collected via convenience sampling by way of three questionnaires. Remuneration Managers (n=7) completed the first questionnaire to identify different total reward offerings that are believed to retain skilled employees. These results, together with total reward elements constructed from the WorldatWork Total Rewards model, were used to develop the second and third questionnaires which were distributed to corporate members of the South African Reward Association (SARA) as well as to a multinational Oil Company (n=361). Data from questionnaire 2 was analysed using descriptive statistics, t-tests and ANOVAs. Conjoint analysis was employed to identify an ideal total rewards mix based on responses from questionnaire 3.

Main findings-The results of the conjoint task revealed that all respondents considered the highest value of financial rewards including: Benefits, Remuneration and Performance and Recognition as components in their total rewards package that lead to their retention. Results of the t-tests and ANOVA's revealed significant differences in respondents' preferences for Performance and Recognition, Learning and Career Advancement and Work-Life Balance. Performance and Recognition was valued in the retention of Generation X and Y and black employees while Non-Management, Middle-Management, females and Generation X and Generation Y employees considered Learning and Career Advancement as significant in their retention. Matriculants, Undergraduates, Generation Y and black employees considered Work-Life Balance Climate important in their retention, while Work-Life Balance Practices were valued by Non-Management and Middle Management in their retention.

Practical/Managerial Implications-The unique application of conjoint analysis allowed for the identification of both the combination and quantum of total rewards that retain the various demographic groups. Organisations are able to incorporate these findings into differentiated retention strategies.

Contribution/value add-A dearth of research exists in South Africa which highlights the total rewards that retain various demographic groups. No literature exists which identifies the desired reward mix and the amount of rewards that retain employees. The current study succeeded in identifying the total rewards and the ideal mix of total rewards that retain knowledge workers and employees of different gender, race and age groups.

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CHAPTER 1

INTRODUCTION

Employee retention is overwhelmingly cited by CEO's of some of the fastest growing companies as the number one priority on the HR agenda (Frank, Finnegan & Taylor, 2004). Talent retention is deemed to be a key driver of future organisational effectiveness and has been identified as playing a significant role in maintaining an organisation's competitive advantage. Business strategies, products and services can be copied, but it is not possible to replicate a company's talent whereby a business distinguishes itself from its competitors (Jensen, McMullen & Stark, 2007).

Employee retention has been defined as the effort by an employer to keep desirable workers in order to meet business objectives. Alternatively, turnover describes the unplanned loss of workers who voluntarily leave and whom employers would prefer to keep (Frank et al., 2004). Unplanned voluntary turnover is often associated with both direct and indirect costs, including the recruitment costs of replacing employees, plus the more tangible aspects of loss of productivity; quality shortfalls; poor morale amongst the remaining employees; negative impact on customers; and loss of organisational memory. These costs are estimated to be higher than the annual salary of the departing employee (Corporate Leadership Council, 2004). For these reasons, the retention of human capital has become a business imperative where organisations must make every effort to retain talent in order to secure a sustained competitive advantage in the current knowledge economy (Jensen, McMullen & Stark, 2007).

The retention of human capital is, however, becoming an increasingly difficult task for organisations to manage, with the attrition of talent being viewed as a major cause of the so-called war for talent which is characterised by a global scarcity of skills, where demand outweighs supply (Hay, 2002). A group of employees who have been the particular focus of retention efforts and who are considered to be the fastest-growing talent pool in most organisations are knowledge workers (Guthridge, Komm & Lawson, 2008). This group of employees are considered to be both critical to long-term organisational success and integral to organisations intellectual capital

(Birt, Wallis & Winternitz, 2004). Yet the performance of knowledge-intensive companies within the same industry varies significantly, suggesting that some of these organisations struggle to extract value from this newly enlarged group of employees. Furthermore, the technology supporting the work of knowledge workers has created faster and improved ways to share information, and this further drives the demand for such employees and their potential impact (Guthridge et al., 2008). Given the importance and the value added by knowledge workers, they were considered to be an essential group to include in the focus of the current study.

The successful retention of human capital in the global workplace has also been affected by extensive changes in workforce demographics, as organisations are required to manage diverse groups of talent. In particular, changes in the age profile of the labour market have emerged, especially in the United States where the Baby Boomer generation (born between 1943 and 1960) is retiring and too few workers exist in the current labour supply pipeline to fill their jobs. This is likely to require employers to consider ways to retain older workers (Brock, 2003). Significantly more women are also entering the global workplace, motivated by shifting cultural norms and economic necessities. In the United States, growing numbers of ethnic minorities are also entering the labour market while - in the context of South Africa - the Employment Equity Act No. 55 of 1998 has been instrumental in changing the demographic profile of the local labour market, as organisations act as catalysts for developing equity employees who were under -developed during the apartheid era (Maisela, 2001; Tucker, Kao & Verma, 2005).

The introduction of equity legislation in South Africa has exacerbated the difficulties organisations face in retaining black employees. In an effort to meet equity targets, companies often seek quick fix solutions, such as poaching equity candidates, resulting in these employees being highly marketable and mobile (Maisela, 2001). "Equity candidates are categorised as having business imperative skills and hence the (retention) focus is on them" (Bussin, 2002, p.29).

Employees from diverse demographic groups have different expectations and demands from their work environments and as such, a one-size fits all retention strategy will not work (Bussin, 2002). To succeed in the war for talent in South Africa,

employers need to have an understanding of those reward factors that influence whether their talented employees choose to “stay” or “leave” (Dibble as cited in Kotze & Roodt, 2005, p.48). A paucity of empirical research exists which identifies reward factors that retain employees of different demographic groups in South Africa. Much of the existing literature focuses on the antecedents of turnover and often the findings are only applicable to designated groups outside of the South African workplace. Furthermore, no studies appear to outline the combination and the quantum of rewards that serve to retain different demographic groups.

The current study therefore aims to identify the mix and the desired amount of total rewards that retain employees from various demographic groups, which - in the context of the current study - refers to knowledge workers and employees from different race, gender and age groups. An additional objective of the current study is to develop an understanding of the total rewards that these employees, in the context of the South African workplace, deem important in their retention.

CHAPTER 2

LITERATURE REVIEW

Retention trends globally and in South Africa

Despite the current global economic recession and high levels of unemployment, many organisations are faced with the possibility of a future scarcity of talent. In May 2009, consulting firm Deloitte conducted a survey which indicated that 52% of 319 executives surveyed worldwide predicted an increase in voluntary turnover at their companies, while 65% of these executives also reported a high level of concern for the likelihood of losing key talent (Farren, 2009). In July 2009, the Chartered Institute of Personnel Development (CIPD) in the United Kingdom noted that of 3000 employees surveyed, 33% wanted to change jobs and careers after the recession (Farren, 2009). These studies provide an indication that once the economy recovers, employers will experience difficulties in retaining the skilled talent they need to remain competitive.

In the context of the current study, skilled talent refers to knowledge workers who, according to Guthridge et al., (2008) create three times more profit than other employees as their work requires minimal oversight. They are also the fastest growing group of skilled employees in the United States. By one estimate, 48 million of the 137 million workers in the United States are classified as knowledge workers (Guthridge et al., 2008). This group of employees recognises that they represent highly valued assets and that they have the skills to move from one organisation to another. This has made it more difficult for organisations to retain highly qualified employees, which has contributed to a critical skills shortage in a number of professions and countries (Drucker, 2002).

The war for talent, characterised by a global scarcity of skilled talent, where demand outweighs supply is not a phenomenon foreign to South Africa. Human Resources consultancy P-E Corporate Services conducted a study in 2007 of more than 850 companies employing 1.5 million employees. Results of this study indicated that skilled staff turnover averages 17% a year in South Africa (Milazi, 2007). Locally, the demand for and retention of talent poses additional challenges such as a severe lack

of specialist and managerial employees due to an oversupply of unskilled labour and an undersupply of skilled labour. Productivity SA and the 2007 International Institute for Management Development (IMD) World Competitiveness Yearbook noted that South Africa has severe shortages in financial skills and senior management competence, ranking 52nd and 51st out of 55 countries respectively (Smith, 2008). The inability of the education system to produce significant numbers of young black graduates in technical fields such as science, engineering and accountancy has also served to exacerbate the problem (Temkin, 2008). Furthermore, the emigration of skilled employees who are able to compete for jobs globally and who are highly mobile has resulted in South African having the highest brain drain in the world according to Productivity SA and the 2007 IMD World Competitiveness Yearbook (Smith, 2008).

The drive to address employment equity and thereby redress past imbalances has increased the need to retain employees from designated groups (Milazi, 2007). Black employee retention falls within the scope of the current study especially since equity candidates are categorized as having business imperative skills and therefore have become the focus of retention efforts in South Africa (Bussin, 2002). This has resulted in a 30% increase in poaching of skilled black employees, partly because companies need to meet employment equity targets (Finweek, 2008). It is intended that 65% of senior management positions will be occupied by previously disadvantaged individuals between 2006 and 2010. In 2008, P-E Corporate Services noted that a quarter of senior management positions were held by black executives. While this compared favourably with less than 5% in 1994, it continues to fall short of Department of Labour (DOL) targets (Milazi, 2007).

Another designated group that will be studied in the current research and who form the focus of retention efforts in South Africa are female employees. According to executive search firm, Jack Hammer Executive Headhunters, statistics indicate that black female placements increased from 10% to 33% between 2006 and 2008 which implies that the greatest area of transformation has taken place amongst black women (Temkin, 2008). Due to a shortage of appropriate black skills, approximately half of South African companies pay premiums to attract black senior management

(both males and females). Most premiums were between 10% and 20% above established company pay scales (Temkin, 2008).

Finally, employees across different age groups also fall within the scope of the current study. The retention of young skilled professionals in South Africa is becoming increasingly problematic, with many young black professionals leveraging themselves in the market to increase salaries after short periods of tenure with a company. This practice of job hopping comes at a considerable cost to businesses and the South African economy (Finweek, 2008).

The P-E Corporate Services 2007 survey notes that the cost of replacing employees including the costs of recruiting replacements and building skills and experience could amount to between 35 and 40% of the annual remuneration package. This represents a cost to the South African economy of R25 billion a year based on South African Reserve Bank figures, which showed that employee remuneration costs companies approximately R600 billion per annum (Finweek, 2008).

With the associated financial and non-financial costs of turnover, a need exists to determine those factors that will retain skilled employees or knowledge workers as well as employees from different demographic sectors who are classified as having business imperative skills. Knowledge workers as well as employees of different race, gender and age groups have different expectations and demands from their work environments and as such, a one-size-fits-all retention strategy will not work (Bussin, 2002). Furthermore, US studies indicate that while strategically designed remuneration and benefits programmes may be valuable, most successful companies have realized that a total rewards approach, emphasizing attraction, motivation and retention, is required to retain talent across various employee groups (WorldatWork, 2003).

Total Rewards and Retention

There are numerous definitions of total rewards but two definitions are widely recognized:

WorldatWork defines total rewards as “...all of the employer’s available tools that may be used to attract, retain and motivate and satisfy employees” (WorldatWork, 2003, p.3).

Thomson (as cited in Armstrong & Murlis, 2004, p.11) states that “...definitions of total reward typically encompass not only traditional, quantifiable elements like salary, variable pay and benefits but also intangible non–cash elements such as scope to achieve and exercise responsibility, career opportunities, learning and development, the intrinsic motivation provided by the work itself and the quality of working life provided by the organisation.”

It should be noted that it is not simply the type of reward that will be offered but also the level of reward that is a determining factor of retention. This was indicated in a study conducted almost 40 years ago by Porter and Steers (1973), where findings revealed that employees place a high valence on their expectations of pay, promotions, supervisory relations and peer group interactions, but individuals also place varying degrees of importance on the host of rewards available from their job. Whatever the composition of the employee’s expectation set, it was important that those factors be substantially met if the employee is to feel worthwhile and to remain with the organisation (Porter & Steers, 1973).

Elements of Total Rewards

WorldatWork (2003) propose a total rewards model that involves the integration of five key elements that attract, motivate and retain the talent required to achieve desired business results and lead to employee job satisfaction and engagement. This model is illustrated in Figure 1 and includes:

- 1) *Remuneration*: cash provided by an employer to an employee for services rendered;
- 2) *Benefits*: programmes that an employer uses to supplement the cash remuneration an employee receives. These satisfy protection needs and are unlikely to be performance based;

- 3) *Work-Life Balance*: organisational practices, policies and programmes as well as a philosophy that actively supports employees efforts to be successful within and outside the workplace;
- 4) *Performance and recognition*: Performance involves the alignment and subsequent assessment of organisational, team and individual efforts toward the achievement of business goals and organisational success. Recognition gives special attention to employee action, efforts, behaviour and performance; and
- 5) *Development and career opportunities*: Development comprises learning experiences designed to enhance employee skills and competencies. Career opportunities involve plans to help employees pursue their career goals. These are relational needs that bind workers more effectively to an organisation as they satisfy individual's needs such as personal development and fulfillment (Armstrong & Murlis, 2007).

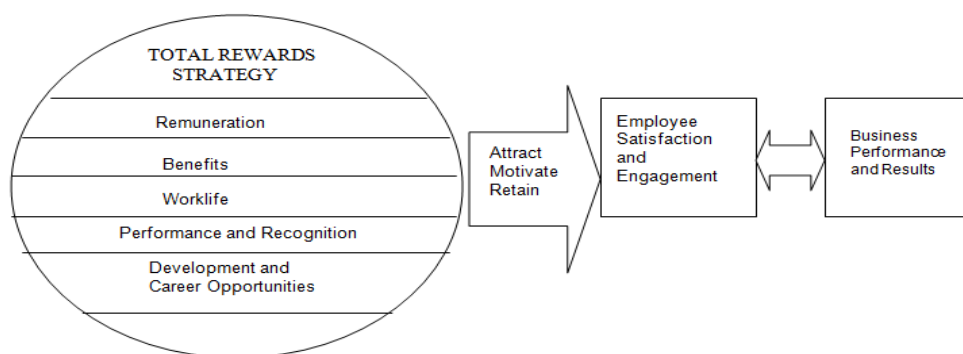


Figure 1. WorldatWork Total Rewards Model

Adapted from WorldatWork, 2003, p.1

The different reward elements of the WorldatWork model will be discussed in further detail in the following section.

Remuneration

Remuneration is pay provided by an employer to an employee for services rendered. It is typically the first aspect of the employment contract and calls for the extension of an acceptable monetary reward in return for the time, effort and skill of the employee. Fixed pay or base pay is usually determined by the organisation's philosophy and pay structure (WorldatWork, 2003).

Pay is the most commonly cited reward element used in retention strategies, while- in reality- it is the fifth most common reason for leaving an organisation (Bussin, 2002). De Vos and Meganck (2007) found that 64% of HR managers ranked financial rewards as the primary reason for leaving. As part of the same study, employees were surveyed and the results indicated that a lack of career development was the main reason for leaving organisations, while financial rewards only ranked fourth in importance as a retention factor. Similarly, a Corporate Leadership Council (2006) Employment Value Proposition Survey indicated that remuneration is one of the strongest drivers for employee attraction, but more than 25 other Employee Value proposition attributes play a greater role in retention.

Higginbotham (1997) found that high levels of remuneration were not considered essential in employee retention, although the perception of being paid fairly was strongly correlated to employee commitment. Kochanski and Ledford (2001) supported the notion that employees are more likely to be retained when remuneration is deemed to be competitive and employees understand their pay system as well as the goals that need to be met in order to receive a salary increase.

Remuneration can also be used to determine who leaves and when. For example companies pay so-called 'hot skills' premiums to employees whose expertise is crucial and in short supply. The premiums cease once the skills are more readily available in the market. The payment of sign-on bonuses also ensures new employees remain with the organisation in the short term. Deferred sign-on bonuses are the norm for executives (Cappelli, 2000a). In a 2005/2006 US Compensation Planning Survey conducted by Mercer Human Resources, 55% of companies reported using sign-on bonuses to retain key employees (HR Focus, 2005).

The most common form of remuneration used for retention purposes are 'golden handcuffs', which are defined as "...remuneration packages that reward employees for staying with the company" (Capelli, 2000b, p.106). They are often paid to employees who are subject to severe market pressure and are also used as a means to keep employees in departments that have experienced cut backs due to redundancy, so as to ensure that the best employees are retained. Golden handcuffs can be paid in the form of phased lump sum payments, guaranteed bonuses or tied

to performance and delivery during times of reorganisation to retain people until the business unit closes. They may also take the form of shares or stock options, especially at executive level, as it is assumed that equity participation engenders additional commitment (Capelli, 1999).

Unfortunately, pay is the easiest element in the total rewards model for competitors to match. Recruiters routinely buy-out golden handcuffs with sign-on bonuses or golden hello's i.e. payments made to entice sought-after individuals to join a company (Armstrong & Murlis, 2002). Retention incentives ultimately become another element of remuneration contributing to wage inflation as opposed to long term retention (Cappelli, 2000a). Nevertheless in 2002, WorldatWork conducted a Retention Bonus Survey which indicated that more companies (32%) offered retention bonuses, compared to survey results in 2000, where only 24% offered these bonuses. The primary reason for these retention bonus programmes was to retain key employees during organisational restructuring. These programmes were viewed as an effective retention tool by 84% of participants (WorldatWork, 2002).

Benefits

Benefits are a core element of the total rewards model and include health and welfare plans (including death and disability benefits), retirement plans (both defined benefit and defined contribution plans) and programmes providing pay for time not worked (e.g. paid vacation). The WorldatWork Attraction and Retention survey (2007) indicated that 90% of participants rated paid vacation as having the highest impact on attraction and retention. The same percentage of participants rated medical plans as either having a moderate or high impact on attraction and retention. In addition to this, defined benefit plans were also seen to retain employees. By their nature these plans induce retention since they are based on pay and service (WorldatWork, 2007). Kochanski and Ledford (2001) similarly indicated that employees in high technology environments valued the benefit of paid time off (which would include annual, sick and family responsibility leave). This was considered to be the most significant indirect benefit which was able to predict retention. Furthermore employees were not concerned about how their benefits were administered, but rather what the value of these benefits were.

In South Africa, benefits are becoming increasingly valued due to the high costs thereof. For example, healthcare has increased on average by 10.25% over the last five years and comprises approximately 30% of employees' income (Du Preez, 2009). Healthcare accessibility continues to be a concern for the majority of South Africans with government initiatives such as a National Healthcare system being planned to address this issue. These factors provide some indication of the reason for medical care being valued as a benefit.

Increasingly, companies in South Africa are also moving away from defined benefit to defined contribution retirement plans. This has required employees to assume more responsibility for the investment decisions of their retirement plans. Accompanying these changes is a greater awareness of the adequacy of the provision made for retirement, and an appreciation of the value of the company contribution towards employees' long term financial security (Du Preez, 2009). Many South Africans also have limited access to retirement funding resulting in a dependency on a social welfare pension, which is largely inadequate (Department of Social Development, 2008). Taking such factors into account, it is plausible that employees in South Africa would place a high value on their retirement benefits offered by the employer.

Work-Life

The introduction of the Basic Conditions of Employment Act No.75 of 1997 provided a significant turning point in the improvement of working conditions in South Africa. One such advancement was the provision of more flexible working arrangements as was evidenced by the introduction of maternity and paternity leave, as well as companies increasing recognition of the need for a variety of flexible work options such as flextime, a compressed work week and telecommuting (WorldatWork, 2003). Other intangible rewards which form part of the work-life component of total rewards emanate as a result of employers' realization that the workplace is a social institution and employees expect, to some degree, to have a workplace that forms a community or network. Team lunches, away-days or fund-raising for charities strengthen the social fabric of the workplace and also create a sense of belonging that enhances engagement. The work-life factor is also seen to influence retention, as leaving the company means leaving one's social network. Working in closely-knit

teams with like-minded colleagues also increases the likelihood of retention as employees who would not waiver to leave an organisation may find it difficult to leave team-mates (Cappelli, 2000a).

Work-life programmes also include components that aim to support employees' health and wellness. This may encompass Employee Assistance Programmes (EAP's) that provide counselling or referral services including psychological, financial, legal, family and career counselling. Proactive wellness strategies also assist in lowering stress levels and may include programmes such as fitness centre affiliations and on-site health seminars (WorldatWork, 2003).

WorldatWork (2007) conducted a survey to identify the prevalence and perceptions of programmes that attract and retain talent with a specific focus on work-life programmes. Survey results indicated that 62% of survey participants offered telecommuting programmes but only 46% indicated that the programme had a high impact on employee retention. Other work-life programmes that had a high impact included emergency back-up dependant care services, on-site childcare and sabbaticals. Wellness programmes such as health screenings, smoking-cessation assistance and stress management programmes reported only a minor impact on employee retention.

Performance Management

Performance Management is a process for establishing a shared understanding of what will be achieved and how it will be achieved in an organisation. It is a way of managing people that increases the probability of both individual and organisational success (Jensen et al., 2007). Performance management is a key component in creating an engaging environment that is conducive to the retention of employees. Employee commitment and retention are also enhanced by the use of a robust performance management process which allows managers to clarify expectations, increase employee motivation by setting challenging goals, develop employees via coaching and provide rewards for the accomplishment of performance targets (Jensen et al., 2007).

Employee performance against defined goals may be rewarded via merit pay or extra payments, such as cash bonuses. Organisations may provide employees with an annual increase in the form of a merit adjustment tied to individual performance. This is an example of pay for performance being linked to the base salary component of a total package (Armstrong & Murlis, 2002). The importance of pay for performance was emphasized in a Corporate Leadership Council study, when a differentiation of remuneration of at least 10% between top and low performers was considered to be the single biggest retention factor amongst high value employees (Bussin, 2002).

Performance rewards may also be linked to variable pay or pay at risk. Variable pay programmes may be based on individual objectives, team or unit goals or company targets. Incentive programmes are deemed to be the most effective variable pay programmes in terms of driving performance and motivation (Jensen et al., 2007). Incentive plans may include gainsharing and profit-sharing programmes. Gainsharing programmes are incentives designed to share the results of productivity gains with employees as a group. Profit-sharing plans are provided to employees based on the profits of the company. Predetermined goals and formulae are used to determine the amount allocated to employees. Payouts are in the form of cash, deferred cash, company stocks or cash stocks (WorldatWork, 2003). These are often used to retain executives (Capelli, 1999).

The Hay Groups 2010 report, *The Changing Face of Reward*, indicates that variable pay programmes are increasingly being emphasized in total rewards offerings and contributes significantly to employee motivation and commitment when linked directly to individual performance and organisational goals (McMullen, 2010).

Recognition

Employees cite a lack of recognition as one of the main reasons for leaving their employer. Only a lack of career advancement rates higher for most employees (Holmes, 2008). Recognition is viewed as an important part of the total work experience and is instrumental in reducing turnover, increasing productivity and creating a positive work environment. Recognition involves a total commitment by the organisation and its leadership (WorldatWork, 2003).

Recognition programmes acknowledge employees actions, efforts and performance and can meet an intrinsic psychological need for appreciation (WorldatWork, 2003). The Motivation-Hygiene Theory proposed by Frederick Herzberg provides an indication of the importance of recognition. According to Herzberg (as cited in Jensen et al., 2007) remuneration will at best prevent employees from being dissatisfied with their work environment, but it is recognition which provides employees with a level of satisfaction.

Recognition may be either formal or informal. Formal approaches to recognition may be monetary or non-monetary and include bonuses which differ from incentives as they are provided without prior objectives being achieved. These include annual bonuses, which reward individuals and groups for contributions to the organisation and smaller 'spot' bonuses given for extra contributions by either teams or individuals. Other formal non-cash approaches to recognition may include service awards, flexible work schedules and reserved parking (WorldatWork, 2003). Informal approaches to recognition include *inter alia* gift certificates, thank you cards, team dinners or personal or group recognition e.g. when managers act upon the suggestions of team members and acknowledge this contribution (Armstrong & Murlis, 2004).

One example of the impact of a successful recognition programme on retention was illustrated by Sanlam Personal Finance which reported a reduction in staff turnover of more than 3% after the introduction of a recognition programme (Holmes, 2008).

Career Opportunities

Career opportunities involve plans for employees to pursue their own career goals and may include advancement into a more responsible position in an organisation. Opportunities may include: increased exposure outside the department; publishing articles; learning a foreign language; internships and apprenticeships with experts; overseas assignments; internal job posting; job advancement/promotions; career ladders; and succession planning (WorldatWork, 2003). A 2003 Towers Perrin Talent report indicated that career advancement opportunities were rated amongst the top two reward elements that retained employees. These findings are supported by the Corporate Leadership Council's 2006 Employment Value Proposition Survey.

Results of this survey indicated that 45% of participants stated that development opportunities, job interest alignment and organisational respect for employees created the highest impact on organisational commitment. Similarly in a study of 8000 employees in 35 countries, Kaye and Jordan-Evans (2002) noted that exciting work and challenge as well as career growth and opportunities were rated by employees as the top two reward factors that retained them.

Employers need to support the provision of internal career opportunities in order to ensure that the most talented employees are deployed in positions that enable them to deliver the greatest value to the organisation (WorldatWork, 2003). Companies also need to ensure that talented employees are in jobs that are challenging and interesting with meaningful work assignments as this will make optimal use of their skills and enhance delivery of company goals such as operational efficiency, quality of product or service and productivity. Job design is a pivotal part of this process (Armstrong & Murlis, 2004). Butler and Waldroop (1999) recommend the process of job sculpting or creating a customised career path which matches people to jobs that allow their deeply embedded life interests to be expressed. Capelli (2000a) also suggests focusing on redesigning jobs where these include tasks that are likely to influence turnover. This was demonstrated in a study of UPS drivers, where the task of loading packages was often quoted as the reason for driver turnover. These jobs were subsequently redesigned.

Career Development

Career development consists of learning experiences designed to enhance employees' applied skills and competencies. Employers can offer the opportunity for learning and development by providing employees with a sequence of experiences and training that equips them for their respective levels of responsibility (Armstrong & Murlis, 2004). The following are some examples of learning opportunities: corporate universities; new technology training; attendance at outside seminars and conferences; self development tools and techniques; on-the-job training; rotational assignments at a progressively higher scale including leading a project or participating in a major project; and sabbaticals (WorldatWork, 2003).

Increasingly, coaching and mentoring arrangements are also used to fast-track learning at senior levels where specific behavioural issues may need to be addressed. Leadership and management training are often included as part of such opportunities (WorldatWork, 2003). Training and skills development are deemed important elements in an employee's overall reward package, especially in organisations where upward promotions are restricted and lateral movements are common practice (Armstrong & Murlis, 2004).

Training and development are noted as having a positive impact on retention, motivation and engagement, as it serves as a clear indication of an organisation's investment in employees (Bussin, 2002). Cataldo, van Assen and D'Alessandro (2000) also indicated that training creates an increased sense of self-worth amongst employees. Agarwal and Ferratt (1999) noted that employees in organisations that provided job rotation and mentoring opportunities perceived these companies to value their human resources and wished to maintain a long-term relationship with them. In a Hay study conducted across 300 companies with over half a million employees surveyed, the most important reward that retained employees was the opportunity to learn new skills (Prewitt, 1999).

Conclusion of Total Rewards model overview

It is apparent from the above overview of total rewards that previous research has identified a variety of rewards as being successful in the retention of employees in general. Employees have different expectations and needs from their organisations total rewards offering, and it is imperative that these needs be understood, otherwise retention is likely to remain an ongoing challenge (Bussin, 2002). For this reason, it is important to highlight the findings of previous research into the rewards that retain specific groups of employees that form the focus of this study.

Rewards that retain Knowledge Workers

Drucker (2002, p.71) defined knowledge workers as "...individuals who gain access to jobs through formal education and who carry knowledge as a powerful resource which they, rather than the organisation, own." Knowledge workers also gain access to jobs via formal education. Studies of knowledge workers across various industries

in South Africa e.g. finance, information technology and engineering have been conducted and a common set of total rewards appears to exist across this research.

Kinnear and Sutherland (2000) noted that the most important rewards that retained knowledge workers from the fields of science, technology, financial services and information technology were financial rewards, recognition and developmental opportunities. A high value was also placed on performance based incentives, (which is in alignment with the highly competitive nature of knowledge workers) as well as on learning from professional colleagues and development in their areas of expertise. Studies by Horwitz, Heng and Quazi (2003), Horwitz, Heng, Quazi, Nonkwelo, Roditi and Van Eck (2006) as well as by Sutherland and Jordaan (2004), supported the findings of Kinnear and Sutherland (2000) and similarly noted that financial rewards, performance based incentives and recognition retained knowledge workers. In addition, Sutherland (2004) noted that the need for challenging work and career development opportunities were highly sought after in the retention of knowledge workers.

Findings from Horwitz et al.'s (2003) study of knowledge workers in Singapore indicated that challenging work, competitive pay, performance bonuses and incentives were valued retention strategies amongst Singaporeans. In a further study of knowledge workers in South Africa and Singapore, Horwitz et al. (2006), noted that South African knowledge workers were retained most effectively when provided with challenging assignments and fulfilling work as well as incentive and performance bonuses.

Lee and Maurer's (1997) study of knowledge workers focused on various types of engineers and their turnover decisions. The results of their research indicated that under varying decision paths the following reward factors influenced retention: intrinsic challenges and the availability of a technical career ladder increased retention amongst project and professional engineers; while training and development interventions increased retention amongst professional and management engineers.

Birt et al., (2004) studied knowledge workers at a financial services institution. Amongst the top variables chosen by participants as being effective retention tools were challenging and meaningful work, career advancement opportunities and new opportunities and challenges. Gaylard, Sutherland and Viedge (2005) in their study of 239 IT workers noted that the main retention factor was a sense of equity in the employment relationship via fairness of salary, work-life balance and job security.

Based on the aforementioned studies, it is apparent that the typical reward factors that retain knowledge workers include: competitive pay, career advancement, development opportunities, challenging work assignments, and performance based incentives. There is also a similarity in reward elements considered unimportant to knowledge workers. Sutherland and Jordaan's study (2004) indicated that reward elements relating to personal comfort including medical aid benefits, social relations at work, pension and contractual obligations did not retain knowledge workers. Birt et al. (2004) similarly noted the lack of value placed on traditional retention strategies such as work-life balance practices e.g. extra vacation, childcare facilities or teambuilding exercises. Horwitz et al.'s 2006 study supported these findings as workplace fun and flexible work practices were deemed ineffective for South African and Singaporean knowledge workers respectively.

Rewards that retain Employment Equity candidates

Limited social science and business literature exists in South Africa to indicate the mix of total rewards that retain previously disadvantaged individuals (PDI's) or candidates from designated groups, as per the Employment Equity Act No.55 of 1998. The designated group includes Africans, Indians and Coloureds as well as females of all races.

Maisela (2001) noted that black professionals considered work environments with strong Employment Equity (EE) initiatives and diverse work groups as key retention factors. While Kotze and Roodt's (2005) study of demographic differences in retention factors affecting managerial and specialist bank staff indicated that PDI's rated performance standards, diversity, competitive remuneration and employer of choice perception as rewards that were less likely to retain them, than non-PDI's. Booysen's (2007) study of barriers to the effective retention of black managerial

employees in a South African bank, noted that poor talent management, lack of coaching, mentoring and career succession were obstacles to retention. In a study of black professionals by Khanyile and Mapongo (2007) no clear relationship between income and employee commitment was established although it was noted that this group was more likely to remain in their current job because they valued the work they were engaged in rather than the company they worked for.

The overview of South African studies provided above therefore indicates that career opportunities are important for retention amongst PDI's. There also appears to be limited research outside of South Africa with respect to those rewards that retain PDI employees. Studies out of the United States tend to focus on antecedents of turnover amongst minority groups in general.

Griffeth, Hom and Gaertner (2000) noted the following factors as being responsible for US minority turnover: supervisor bias; pay inequity; impoverished job duties; performance pressures; blocked careers; unsupportive colleagues; and tokenism. These factors are generally believed to influence turnover via decreased job satisfaction and organisational commitment. Other studies such as that of Thomas and Gabarro (1999, as cited in Hom, Ellis & Roberson, 2008) noted that minority executives experienced slower career progress than their white counterparts during their early career stages (i.e. entry level to middle management). This may send a message to minority employees that limited career advancement exists and consequently induces early exits.

The source of the turnover reasons amongst US minorities tends to stem from career advancement opportunities or poor talent management. Although these findings may be similar to the South African research, they may also be considered incomparable given the differences in the history of racial inequality as well as current South African labour legislation which may influence the work experiences of PDI's.

Rewards that retain Female Employees

Significantly larger numbers of women have entered the global workforce as a result of changing cultural norms and economic necessities. The International Labour Organisation has indicated that women represent 40% of the global workforce with

70% of women in the developed world and 60% of women in the developing world engaged in paid employment. By 2015 it is expected that women will make up 48% of the US workforce with similar numbers predicted for the European Union (Tucker et. al., 2005).

In South Africa women are classified as equity candidates under the Employment Equity Act No.5 of 1998. Female retention is therefore deemed to be a business imperative and with the global change in workplace demographics it is necessary to understand what causes turnover amongst women and subsequently what elements of the total reward offering are considered effective retention tools for this group of employees. Limited literature exists in both South Africa and internationally to indicate the rewards that retain female employees and therefore the following studies highlight the antecedents of turnover amongst female employees.

Contending reasons exist in the literature as to why women leave their current employment. Schwartz (1989) suggested that female managers leave employment due to their family structures (e.g. dual-earner status and number of children). Similarly, Sicherman (1996) noted that a higher proportion of women than men left their jobs for reasons such as household responsibilities and illness in the family. Other factors such as higher wages were also quoted in Sicherman's research while findings from a study by Stroh, Brett and Reilly (1996) indicated that female managers' turnover was more closely related to traditional work related predictors of turnover such as lack of career opportunities or hitting the glass ceiling. Related to these findings, Krishnan (2009) investigated the career paths of women, who left their organisations, and discovered that in 51% of the cases women joined rival organisations in more prestigious positions, again suggesting that they lacked career opportunities at previous employers.

In contrast to these findings, Kotze and Roodt (2005) noted one statistically significant difference in retention factors between male and female senior managers at a financial institution, notably that of employee well-being. In the context of Kotze and Roodt's (2005) study, well-being pertained to talent development, career advancement opportunities, the prospect of better pay and better communication. Results indicated that females noted a higher level of employee well-being than their

male counterparts. It was suggested that Employment Equity legislation and practices may have had a negative impact on the well-being of white males (Kotze & Roodt, 2005).

Based on the studies outlined above, rewards that should form the focus of retention practices for female employees include work-life balance and associated flexible work schedules and where a lack of career opportunities exist, career ladders and career-enhancement opportunities may be effective.

Rewards that retain employees of different age groups

Age demographics of the global workforce are changing significantly with employees aged 20-30 years old representing 70% of the US labour market (Tucker et al., 2005). Over the next two decades 78 million employees in the United States will turn 65 (traditional retirement age in the United States) which will potentially create a severe talent shortage especially in the financial services, healthcare, engineering and education sectors (Tiku, 2007). Similarly in South Africa, experienced non-PDI employees, aged 50+, will be exiting the labour market over the next 10 years, leaving a large skills gap which the current education system is failing to address (Temkin, 2008). This has created a situation where employers need to ensure that they can grow and retain their young talent even though this is becoming an increasingly difficult task with skilled professionals of all races increasingly choosing to job hop in an effort to satisfy their need for 'instant career growth' (Jekwa, 2007,p.24)

Employees at different stages of their lives place emphasis on different aspects of their total rewards mix. According to a study conducted by Towers Perrin (2003) employees aged between 18-29 value base salary, variable pay and shares the most, while employees aged between 30-44 value medical aid, base salary and deferred remuneration. Employees aged between 45-54 view base salary, deferred remuneration and retirement funding as important while employees of 55 years or older value retirement funding and base salary equally together with medical aid (Bussin, 2002).

US research into different rewards that retain employees of different age groups focuses on different generations. Generation is a term used to refer to people born in the same general time span and who share historical or social life experiences. Due to these distinct life experiences, each generation develops a unique personality that determines its feelings towards authority and organisation. This generational personality will also influence what individuals expect from their employer and how they intend to satisfy their needs (Gursoy, Maier & Chi, 2007). Generations that have been identified include: Baby Boomers (born between 1943 and 1960); Generation X (born between 1961 and 1980); and Generation Y or Millennials (born between 1981 and 2000).

One of the most apparent differences that exist between generations are the beliefs they hold about the psychological work contract between employees and employers (D'Amato & Herzfeldt, 2008). The psychological contract is a set of tacit agreements between members of the organisation and their managers, specifically mutual promises and obligations between employers and employees (Robinson & Rousseau, 1994). Baby Boomers (i.e. born between 1943 and 1960) are more likely to believe in a psychological contract such that loyalty towards the employer and hard work is rewarded with job security (i.e. 'a job for life') and gradual pay increases. During the 1980's, the trends of downsizing, restructuring and outsourcing resulted in many organisations valuing capabilities more than loyalty. These changes produced a shift in the psychological contract with the result that younger generations, namely Generation X (i.e. born between 1961 and 1980) and Generation Y (i.e. born between 1981 and 2000) did not expect a lifetime of employment when they entered the workforce (D'Amato & Herzfeldt, 2008). Instead, Generation X and Y employees are more independent and self-reliant than Baby Boomers; they are likely to have multiple careers; are prepared to make rapid career transitions and leave an organisation when their needs are not being met; and emphasize work-life balance. Baby Boomers however expect a linear career path as well as career growth in one organisation and are prone to being workaholics. They also prefer to be managed and expect to retire by age 65 (Ahlrichs, 2000).

Baby Boomers make up a sizeable portion of the current workforce and have extensive knowledge and business experience. As such, they are considered to be

the company's intellectual capital. Literature indicates that this generation is retained by benefits programmes such as medical aid and retirement benefits and initiatives to assist in preparing for their retirement (Tiku, 2007). These findings are supported by the Towers Perrin (2003) study outlined above as well as by Wallace (2006) in a study of generational differences across the legal profession where pay was deemed to be more important to Baby Boomers than to Generation X'ers.

The most successful reward elements to retain Generation X employees include the offer of career development opportunities including jobs that aid this generation in advancing to the next job; career ladders; and providing challenging assignments (Harvard Business Essentials, 2002). These rewards are in alignment with this generation's need to be loyal to their own skills as opposed to a particular company. D'Amato and Herzfeldt (2008) studied generational differences across retail managers in Europe and noted Generation X'ers need for continuous learning and expansion of skills which created a sense of organisational commitment. Gursoy et al.'s (2008) focus group study of Generation X'ers also highlighted their need to 'leave work at work' as well as trying to strike a balance in their lives. These findings were supported by Gabriel's (1999) study where work-life programmes such as sabbaticals and flexitime were popular amongst Generation X'ers.

Studies indicate that Generation Y have similar needs to Generation X. The South African Graduate Recruitment Association (SAGRA) conducted a Talent Retention Study amongst graduates in South Africa in 2005. Results of this study indicated that the top five items deemed important to retain Generation Y graduates were: advancement opportunities; developing new knowledge; open and transparent communication; challenging and meaningful work; and work-life balance. Similarly, in a University of Cape Town Graduate School of Business study of Generation Y MBA students, flexibility; work-life balance; mobility; and career development opportunities were deemed important as workplace needs (Cape Argus Workplace, 2010).

These findings are supported by literature in the US where job rotations and shifting job assignments are proposed as retention strategies for Generation Y (Ruch, 2000). Work-life and flexibility options such as flexitime, encouraging the use of online

social networks like Facebook and Twitter or flexi office are seen as ways to satisfy the Millennials' need for loyalty to their lifestyle rather than their job (Roy, 2008).

Contrary to the findings outlined above, a study by Willmer (2008), revealed that only 26% of Generation Y'ers surveyed considered opportunities for advancement as a career concern whilst 33% indicated compensation and benefits as their top career concern. These findings were attributed to Generation Y employees in the United States being more conscious of growing up in an environment where the US healthcare system delivered fewer services at higher costs and the future of Social Security benefits was in doubt (Willmer, 2008).

Conclusion

It is apparent from the above studies that to succeed in the war for talent in South Africa, employers need to have an understanding of those reward factors that influence whether or not their talented employees choose to "stay" or "leave" (Dibble as cited in Kotze & Roodt, 2005,p.48). Much of the literature focuses on the antecedents of turnover and these findings are often applicable to designated groups outside of the South African workplace. Furthermore, no studies appear to outline the combination and the quantum of rewards that retain knowledge workers or employees of different races, genders or age groups.

The current study therefore has two main research objectives which it aims to address: to identify the mix and the desired amount of total rewards that retain employees from various demographic groups, which - in the context of the current study - refers to knowledge workers and employees from different race, gender and age groups. The second objective is to develop an understanding of the total rewards that these employees, in the context of the South African workplace, deem important in their retention.

CHAPTER 3

METHOD

This chapter will describe the methods used within the current study to address the research questions. The research approach and motivation for using the research design will be discussed. Descriptive statistics of the research samples will be outlined as will the sampling processes followed. Details of the three measuring instruments as well as the data collection procedures employed will also be described. Finally the methods for statistical analysis will be reviewed with specific details provided in respect of conjoint analysis.

Research Design

This study follows the quantitative research tradition while adopting a descriptive research design to determine the answers to the research questions. A quantitative research approach involves the collection of primary data from a large number of individuals via a questionnaire which allows individuals' attitudes and opinions to be evaluated in a measurable way (Martins, Loubser & Van Wyk, 1996; Babbie & Mouton, 2001). Quantitative data provides objectivity to the research process by applying statistical criteria to measures. Objectivity is considered an important component of the science of research (Hair, Babin, Money & Samouel, 2003).

A descriptive study aims to accurately describe phenomena without providing causal explanations thereof (Terre Blanche, Durrheim & Painter, 2006). Such designs are usually structured to measure the characteristics described in the research question (Hair et al., 2003). Descriptive research aims to gather data without manipulating the research context. It is a non-intrusive research approach and deals with naturally occurring phenomena, but it cannot be used to create a causal relationship i.e. where one variable affects another (Babbie & Mouton, 2001). The current study used a descriptive design to depict the total rewards and the ideal mix of total rewards that retain different demographic groups. This study does not describe antecedents that cause the ideal mix of total rewards to retain different groups of employees, which would imply a causal relationship.

The method that was used to determine the ideal mix of total rewards was conjoint analysis. Conjoint analysis is one of the most widely-used quantitative methods in Marketing Research (<http://www.sawtoothsoftware.com>). More particularly it is employed to identify which attributes in a product, service or concept are most desired by an individual (Martins et al., 1996).

Terminology of aspects relevant in conjoint studies are listed and defined below:

Attribute: Is a general feature of a concept/product/service. Each attribute is made up of levels (Hair, Anderson, Tatham & Black, 1987).

Level: Is a specific value describing a factor (Hair et al., 1987).

Stimulus: Specific set of levels (one per factor) evaluated by respondents (Hair et al., 1987).

Utility: An individual's subjective preference judgment representing the holistic value or worth of a specific object. It is assumed to be formed from a combination of part-worth estimates for any specified set of levels with the use of an additive model (Hair et al., 1987).

Part-worth: the utility individuals attach to the levels of each attribute or a representation of the importance of each aspect of a concept/product or service in the individuals overall preference ratings (Hair et al., 1987).

Conjoint analysis is based on the assumption that individuals perceive products as consisting of a number of attributes, each offering a measure of worth/value or utility. Conjoint analysis identifies the relative worth of each of the attributes making up a product/service or concept in order to find the offering which contains the most desirable combination of attributes (Martins et al., 1996). Rather than asking survey respondents directly what attributes they find most important, conjoint analysis utilizes the more realistic context of respondents evaluating potential profiles (Orme, 2009). Each profile includes multiple conjoined product features (hence, conjoint analysis), such as illustrated in Figure 2 below:

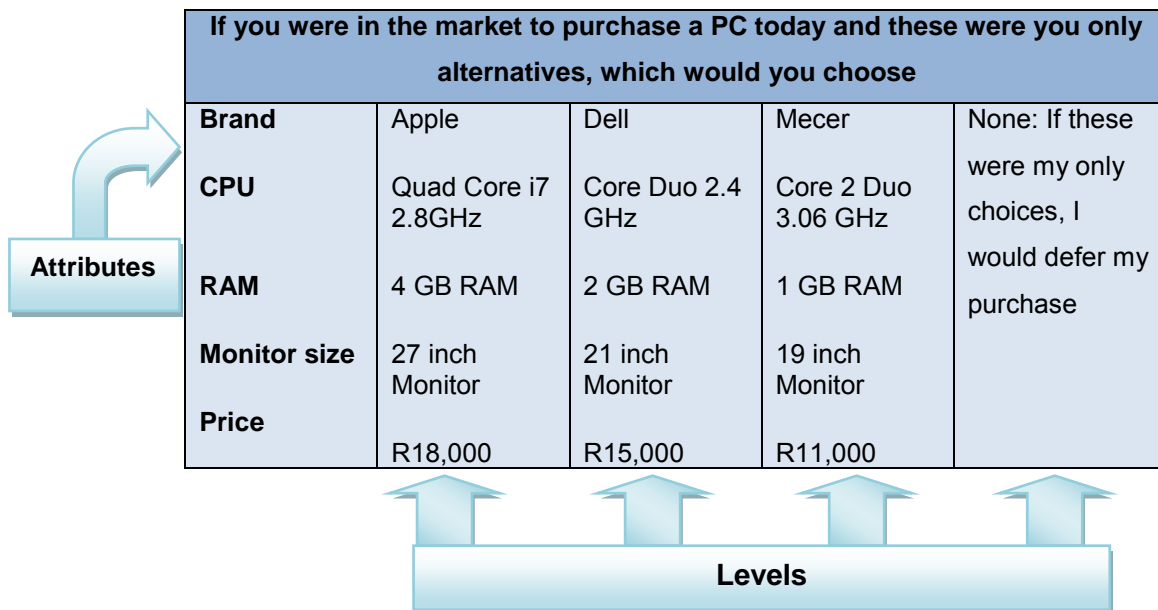


Figure 2. Example of a Choice based conjoint task
 (Adapted from <http://www.sawtoothsoftware.com>)

Six steps will be followed in the development of the conjoint task. These include: 1) selecting attributes and levels to be studied; 2) designing the conjoint task; 3) the model form; 4) data collection; 5) estimating the conjoint model. These steps will be discussed in greater detail in the context of the conjoint questionnaire below.

Sample

A non-probability sampling method, namely convenience sampling was used for this study. Convenience sampling involves the sample being drawn from that part of the population which is readily available and convenient. Generalisations about the population cannot be made from a convenience sample because it would not be considered representative of the wider population (Terre Blanche et al., 2006).

The current study entailed the distribution of three questionnaires and in each case convenience sampling was utilized. The first questionnaire was distributed to a sample of Remuneration Managers across a variety of industries in South Africa. The second and third questionnaires were distributed to a sample drawn from two main sources, namely a multinational oil company with a refinery based in Cape Town as well as companies who are Corporate Members of the South African Reward Association (SARA). Approximately 220 companies across a broad range of industries in South Africa are registered on the SARA database.

Questionnaire 1

The first questionnaire was circulated to 15 Remuneration Managers in order to elicit their expert opinion. A total of 7 responses were received (i.e. a 47% response rate). Table 1.1 below provides an indication of the economic sectors of the companies from which the respondents were drawn. The majority, or 86% of the companies, were from the private sector, with most being multinationals.

Table 1.1

Participant Companies by Economic Sector

Government or Quasi Government Sector	Private Sector – International Listing	Private Sector –JSE Listed	Private Sector Unlisted
14%	72%	14%	0%

Table 1.2 provides an indication of the size of the companies from which responding Remuneration Managers were drawn. This data reflects the number of full time, permanent employees in the various organisations. All the companies have an employee contingent of more than 500 employees, which may be typical of large multinational organisations.

Table 1.2

Remuneration Managers company size –Based on Number of Employees

<500	501-2000	2001-5000
0%	71%	29%

Questionnaires 2 and 3

Approximately 600 of the second and third questionnaires were sent out, of which 361 completed questionnaires were submitted. This equates to a 60% response rate which according to Babbie and Mouton (2001) is an acceptable completion rate that will enable the calculation of unbiased results. Details of the demographic composition of the sample for the second and third questionnaires are provided in Tables 1.3 –1.8 below.

Table 1.3 indicates that the majority of respondents were female, although this is only marginally more than the number of male respondents. These results could be considered typical of the gender demographics of the South African workplace.

Table 1.3

Gender distribution of sample (n=361)

Gender	Frequency	Percent
Female	202	56.0%
Male	159	44.0%

Table 1.4 indicates a predominantly white sample with African and Coloured race groups having nearly equal representation. This sample is not highly reflective of the general South African workforce, but since the employees surveyed could be considered to be knowledge workers it is likely that the sample is representative of this sub-group of employees in South Africa.

Table 1.4

Racial distribution of sample (n=361)

Racial Classification	Frequency	Percent
African	60	16.6%
Coloured	62	17.2%
Indian	35	9.7%
White	196	54.3%
Prefer not to disclose	8	2.2%

Table 1.5 indicates that 79% of the sample were aged 31 years and older. This could again be attributed to the sample comprising mainly of knowledge workers who would fit this age profile given the time required to build up their skills and knowledge base.

Table 1.5

Age group distribution of sample (n=361)

Age groups	Frequency	Percent
21-30	74	20.5%
31-40	132	36.6%
41-50	107	29.6%
51-60	45	12.5%
61-65	3	0.8%

Knowledge workers in the current study were investigated at two levels, the first being education and the second job level. This is in keeping with Drucker's (2002, p.71) definition of knowledge workers as "...individuals who gain access to jobs through formal education and who carry knowledge as a powerful resource which they, rather than the organisation, own." Knowledge workers also gain access to jobs via formal education. Based on these definitions it was determined that employees with no post Matric qualification did not fit the description of a knowledge worker.

Table 1.6 illustrates that the majority or 86% of the sample have obtained a post Matric qualification. Based on the definitions above, this indicates that the sample could be representative of knowledge workers.

Table 1.6

Education level distribution of sample (n=361)

Education Level	Frequency	Percent
Matric	51	14.1%
Diploma	55	15.2%
Degree (3 years)	97	26.9%
Honours	108	29.9%
Masters	47	13.0%
Doctorate	1	0.3%
Not Applicable	2	0.6%

Knowledge workers operate at different levels of an organisation and it is for this reason that job level has been included to determine whether these groups have

different rewards that retain them. Table 1.7 illustrates that the single largest component (36.6%) of the sample are in non-managerial roles. This information is supported by an analysis of the job titles collected from the sample, which indicates that the majority are in individual contributor or specialist roles. The majority of the sample (30%) are employed in the field of Human Resources while 28% are in Finance-related roles. Respondents in the Engineering, Operations/Logistics and Marketing/Sales each comprise 7% of the sample. The remaining 20% of respondents hold positions in the following job families: Administration, Legal, Procurement, Information Technology and Communications.

Table 1.7

Job level distribution of sample (n=361)

Job level	Frequency	Percent
Non-Managerial	132	36.6%
Supervisor/Team Leader	46	12.7%
Middle Management	95	26.3%
Senior Management	50	13.9%
Executive	15	4.2%
Not Applicable	23	6.4%

Table 1.8 indicates that the majority of respondents (25.6%) were derived from the Petrochemical industry which would be expected as this group was targeted as one of the main samples. The Banking and Financial Services sector as well as the Consulting industry formed the second largest response groups with a response rate of 11.7% each.

Table 1.8

Industry distribution of sample (n=361)

Industry	Frequency	Percent
Agriculture	1	0.27%
Accounting	42	11.44%
Automobile	1	0.27%
Banking and Financial Services	41	11.17%
Building and Construction	1	0.27%
Communications & Media	10	2.72%
Consulting	41	11.17%
Engineering	8	2.17%
Entertainment	1	0.27%
FMCG	4	1.36%
Government	6	1.63%
Hospitality	1	0.27%
Health Care	3	0.81%
Information Technology	10	2.72%
Insurance	13	3.54%
Legal Services	6	1.63%
Manufacturing	17	4.63%
Mining	7	1.90%
Petrochemical	88	25.06%
Pharmaceutical	4	1.08%
Property/Real Estate	2	0.54%
Retail	4	1.08%
State Owned Enterprise	14	3.81%
Tertiary Education	2	0.54%
Transport and Logistics	14	3.81%
Other	20	5.72%

For analysis purposes the following groups were combined to ensure a more balanced sample: Coloureds and Indians were combined into African under the Race group sample (i.e. creating a black and white group). Age groups were combined to form Generation groups matching those of Generation Y (born between 1981-2000), Generation X (born between 1961-1980) and Baby Boomers (born between 1943-1960). The age classification of 21-30 was converted to Generation Y while age groups 31-40 and 41-50 were collapsed into Generation X; age groups 51-60 and 61-65 in turn were collapsed and labeled Baby Boomers. Education level was also revised to reflect the education classifications of Degree (3 years) and Diploma as

Undergraduates while Honour's, Master's and Doctorate were reclassified as Postgraduates. Job level categorization was altered to combine the categories of Middle Management with Supervisor/Team Leader to form one category called Middle Management, while Senior Management and Executive categories were collapsed into one job level. The revised breakdown of each of these sample groups is displayed in Tables 1.9-1.12.

Table 1.9

Re-categorisation of Race sample into blacks and whites

Racial Classification	Frequency	Percent
Black	157	43.5%
White	196	54.3%
Prefer not to disclose	8	2.2%

Table 1.10 *Re-categorisation of Age sample into Generation Groups*

Age classification	Frequency	Percent
Generation Y	74	20.5%
Generation X	239	66.2%
Baby Boomers	48	13.3%

Table 1.11

Re-categorisation of Education level sample into Matric, Undergraduates, Postgraduates

Education Level	Frequency	Percent
Matric	51	14.1%
Undergraduates	152	42.1%
Postgraduates	156	43.2%
Not Applicable	2	0.6%

Table 1.12

Re-categorisation of Job level sample into Non-Managerial, Middle Management and Senior Management/ Executive

Job level	Frequency	Percent
Non-Managerial	132	36.6%
Middle Management	141	39.0%
Senior Management / Executive	65	18.0 %
Not Applicable	23	6.4%

In order to have an overview of the combined demographic attributes of the respondents, two frequency tables are provided below. The first table outlines the joint demographic variables of gender and race which are relevant to the Employment Equity Act No. 55 of 1998. Based on this data, females are nearly equally represented across white and black race groups while there are 17% more white males than black males amongst the respondents.

Table 1.13

Frequency count of Employment Equity demographics –Race and Gender

Gender	Racial Classification	
	Black	White
Female	93	106
Male	64	90

The second table illustrates the combined demographics of age, job and education levels across the respondent group. These counts indicate that the majority of Generation Y employees have a Post Graduate qualification and are in Non-Management roles while most Generation X employees have an Undergraduate qualification with nearly equal numbers employed in Non-Management and Middle Management jobs. Most of the Baby Boomers in the current study's sample have an Undergraduate qualification and are employed in Middle Management roles.

It is likely that Baby Boomers and Generation X'ers are mostly in Middle Management roles given their time in the workplace and associated experience

which has facilitated them moving into more senior roles than their less experienced counterparts in Generation Y. The frequency count for education level may also be reflective of the current South African workplace as Baby Boomers and Generation X'ers may have only required an Undergraduate qualifications upon entering the job market while Generation Y's may have noted an increasing need to have Post Graduate qualifications to secure entry level employment in the current labour market.

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Table 1.14

Frequency count across age groups, job and education levels

Age Classification		Generation Y				Generation X				Baby Boomers			
Job Level		Non-Mngment	Middle Mngment	Senior Mngment/ Execs	Not Applicable	Non-Mngment	Middle Mngment	Senior Mngment/ Execs	Not Applicable	Non-Mngment	Middle Mngment	Senior Mngment/ Execs	Not Applicable
Education Level	Matric	6	0	0	1	14	12	2	3	3	8	1	1
	Undergraduate	12	6	0	2	45	46	13	4	2	14	8	0
	Post Graduate	22	13	3	9	26	38	32	2	1	3	6	1
	Not Applicable	0	0	0	0	1	1	0	0	0	0	0	0

Measuring Instruments

Remuneration Managers Questionnaire

Three questionnaires were developed for this study. The first questionnaire (Appendix A) was designed to elicit expert opinion from Remuneration Managers and aid in the development of the conjoint task required for questionnaire 3. The conjoint task required the identification of different total rewards which were deemed to retain employees. In addition three levels of these total rewards, ranging from small, medium and large, had to be identified.

Taking the goal of creating a conjoint model with different attributes and levels into account, questionnaire 1 first outlined a scenario of 3 employees, (Person A, B and C), each with different skill sets or talents which employers may or may not choose to retain in their organisations. Employee A, was classified as scarce talent and posed a high retention risk to the company were they to resign. Employee B had technical skills and posed a moderate retention risk. Employee C was not considered key talent and was easily replaceable. Employee C was considered to be the recipient of the lowest level of rewards and would equate to level 3 in the conjoint task while Employee A, the recipient of the highest level of rewards, would equate to level 1 and Employee B to the intermediate level or level 2.

In order to describe the various values of the total reward elements across the three levels, five total reward elements were first identified using the WorldatWork Total Rewards model, these included: 1) Remuneration and Benefits; 2) Work-Life; 3) Career Advancement; 4) Learning and Development; and 5) Recognition and Performance. These total reward elements were identified as commonly applicable in many large organisations according to a Remchannel South African Benefits Guide survey (2007). The quantum of each total reward element was then described in varying proportions ranging from small, medium and large.

Remuneration Managers were subsequently requested to identify the different size or levels of total rewards which, in either their experience or in their opinion were likely to retain employees A, B or C. Consequently the level of total reward that received the highest percentage for employees A, B and C was converted into level, 1, 2 or 3 in the conjoint task.

It should be noted that employee benefits cannot be provided on a differentiated basis to retain employees as these form part of the conditions of employment for all employees. Benefits were therefore not included in the Remuneration Manager questionnaire. Practically, however, many companies provide employees with benefits such as retirement funding and medical aid of which they are often permitted to select flexible options of varying amounts depending on personal needs. In order to replicate such flexible total rewards offerings, benefits of varying levels were included in the conjoint task in questionnaire 3.

WorldatWork Total Rewards Questionnaire

The second questionnaire was developed using the WorldatWork Total Rewards model and was designed to determine which total rewards respondents deemed most important in deciding whether to stay or leave their current organisation. This questionnaire was also developed with the aim of allowing employees to identify the total reward elements that they considered significant in their retention but may nevertheless have traded off against another reward element in the context of the conjoint task which required a different cognitive approach to selecting rewards that were valued in their retention.

Responses were recorded on a 5-point Likert-type scale where 1 represented “Not at all important” and 5 “Very Important.” The scale comprised 20 questions covering six total rewards namely: 1) Performance and Recognition; 2) Work-Life Balance; 3) Learning; 4) Career Advancement; 5) Remuneration; and 6) Benefits. Typical reward offerings, as identified in the results of questionnaire 1, were used to develop the scale items. Performance and Recognition was covered by five items, Work-Life Balance by eight items, Learning by two items, Career Advancement by two items, Remuneration by two items and Benefits by one item. A copy of this questionnaire is attached in Appendix B.

Conjoint Task Questionnaire

The third questionnaire contained a computer generated conjoint task which was used to establish employee preferences for the ideal mix of total rewards. As

mentioned above there are six steps which are followed in the design and execution of the conjoint task included in the conjoint questionnaire:

Step 1: Select attributes and levels to be studied

The conjoint method assumes that individuals view offerings as consisting of bundles of attributes. Respondents are required to trade off hypothetical products each described by a different attribute mix. To define a product bundle, each predefined attribute must be described by levels which are ranked from smallest to biggest. Product bundles are then constructed by combining different levels from each of the predefined attributes, as demonstrated in Figure 2 (Martins et al., 1996).

The first step in the current conjoint study was to select the attributes appropriate to rewards that retain. Both attributes and levels of rewards were determined by the literature review and validated via the first questionnaire sent to Remuneration Managers. Based on the outcome of both of these exercises the conjoint task included five attributes and three levels. A total of eight conjoint tasks were presented in questionnaire 3. An example of one of the conjoint tasks generated is presented in Appendix B.

Step 2: Designing the Conjoint task

There are various conjoint methods that can be adopted and include amongst other options, the traditional and the choice based methods. The traditional method is best suited when the number of attributes is less than ten. A respondent evaluates stimuli constructed with selected levels from each attribute, known as full profiles (Hair et al., 1987). Each attribute is equally represented and considered in a single profile. For this reason traditional conjoint analysis has been associated with an information-intensive approach to decision making (Hair et al., 1987).

In the choice based conjoint method, respondents choose amongst a smaller subset of factors upon which comparisons and choice are ultimately made. For this reason the choice based conjoint model is considered to be more complex and only six or less attributes are generally utilised (Hair et al., 1987). One of the main advantages of the choice based conjoint task is the realistic choice process portrayed by the choice set. Elrod, Louviere and Davey (1992) also indicate the advantage of models

estimated from choice data which allow for the direct prediction of choice shares, avoiding the need for conjoint simulators which may use questionable assumptions to translate predicted ratings into choices. These advantages were the basis for the decision to use choice based conjoint analysis in the current study.

Step 3: Model Form

In order for conjoint analysis to explain the preference structure, it is necessary to specify the composition rule to be used. The composition rule describes how participants combine attributes to produce a judgment of relative value or utility for a service or product. The choice of composition rule determines the type and number of stimuli that the participants must evaluate. The most basic composition rule which was used in this study was the additive model as opposed to the interaction model, which assumes that the participants add up the values for each attribute (i.e. the part-worths of the levels) to derive the total value for a combination of attributes (Hair et al., 1987).

Step 4: Data Collection

Using choice-based conjoint analysis requires respondents to choose a full-profile stimulus from a set of alternative stimuli known as a choice set. This method is deemed more representative of the actual process of selecting items from a set of competing items. Sawtooth Software (used in the development of the current study's conjoint task) further aids this process by generating a series of unique combinations of levels and attributes and presents these randomly to respondents. Choice-based conjoint analysis also provides an option of not choosing any of the presented stimuli by including a no choice option in the choice set (Hair et al., 1987).

The process of selecting a subset of all possible stimuli must be performed in a way that maintains the orthogonality (i.e. no correlation among levels of attributes) and balance of the design (i.e. each level in a factor appears the same number of times). Choice sets should have minimal overlap since alternatives that have the same level of an attribute provide no information on the preference for that attribute (Haaijer, 1999).

Step 5: Estimating the Conjoint Model

Evaluations of each stimulus can be used to estimate part-worth's for each level and ultimately define the importance of each attribute. Estimated part-worth's are used to generate predicted preference values for each stimulus. (Hair et al.,1987). The development of the MultiNomial Logit (MNL) estimation technique provided an operational method for estimating choice based conjoint models. MNL relates the utilities of the chosen option to the sum of the utilities across all alternatives in the choice set. The multinomial logit model is therefore used to predict choice probabilities or preference shares using the following equation (Eggers & Sattler, 2008):

$$[p(\text{alt}_1) = \frac{\exp(\text{util_alt}_1)}{\exp(\text{util_alt}_1) + \exp(\text{util_alt}_2) + \dots + \exp(\text{util_none})}]$$

Choice-based conjoint models used to be estimated from data pooled across all individuals, but a method called Hierarchical Bayesian modeling was introduced which allows for individual part-worth estimates to be determined. This study aims to investigate individual part-worths and for this reason Hierarchical Bayes modeling was used here. Estimation at the individual level assumes that individual's parameters are self-consistent and different from aggregated data and therefore individuals' data receives more weighting in the estimation of part-worth's (Green, Krieker & Wind, 2001).

Hierarchical Bayesian modeling operates on the assumption that individual part-worth's are described by a multivariate normal distribution, characterized by a series of means and covariance's. Initial estimates of part-worth's for each respondent are estimated and then updated using an iterative process called Gibbs sampling (Orme, 2000). With each iteration, an estimate is made for each parameter based on the current estimates of the others. After numerous iterations, the Hierarchical Bayes method produces part-worth's that fit each individual's outcome reasonably well, but borrows information from other respondents to stabilize the estimates (Orme, 2000, p.3).

After a certain number of iterations (often 10 000 or more), convergence is assumed and the estimates of respondent part-worth's are saved after every subsequent

iteration. These saved results are called draws and reflect the uncertainty around each respondent's part-worth's. Estimates of part-worth's are computed for each respondent by averaging the respondent's draws (Orme, 2000).

Step 6: Assessing Reliability and Validity

To assess the quality of the estimation model, the goodness-of-fit must be determined by comparing actual values with the values predicted by the estimation model. The most common procedure is to include holdout stimuli or validation stimuli, which are a set of stimuli that are not used in the estimation of part-worth's (Hair et al., 1987). Estimated part-worths are used to predict preferences for the validation stimuli to assess validity and reliability of the original estimates. By correlating the predicted evaluations with those obtained from respondents, internal validity can be determined (Malhotra, 2004).

Holdout stimuli must be designed to ensure that one choice does not dominate in the sense that all respondents agree which is best and should also not present concepts that are equally attractive, since equal shares of preference are likely to be predicted. Effective holdout stimuli are designed with some prior knowledge of respondent preferences (Johnson, 1997). Little information was available in the literature to indicate the likely preference for total rewards that retain and as such the holdout stimuli for this study was designed on a near random basis using an approximation of 50/20/20/10 estimated preference share for the 4 choices (including the no choice option). The holdout stimuli for this study are presented in Table 1.13 below.

Table 1.15

Holdout Stimuli for the Conjoint Task

Learning	On-the job training	Leadership/ Management development programmes	On-the job training	My current total rewards package is preferable
Career advancement	Exposure to opportunities /projects outside of your current department/ business unit –may include overseas assignments	Fast tracking career progression to executive or senior management levels	Promotion within current business unit /function	
Remuneration	Base salary targeting the top end of the market & Retention bonus	Base salary targeting the upper end of the market	Base salary targeting the upper end of the market	
Benefits	Employer contributes 100% of total retirement fund contribution plus highest level of medical cover	0% Employer contribution to retirement fund plus basic medical cover	Employer contributes 100% of total retirement fund contribution plus highest level of medical cover	
Work-Life Balance	Flexible Work hours	Flexible Work hours	Flexible Work hours	
Performance and Recognition	Short term incentives linked to your performance plus Stock Options or Shares	Short term incentives linked to your performance plus Stock Options or Shares	Short term incentive linked to your performance	

Data Collection Procedure

Questionnaire 1 was emailed to Remuneration Managers whose details were obtained from SARA. The survey took approximately 10 minutes to complete and Remuneration Managers were given two weeks to return the document via email. Consent to distribute Questionnaire 1, 2 and 3 was obtained from SARA.

An electronic questionnaire was developed for questionnaires 2 and 3. Sawtooth Software version 6 was used to develop the choice based conjoint task in questionnaire 3. Questionnaire 2 and 3 were combined in order to avoid respondent fatigue. Four conjoint tasks were initially presented followed by ten Likert-type scale questions. The same format was then repeated with the remaining four conjoint tasks followed by 10 Likert-type scale questions. This was done specifically to reduce respondent fatigue, a factor which often affects conjoint tasks as they are known to be cognitively taxing. Demographic information was captured in a separate section at the end of the questionnaire and consisted of eight items covering gender, race, age, education level, industry, job title, job and years of service.

Both questionnaires were piloted amongst 10 people resulting in some amendments being made. They were submitted to the UCT Commerce Faculty Ethics Committee and ethics approval was granted. The questionnaire was subsequently presented to the Human Resources Manager of a multinational Oil company and consent was granted to distribute both questionnaires at Head Office and at the Refinery.

The questionnaire was embedded via a hyperlink in an e-mail and distributed to senior management at the Oil Company with a request for them to forward this to their staff. Simultaneously the questionnaire was distributed via a SARA e-mail bulletin to Human Resources Managers who are corporate members of SARA. Details of the purpose of the study and a request to distribute the e-mail and questionnaire link to their staff were included. Instructions for completion were included in the body of the questionnaire and directed respondents to click on the hyperlink (url) embedded in the email. By clicking on the hyperlink, the webpage containing the e-questionnaire was opened. Once a response was entered it was automatically saved, although respondents were able to navigate back to previous questions and adjust their answers.

A submit button was included at the end of the questionnaire and respondents were required to click on this in order to register their responses. If this step was not followed the survey was counted as incomplete and the data discarded. In order to obtain an optimal response rate, a R1000 Woolworths shopping voucher was offered via lucky draw to all respondents. To qualify, respondents were required to capture their email address on the questionnaire. Confidentiality was maintained by ensuring that the respondent's e-mail address was not linked to the response data. Details of the date of the draw were noted on the questionnaire and the winner advised via email.

The questionnaire was administered over a three week period and took approximately 10 minutes to complete. After the closing date of the questionnaire, the conjoint task data was calculated using Sawtooth Software and this output together with the results of the Likert scale items were downloaded into MS Excel. The data from questionnaire 2 was transferred for analysis into the Statistical Package for the Social Sciences (SPSS) version 18.

Data Analysis

The results of questionnaire 1 were analysed using descriptive statistics such as percentages while the results of questionnaire 2 were analysed using descriptive and inferential statistics such as, t-tests and Analysis of Variance (ANOVA).

The outcomes of questionnaire 3 were analysed using conjoint analysis. The utilities resulting from the estimation process formed the basis of the data to be analysed. These were used to identify and calculate the relative importance of individual attributes among all other attributes and to investigate the perceived attractiveness of the various attribute level combinations to ultimately determine the ideal total rewards mix (Martins et al., 1996).

CHAPTER 4

RESULTS

Results obtained from the three questionnaires form the focus of this section. Counts and percentages were used as the basis of analysis for questionnaire 1. Exploratory Factor Analysis (EFA) was used to determine the underlying factor structure of the items in questionnaire 2. Internal consistency (i.e. reliability) was assessed using Cronbach's Alpha coefficients for both the original factor structure as well as for the EFA derived factor structure or measurement model. Differences between the results for males and females and between the results for blacks and whites were assessed via t-tests. Analysis of Variance (ANOVA) was used to determine the differences between respondents across different educational levels, job levels and age groups. Finally, the results from questionnaire 3 were analysed using conjoint analysis. The relative attribute importance as well as the ideal mix of total rewards across all demographic groups will be illustrated.

Remuneration Manager Questionnaire (Questionnaire 1)

Analysis of Remuneration Managers responses

The responses provided by Remuneration Managers to questionnaire 1 were analyzed. Percentages were used to display the results as this was deemed to be the simplest, but most meaningful representation of the frequency of responses (Tredoux & Durrheim, 2002). The data was analysed by first focusing on the question with the highest percentage of responses under the category of Employee C. This question was noted and subsequently eliminated from further analysis and classified as level 3 in the conjoint task. This process was followed as it was assumed that the rewards received by Employee A will always be inclusive of those which Employee B and C receive, and likewise the rewards that Employee C receives are always assumed to be relevant to Employee B.

The question with the highest percentage of responses for Employee B was then used to establish level 2 of the conjoint task before being removed for further analysis. The remaining question with the highest percentage for Employee A was then translated into level 1 of the conjoint task. Where the results were equal across

employees, a judgment was made as to whether the item should be classified as level 1, 2 or 3. Table 2.1 summarizes the results of questionnaire 1.

Table 2.1

Results of Remuneration Managers Questionnaire (n=7)

Based on the results of questionnaire 1, the following attributes and related levels

Type of Employee	A	B	C
Remuneration and Benefits			
A guaranteed package targeting the 50th Percentile of the market or less	0%	71%	86%
A guaranteed package targeting the 75th Percentile of the market or higher	100%	29%	0%
A guaranteed package targeting the 75th Percentile of the market or higher and a retention bonus	86%	14%	0%
Other			
Work-Life Balance			
Flexitime	86%	86%	57%
Compressed workweek	29%	14%	14%
Work from Home	43%	14%	0%
Reduced work schedule or work load e.g. 3 day week, half day	29%	14%	14%
Career Advancement			
Exposure to opportunities outside of the employees current department/business unit including overseas assignments	100%	100%	43%
Promotions when vacancies become available-only moving one grade higher	14%	86%	57%
Fast tracking employee career progression to executive or senior management levels	100%	14%	0%
Other			
Learning and Development			
On-the job training	57%	57%	100%
Tertiary Education Tuition Assistance e.g. payment of fees	57%	57%	43%
Access to Mentoring and Coaching Programmes	86%	57%	0%
Leadership and Management Development Training Programmes	100%	29%	14%
Other (Please Specify)			
Recognition and Performance			
Salary increase significantly above market average	86%	0%	0%
Salary increase targeting the market average or a cost of living adjustment	0%	86%	86%
Cash bonuses tied to specific achievement	71%	43%	14%
Paid time off	14%	14%	14%
Paid Travel	43%	43%	0%
Short term incentives e.g. incentive or performance bonuses	100%	100%	71%
Long Term incentives e.g. share schemes or golden handcuffs	100%	14%	0%
Other Examples :verbal recognition in a public forum, gift vouchers, spot awards	100%	100%	100%

were constructed for the conjoint task used in questionnaire 3 (see Table 2.2).

Table 2.2

Attributes and levels for the conjoint task as derived from the Remuneration Managers Questionnaire

Attribute	Level	Level Description
Learning	3	On-the job training
	2	Tertiary Education Tuition Assistance
	1	Leadership/Management development programmes
Career Advancement	3	Promotion within current business unit /function
	2	Exposure to opportunities /projects outside of your current department / business unit –may include overseas assignments
	1	Fast tracking career progression to executive or senior management levels
Remuneration	3	Base salary targeting the middle of the market
	2	Base salary targeting the upper end of the market
	1	Base salary targeting the top end of the market& Retention bonus
Benefits	3	0% Employer contribution to retirement fund plus basic medical cover
	2	Employer contributes 50% of total retirement fund contribution plus moderate level of medical cover
	1	Employer contributes 100% of total retirement fund contribution plus highest level of medical cover
Work L-life Balance	3	Flexible Work hours
	2	Work from home
	1	Reduced work schedule or work load
Performance and Recognition	3	On the spot awards e.g. gift vouchers , verbal recognition
	2	Short term incentive linked to your performance
	1	Short term incentives linked to your performance plus Stock Options or Shares

1=highest level, 2=intermediate level, 3= lowest level

WorldatWork Total Rewards Questionnaire

Validity and reliability

Exploratory Factor Analysis (EFA) was used to establish the underlying factor structure of the scale which was based on the WorldatWork Total Rewards model, and which made up questionnaire 2. EFA is also used as an indicator of the construct validity of the measure and assesses what the scale is, in fact, measuring (Hair et al., 2007). Principle Component Analysis using Varimax, with Kaiser Normalisation rotation was used. Varimax is one of the most popular orthogonal rotation techniques. The goal of Varimax rotation is to disperse the maximum amount of variance across the factors while simultaneously trying to obtain a simple factor structure (Kerlinger & Lee, 2000). An orthogonal rotation strategy was selected as this treats factors as being independent and maintains the uncorrelated nature of the factors with one another. Orthogonal rotation also aids in the interpretation process since uncorrelated factors are easier to interpret (Kieffer, 1998). It was believed that the factors that made up questionnaire 2 were independent/uncorrelated.

The inclusion criteria used for the Factor Analysis were that factor loadings need to be > 0.45 ; and if the difference in factor loadings across factors was < 0.25 then the item was considered to have crossloaded. If an item did not meet these criteria it was excluded and thereafter a new round of Factor Analysis was conducted. This process was repeated until all the items met these inclusion criteria and a final, or so called 'clean' factor structure, was obtained.

Internal consistency (i.e. reliability) was established by means of calculating Cronbach Alpha coefficients. Internal consistency is estimated by determining the degree to which each item in a scale correlates with each other item. Cronbach's Alpha coefficient is the most general method of finding estimates of reliability through internal consistency (Kerlinger & Lee, 2000). Nunnally (1970) suggests that Cronbach Alpha coefficients above 0.70 are considered satisfactory while coefficients of 0.6 to <0.7 are considered moderate determinants of reliability while a coefficient of <0.6 is considered poor. It should be noted that the purpose of the scale must be considered when assessing whether or not the Alpha coefficient is of an acceptable level. The various coefficients were analysed to determine whether

the EFA derived factor structure was reliable and whether it was 'more reliable' than the original factor structure. Where the EFA derived factor structure was more reliable (i.e. when numerically comparing Cronbach Alpha coefficients), this factor structure was adopted.

Factor Analysis

In order to conduct a Factor Analysis the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy should be ≥ 0.6 and the Bartlett's Test of Sphericity should be significant with $p < 0.05$ (Pallant, 2004). The KMO Measure of Sampling Adequacy for the Factor Analysis was 0.75 and the Bartlett's Test of Sphericity was significant ($p = 0.00$). These results therefore indicate that it was appropriate to conduct an Exploratory Factor Analysis on the data. In order to determine how many factors will be extracted only those factors with an Eigenvalue of more than 1 were selected (the so-called Kaiser criterion).

Considering the inclusion criteria, after the first round, items Q5: "The quality of performance feedback and performance discussions you have with your supervisor"; Q9: "Having a manageable workload and reasonable work pace"; Q10: "Having supportive and like-minded colleagues"; Q20: "The provision of recognition via non-financial means e.g. certificates of recognition." were removed as they did not meet the inclusion criteria ($\geq .45$ and $< .25$). After the second round the following two items were deleted: Q1: "Recognition provided to you by your employer e.g. Financial recognition such as cash, paid travel"; Q2: "The extent to which your employer respects differences in race, gender and age."

The third round of Exploratory Factor Analysis was accepted as the final factor structure. An inspection of the scree plot, using Catell's scree test, confirmed the presence of five factors (Pallant, 2004). Table 2.3 illustrates the items within the scale that loaded on five factors and explained 67.70% of the total variance: factor 1 (Eigenvalue = 3.90) explained 27.88% of the variance, factor 2 (Eigenvalue = 1.64) explained 11.74% of the variance, factor 3 (Eigenvalue = 1.47) explained 10.55% of the variance, factor 4 (Eigenvalue = 1.31) explained 9.39% of the variance and factor 5 (Eigenvalue = 1.14) explained 8.14% of the variance. The factors that remained were labeled: Learning and Career Advancement, Remuneration and Benefits,

Performance and Recognition and Work-Life Balance (Organisational Climate) and Work-Life Balance (Practices). It should be noted that items originally classified as Learning merged with Career Advancement. Work-Life Balance items were clearly divided into two separate sets of items which appeared to reflect the underlying constructs of Work-Life Balance Practices (employers support for a balanced lifestyle and flexible work arrangements) and Work-Life Balance factors which contribute to creating Organisational Climate (social friendships at work, team building exercises and health and wellness programmes).

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Table 2.3

Factor Analysis for Total Rewards Scale

Pattern Matrix		1	2	3	4	5
Q15	The degree to which your employer encourages and organises team building or other social networking activities amongst employees	0.842				
Q16	Your employer's provision of employee health and wellness programmes e.g. Employee Assistance Programmes, counselling services, fitness centres	0.750				
Q14	Having social friendships at work	0.719				
Q3	The opportunities offered to you by your company for learning and career development outside of your current job e.g. sabbaticals, coaching, mentoring, leadership training		0.797			
Q11	The opportunities offered to you by your company for training within your current job e.g. skills training		0.718			
Q4	The opportunities offered to you by your company for career advancement e.g. job advancement/promotions, internships, and apprenticeships with experts, internal job posting		0.714			
Q17	The provision of a competitive pay package (i.e. basic salary plus benefits, allowances or variable pay)			0.802		
Q19	Your employer's provision of incentive bonuses/variable pay			0.759		
Q18	Your employer's provision of medical aid, retirement and pension benefits			0.740		
Q7	The level of challenge and interest you derive from your job				0.844	
Q8	The extent to which you are provided with challenging targets				0.759	
Q6	The extent to which you believe your contribution and work is valued				0.669	
Q12	The extent to which your employer supports a balanced lifestyle (between your work and personal life)					0.833
Q13	Your employer's provision of work/life programmes such as flexible working arrangements, flexible hours					0.821
Eigenvalues		3.90	1.64	1.47	1.31	1.14
Percentage Variance		27.88%	11.74%	10.55%	9.39%	8.14%
Extraction Method: Principal Component Analysis.						
Rotation Method: Varimax with Kaiser Normalisation						

Reliability Analysis

Table 2.4 summarises the Cronbach Alpha coefficients for the original factors and for the factors derived from Exploratory Factor Analysis. The number of items in each of the dimensions for the original and the derived scale are also included. A numerical comparison of the Cronbach Alpha coefficients indicates that two of the five derived items are higher than the original dimensions with one remaining consistent. It was decided that it would be appropriate to use the data obtained from the EFA derived factor structure for further analysis.

Table 2.4

Cronbach's Alpha coefficients for the Total Rewards model

Dimensions of Total Rewards	Original number of items	Cronbach's Alpha coefficients (Original)	Derived items	Cronbach's Alpha coefficients (EFA Derived)
Performance and Reward	5	0.514	3	0.675
Work-Life Balance (WLB) : WLB - Organisational Climate and (WLB Practices	8	0.711	3 WLB Organisational Climate 2 WLB Practices	0.728 0.691
Learning and Career Advancement	4	0.710	3	0.697
Remuneration and Benefits	3	0.693	3	0.693

Descriptive statistics

The means and standard deviations of each of the total reward dimensions across the different demographic groups are presented in Table 2.5, which indicates that Remuneration and Benefits is rated as the most important total reward element by all demographic groups with the exception of Generation Y and Senior Management/Executives who rated Performance and Recognition as the most important total reward element in their retention. Postgraduates indicated an equal preference for Remuneration and Benefits and Performance and Recognition.

Table 2.5

Means and Standard Deviations of total reward elements across all demographic groups

	Male	Female	Black	White	Generation Y	Generation X	Baby Boomers	Non-Management	Middle Management	Senior Management / Executives	Matrics	Under Graduate	Post Graduate
	(n=159)	(n=202)	(n=157)	(n=196)	(n=74)	(n=239)	(n=48)	(n=132)	(n=141)	(n=65)	(n=51)	(n=152)	(n=156)
Learning & Career Advancement	4.19	4.33	4.43	4.13	4.45	4.28	3.95	4.33	4.29	4.05	4.39	4.33	4.19
Remuneration & Benefits	4.54	4.51	4.55	4.5	4.47	4.55	4.45	4.56	4.56	4.43	4.62	4.56	4.45
Performance & Recognition	4.43	4.49	4.54	4.41	4.54	4.48	4.27	4.52	4.41	4.45	4.43	4.49	4.45
Work- Life Balance Practices	4.25	4.35	4.29	4.33	4.33	4.33	4.16	4.35	4.35	4.11	4.43	4.35	4.22
Work -Life Balance Climate	3.37	3.35	3.57	3.19	3.63	3.29	3.27	3.39	3.39	3.09	3.64	3.53	3.10
Learning & Career Advancement	0.617	0.642	0.582	0.643	0.667	0.597	0.639	0.673	0.613	0.610	0.466	0.601	0.673
Remuneration & Benefits	0.575	0.469	0.563	0.508	0.657	0.485	0.526	0.548	0.480	0.588	0.432	0.521	0.564
Performance & Recognition	0.507	0.481	0.466	0.482	0.495	0.477	0.548	0.453	0.544	0.458	0.433	0.524	0.489
Work-Life Balance Practices	0.634	0.628	0.667	0.592	0.585	0.626	0.724	0.609	0.613	0.700	0.500	0.644	0.655
Work-Life Balance Climate	0.906	0.931	0.850	0.943	0.891	0.935	0.791	0.955	0.900	0.844	0.803	0.869	0.934

Figure 3 provides a graphical representation of the means of the total reward dimensions across all the demographic groups. This indicates that overall, Remuneration and Benefits was rated as most important total reward element in retention with Matriculants ($M=4.62$, $SD=0.432$) having the highest mean with respect to this factor. Performance and Recognition was rated second most important, although Baby Boomers rated this factor lower than other respondents. Work-Life Balance Practices and Learning and Career Advancement were rated similarly in overall preference while Work-Life Balance Climate was rated lowest overall in terms of its importance in retention.

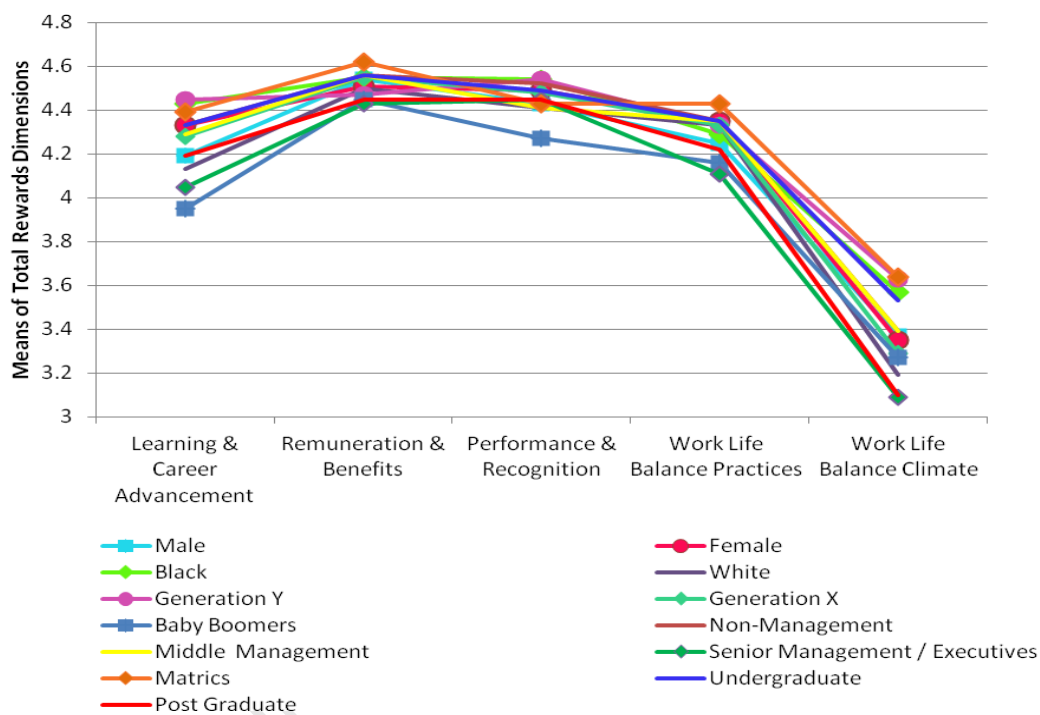


Figure 3. Comparison of the means of total rewards across demographic groups

Differences between gender and race groups

Independent samples t-tests were used to establish whether a statistically significant difference exists between the means of two independent groups' namely male and female respondents and white and black respondents. Levene's test for homogeneity of variance was conducted to determine if the variance of the scores for the two groups (males and females; blacks and whites) was the same. The test results indicated that equal variances could be assumed for all scales.

T-tests with a p value less than 0.05 indicate a significant difference between the groups (Hair et al., 2007). An independent samples t-test revealed one significant difference between the means for the five subscales of male and female respondents. There was a statistically significant difference between males ($M = 4.19$, $SD = 0.64$) and females ($M = 4.33$, $SD = 0.61$; $t(359) = 2.18$, $p = 0.02$ (two tailed) for the measure of Learning and Career Advancement ($p < 0.05$), with females seemingly placing greater importance on this factor in their retention than males.

Three statistically significant differences were also noted between the means of black and white respondents. There was a statistically significant difference between whites ($M = 4.13$, $SD = 0.64$) and blacks ($M = 4.43$, $SD = 0.58$; $t(351) = 4.55$, $p = 0.00$ (two tailed) for the Learning and Career Advancement measure ($p < 0.05$) where blacks considered this factor to be more important in their retention than whites. The second statistically significant difference that was noted between whites ($M = 4.41$, $SD = 0.48$) and blacks ($M = 4.54$, $SD = 0.46$; $t(351) = 2.64$, $p = 0.00$) pertained to the measure of Performance and Recognition ($p < 0.05$), where black employees considered this factor key in their retention. The third statistically significant difference was noted between whites ($M = 3.19$, $SD = 0.94$) and blacks ($M = 3.57$, $SD = 0.85$; $t(351) = 3.94$, $p = 0.00$ (two tailed) for the measure of Work-Life Balance Climate ($p < 0.05$) where blacks considered this factor to be more relevant in their retention than whites.

The results of the t-tests for gender and race groups are summarized in Tables 2.6 and 2.7.

Table 2.6

T-test results for gender

Dimension	Mean		SD		t-value	df	Sig (2 tail)*
	Male (n=159)	Female (n=202)	Male (n=159)	Female (n=202)			
Learning and Career Advancement	4.19	4.33	0.642	0.617	2.188	359	0.029*
Remuneration and Benefits	4.54	4.51	0.469	0.575	-0.558	359	0.577
Performance and Recognition	4.43	4.49	0.481	0.507	0.987	359	0.324
Work -Life Balance Practices	4.25	4.35	0.628	0.634	1.397	359	0.163
Work-Life Balance Climate	3.37	3.35	0.931	0.906	-0.287	359	0.774

Response scale 1=Not at all important, 2=Not Important, 3=Uncertain, 4=Important, 5= Very important

**p* is significant where $p \leq 0.05$

Table 2.7

T-test results for race

Dimension	Mean		SD		t-value	df	Sig (2 tail)*
	Black (n=157)	White (n=196)	Black (n=157)	White (n=196)			
Learning and Career Advancement	4.43	4.13	0.582	0.643	4.559	351	0.000*
Remuneration and Benefits	4.55	4.50	0.563	0.508	0.918	351	0.359
Performance and Recognition	4.54	4.41	0.466	0.482	2.642	351	0.009*
Work-Life Balance Practices	4.29	4.33	0.667	0.592	-0.481	351	0.631
Work-Life Balance Climate	3.57	3.19	0.850	0.943	3.944	351	0.000*

Response scale 1=Not at all important, 2=Not Important, 3=Uncertain, 4=Important, 5= Very important

**p* is significant where $p \leq 0.05$

Analysis of variance for different generations, education levels and job levels

ANOVA was used to assess the statistical differences between the means of three or more groups. T-tests are only able to compare the difference between two means (Hair et al., 2007). For this reason it is appropriate to use ANOVA to determine differences between generations, education levels and job levels. A one-way ANOVA was used whereby the impact of one independent variable, which has a number of different levels, is evaluated in relation to a continuous dependent variable (Pallant, 2004).

The ANOVA indicates whether significant group differences exist, but a post-hoc test is needed to indicate where the differences lie. The Tukey HSD (Honestly Significant Difference) post-hoc test was used. This entails first finding the differences between the means of all the groups and then comparing the difference in scores to a critical value to see if the difference is significant. The critical value is the HSD (honestly significant difference) which is the point when a mean difference becomes honestly significantly different (Tredoux & Durrheim, 2002).

The results of the ANOVA indicated that a statistically significant difference at the $p < 0.05$ level exists between the means for the different generations with respect to Learning and Career Advancement: $F(2, 358) = 9.29, p = 0.00$, Performance and Recognition: $F(2, 358) = 4.79, p = 0.00$ and Work-Life Balance Climate $F(2, 358) = 4.15, p = 0.01$. These results are reflected in Table 2.8.

Table 2.8

Results of ANOVA for total rewards that retain across Generations

Total Rewards		Sum of Squares	Df	Mean Square	F	p
Learning and Career Advancement	Between Groups	7.096	2	3.548	9.293	0.000*
	Within Groups	136.675	358	0.382		
Remuneration and Benefits	Between Groups	0.577	2	0.289	1.025	0.360
	Within Groups	100.773	358	0.281		
Performance and Recognition	Between Groups	2.316	2	1.158	4.796	0.009*
	Within Groups	86.435	358	0.241		
WLB Practices	Between Groups	1.144	2	0.572	1.431	0.240
	Within Groups	143.108	358	0.400		
WLB Climate	Between Groups	6.867	2	3.434	4.159	0.016*
	Within Groups	295.575	358	0.826		

*Mean difference is significant $p < 0.05$

Post-hoc comparisons using Tukey's HSD test indicated that the means for Generation X ($M = 4.28$, $SD = 0.59$) and Generation Y ($M = 4.45$, $SD = 0.66$) differed significantly from Baby Boomers ($M = 3.95$, $SD = 0.63$) with respect to Learning and Career Advancement, demonstrating that Generation X and Generation Y considered this factor more important in their retention than Baby Boomers (*Tukey's HSD* = 0.32. $p < 0.05$ and *Tukeys HSD* = 0.49 $p < 0.05$ respectively).

A post-hoc comparison using Tukey's HSD also indicated that the means for Generation X ($M = 4.48$, $SD = 0.47$) and Generation Y ($M = 4.54$, $SD = 0.49$) differed significantly from Baby Boomers ($M = 4.27$, $SD = 0.54$) with respect to Performance and Recognition initiatives. This indicates that Generation X and Generation Y consider Performance and Recognition to be highly relevant in their retention (*Tukey's HSD* = 0.21. $p < 0.05$ and *Tukeys HSD* = 0.26 $p < 0.05$ respectively). A post-hoc comparison also indicated a significant difference in the means of Generation Y ($M = 3.63$, $SD = 0.89$) respondents compared to Generation X ($M = 3.29$, $SD = 0.93$) with regard to Work-Life Balance Climate initiatives. Generation Y employees considered this factor to be more important in their retention than was the case for

Generation X respondents (*Tukey's HSD* = 0.33. $p < 0.05$). These results are reported in Table 2.9 below

Table 2.9

Tukey's Post Hoc Comparison of total rewards that retain across Generations

Total Reward Dimension	(I) Generation	(J) Generation	Mean Difference (I-J)	Std Error	<i>p</i>
Learning and Career Advancement	Generation Y	Generation X	0.170	0.082	0.098
		Baby Boomers	0.492*	0.114	0.000
	Generation X	Generation Y	-0.170	0.082	0.098
		Baby Boomers	0.322*	0.097	0.003
	Baby Boomers	Generation Y	-0.492*	0.114	0.000
		Generation X	-0.322*	0.097	0.003
Performance and Recognition	Generation Y	Generation X	0.056	0.065	0.662
		Baby Boomers	0.269*	0.091	0.009
	Generation X	Generation Y	-0.056	0.065	0.662
		Baby Boomers	0.213*	0.077	0.018
	Baby Boomers	Generation Y	-0.269*	0.091	0.009
		Generation X	-0.213*	0.077	0.018
Work-Life Balance Climate	Generation Y	Generation X	0.338*	0.120	0.015
		Baby Boomers	0.357	0.168	0.087
	Generation X	Generation Y	-0.338*	0.120	0.015
		Baby Boomers	0.019	0.143	0.990
	Baby Boomers	Generation Y	-0.357	0.168	0.087
		Generation X	-0.019	0.143	0.990
Work-Life Balance Practices	Generation Y	Generation X	0.007	0.084	0.996
		Baby Boomers	0.171	0.117	0.311
	Generation X	Generation Y	-0.007	0.084	0.996
		Baby Boomers	0.163	0.100	0.231
	Baby Boomers	Generation Y	-0.171	0.117	0.311
		Generation X	-0.163	0.100	0.231
Remuneration and Benefits	Generation Y	Generation X	-0.076	0.070	0.052
		Baby Boomers	0.019	0.098	0.979
	Generation X	Generation Y	0.076	0.070	0.527
		Baby Boomers	0.095	0.083	0.492
	Baby Boomers	Generation Y	-0.019	0.098	0.979
		Generation X	-0.095	0.083	0.492

*Mean difference is significant $p < 0.05$

The ANOVA also indicated a further significant difference at the $p < 0.05$ level between the means of respondents across different education levels with respect to Work-Life Balance Climate: $F(2, 356) = 12.08, p = 0.00$ and Learning and Career Advancement: $F(2, 356) = 3.15, p = 0.04$. These results are reported in Table 2.10.

Table 2.10

Results of ANOVA for total rewards that retain across Education levels

Total Rewards		Sum of Squares	Df	Mean Square	F	p
Learning and Career Advancement	Between Groups	2.410	2	1.205	3.158	0.044*
	Within Groups	135.807	356	0.381		
Performance and Recognition	Between Groups	0.201	2	0.101	0.406	0.666
	Within Groups	88.111	356	0.248		
WLB Climate	Between Groups	19.139	2	9.569	12.087	0.000*
	Within Groups	281.837	356	0.792		
Remuneration and Benefits	Between Groups	1.559	2	0.779	2.782	0.063
	Within Groups	99.735	356	0.280		
WLB Practices	Between Groups	2.254	2	1.127	2.828	0.060
	Within Groups	141.866	356	0.399		

*Mean difference is significant $p < 0.05$

The results of a post-hoc comparison using Tukey's HSD (shown in Table 2.12) indicated that the means of respondents with a Matric ($M = 3.64$, $SD = 0.80$) and Undergraduates ($M = 3.53$, $SD = 0.86$) differed considerably with the means of Postgraduates ($M = 3.10$, $SD = 0.93$) with respect to Work-Life Balance Climate initiatives, indicating that this factor was highly valued by both Undergraduates and Matriculants in their retention ($Tukey's\ HSD = 0.43$. $p < 0.05$ and $Tukeys\ HSD = 0.54$. $p < 0.05$). Although the ANOVA noted a significant difference with respect to Learning and Career Advancement, the results of the Tukey HSD post-hoc comparison indicated that this difference was not significant.

Table 2.11

Tukey's Post Hoc Comparison of total rewards across Education levels

Total Reward Dimension	(I) Education Level	(J) Education Level	Mean Difference (I-J)	Std Error	p
Learning and Career Advancement	Matric	Undergraduate	0.065	0.099	0.790
		Postgraduate	0.208	0.099	0.093
	Undergraduate	Matric	-0.065	0.099	0.790
		Postgraduate	0.143	0.070	0.106
	Postgraduate	Matric	-0.208	0.099	0.093
		Undergraduate	-0.143	0.070	0.106
Performance and Recognition	Matric	Undergraduate	-0.064	0.080	0.705
		Postgraduate	-0.025	0.080	0.944
	Undergraduate	Matric	0.064	0.080	0.705
		Postgraduate	0.038	0.056	0.777
	Postgraduate	Matric	0.258	0.080	0.944
		Undergraduate	-0.383	0.056	0.777
Work-Life Balance Climate	Matric	Undergraduate	0.109	0.143	0.726
		Postgraduate	0.542*	0.143	0.001
	Undergraduate	Matric	-0.109	0.143	0.726
		Postgraduate	0.432*	0.101	0.000
	Postgraduate	Matric	-0.542*	0.143	0.001
		Undergraduate	-0.432*	0.101	0.000
Remuneration and Benefits	Matric	Undergraduate	0.052	0.085	0.810
		Postgraduate	0.167	0.085	0.122
	Undergraduate	Matric	-0.052	0.085	0.810
		Postgraduate	0.114	0.060	0.138
	Postgraduate	Matric	-0.167	0.085	0.122
		Undergraduate	0.114	0.060	0.138
Work-Life Balance Practices	Matric	Undergraduate	0.072	0.102	0.756
		Postgraduate	0.207	0.101	0.106
	Undergraduate	Matric	-0.072	0.102	0.756
		Postgraduate	0.134	0.071	0.150
	Postgraduate	Matric	-0.207	0.101	0.106
		Undergraduate	-0.134	0.071	0.150

*Mean difference is significant $p < 0.05$

The ANOVA also indicated that a statistically significant difference at the $p < 0.05$ level exists between the means of respondents across different job levels with respect to Learning and Career Advancement: $F(2, 335) = 4.60$, $p = 0.01$ and Work-Life Balance Practices: $F(2, 335) = 3.93$, $p = 0.02$. These results are reported in Table 2.12.

Table 2.12

Results of ANOVA for total rewards that retain across Job levels

Total Rewards		Sum of Squares	Df	Mean Square	F	p
Learning and Career Advancement	Between Groups	3.742	2	1.871	4.608	0.011*
	Within Groups	136.045	335	0.406		
Performance and Recognition	Between Groups	0.856	2	0.428	1.752	0.175
	Within Groups	81.836	335	0.244		
WLB Climate	Between Groups	4.830	2	2.415	2.902	0.060
	Within Groups	278.721	335	0.832		
Remuneration and Benefits	Between Groups	0.900	2	0.450	1.607	0.202
	Within Groups	93.817	335	0.280		
WLB Practices	Between Groups	3.115	2	1.558	3.932	0.021*
	Within Groups	132.705	335	0.396		

*Mean difference is significant $p < 0.05$

Results of a post-hoc comparison (reported in Table 2.13) using Tukey's HSD indicated that the means of Non-Management ($M = 4.33$, $SD = 0.67$) and Middle Management/Supervisors ($M = 4.29$, $SD = 0.61$) differed significantly from the means of Senior Managers/ Executives ($M = 4.05$, $SD = 0.61$) indicating that Learning and Career Advancement were considered important in Non-Management and Middle Management/Supervisors' retention (*Tukey's HSD* = 0.28. $p < 0.05$ and *Tukeys HSD* = 0.24 $p < 0.05$ respectively).

A post-hoc comparison using Tukey's HSD also indicated that the means of Non-Management ($M=4.35$, $SD=0.60$) and Middle Management/Supervisors ($M = 4.35$, $SD = 0.61$) differed significantly from those of Senior Management/Executives ($M=4.11$, $SD=0.70$) signifying the importance placed by respondents at these job levels on Work-Life Balance practices in terms of their retention (*Tukey's HSD* = 0.24. $p < 0.05$ and *Tukeys HSD* = 0.24 $p < 0.05$ respectively).

Table 2.13

Tukey's Post Hoc Comparison of total rewards across Job levels

Total Reward Dimension	(I) Job Level	(J) Job Level	Mean Difference (I-J)	Std Error	p
Learning and Career Advancement	Non-Management	Middle Management	0.042	0.077	0.845
		Senior Management	0.284*	0.096	0.010
	Middle Management	Non-Management	-0.042	0.077	0.845
		Senior Management	0.241*	0.095	0.032
	Senior Management	Non-Management	-0.284*	0.096	0.010
		Middle Management	-0.241*	0.095	0.032
Performance and Recognition	Non-Management	Middle Management	0.111	0.059	0.152
		Senior Management	0.071	0.074	0.607
	Middle Management	Non-Management	-0.111	0.059	0.152
		Senior Management	-0.039	0.074	0.852
	Senior Management	Non-Management	-0.071	0.074	0.607
		Middle Management	0.039	0.074	0.852
Work-Life Balance Climate	Non-Management	Middle Management	0.001	0.110	1.000
		Senior Management	0.304	0.138	0.073
	Middle Management	Non-Management	-0.001	0.110	1.000
		Senior Management	0.302	0.136	0.071
	Senior Management	Non-Management	-0.304	0.138	0.073
		Middle Management	-0.302	0.136	0.071
Remuneration and Benefits	Non-Management	Middle Management	0.002	0.064	0.999
		Senior Management	0.132	0.080	0.226
	Middle Management	Non-Management	-0.002	0.064	0.999
		Senior Management	0.129	0.079	0.233
	Senior Management	Non-Management	-0.132	0.080	0.226
		Middle Management	-0.129	0.079	0.233
Work-Life Balance Practices	Non-Management	Middle Management	0.001	0.076	1.000
		Senior Management	0.244*	0.095	0.029
	Middle Management	Non-Management	-0.001	0.076	1.000
		Senior Management	0.242*	0.094	0.028
	Senior Management	Non-Management	-0.244*	0.095	0.029
		Middle Management	-0.242*	0.094	0.028

*Mean difference is significant $p < 0.05$

Conjoint Task Questionnaire

Conjoint analysis was used to determine which combination of total reward attributes would retain employees. The results of the conjoint analysis task are outlined in three sections below. The first section provides an overview of the reliability of the conjoint model while the second section outlines details of the validity of the model. The third section provides an overview of the relative attribute importance. The ideal mix of total rewards is then identified via the attribute level with the highest utility. These results are presented on an overall basis as well as per demographic group.

Reliability of the conjoint model

A method of assessing reliability of the conjoint model is to determine the goodness-of-fit of the estimation model which in this study is the MultiNomial Logit model (MNL). Logit analysis is an iterative procedure to find the solution which is most likely to fit the MultiNomial Logit model to the data. For each iteration, the log-likelihood is reported together with a value of RLH or Root Likelihood. This is a measure of how well the model fits the choice data (Sawtooth Software, 2008). A respondent who answered inconsistently would have a low RLH value. The best possible value is 1.0 which means that all choices can be explained by the preference estimates. The worst value for this model would be 0.25 meaning that with four choice sets, a random model would predict 25% of the choices correctly (Eggers, Farsky & Gerber, 2009).

An RLH below 0.25 was reported for one respondent. All other respondents were above this value with 0.93 being the highest RLH value. This indicates that there was a high level of reliability for this model.

Validity of the conjoint model

In conjoint validation studies, validity is established by comparing the actual choice for each respondent in the holdout task with the predicted choice. The ratio of correctly predicted choices is called the hit rate which is a common validity measure. A second validity measure is the Mean Absolute Error rate which is an indication of the absolute differences between the predicted and actual shares.

The hit rate was determined by using the estimation model to predict the actual choices in the holdout stimuli, which were identical for each respondent and not used for estimation. The first step in this process entailed calculating the utilities of the three choices (four with the none-option) by summing up the utilities of each level within the task. Example Alternative 1:

util (On-the job training) + util (Exposure to Opportunities)+ util (Base salary targeting the top end of the market& Retention bonus)+ util (Employer contributes 100% of total retirement fund contribution plus highest level of medical cover)+ util (Flexible

Work hours)+util (Short term incentives linked to your performance plus Stock Options or Shares).

The predicted choice is the alternative with the highest utility. The ratio of correctly predicted choices is represented by the hit rate (Eggers et al., 2009). The hit rate for the conjoint model in this study was 38.5% which means that the model was able to produce 38.5% correct predictions from the holdout set. With four alternatives in the holdout set, a chance model would have resulted in 25% of predictions being correct. The hit rate for this study needs to be interpreted in the context of the holdout stimuli being developed on the basis of chance given that no previous research existed to guide the design of the stimuli. As such a 38.5% hit rate is considered reasonable.

As a second measure of validity, the absolute sum of differences between actual choice shares and predicted choice shares on an aggregated level were calculated, resulting in a Mean Absolute Error of prediction (MAE) of 3.2%. This indicates that deviation in the share prediction per alternative is very low and is considered satisfactory (Eggers et al., 2009).

Relative attribute importance overall and per demographic group

Derived utilities are used to calculate the relative importance of individual attributes (Martins et al., 1996). The range of utilities within each attribute is calculated using the difference between the highest and lowest utilities per attribute, divided by the sum of the ranges across all attributes. Each attributes utility range is expressed as a percentage of the sum of the utility ranges across all attributes. These percentages provide an indication of the importance employees attach to the various total reward attributes in their ability to retain. Attributes with a larger range have a greater impact on the calculated utility values and are therefore deemed to be of greater importance (Martins et al., 1996). Tables 2.14-2.19 provide the results of the relative attribute importance overall and per demographic group

Results indicate that three total rewards attributes were consistently deemed to be important in retention. These include: Benefits; Performance and Recognition; and Remuneration. Benefits were also considered twice as important as Remuneration in deriving utility scores and preferences within the overall sample as well as in all the

demographic groups, as the relative importance of Benefits was on average 35% while Remuneration was on average 17%.

Variations of the relative importance of attributes can be noted across demographic groups. Results for gender indicate that Benefits were considered to be important in retention for both men and women; however the relative importance was greater for men (37.1%) than for women (33.7%), while Performance and Recognition was deemed slightly more important for women (21%) than for men (18.6%).

The race groups indicated no significant differences in the relative importance ascribed to attributes. Benefits were noted as highest (35%) for both blacks and whites in terms of its relative importance in retention. Few differences were noted across different generation groups with all three groups indicating a preference for Benefits while Generation Y assigned a slightly lower level of importance to Remuneration (15%) versus Generation X (17%) and Baby Boomers (18%). Generation Y also specified Work-Life Balance as being slightly more important (12%) in their retention compared to Generation X (8%) and Baby Boomers (7%).

Respondents across different education levels also indicated that Benefits were most important although Matriculants were moderately higher in their preference of this attribute (38%) compared to Undergraduates (35%) and Postgraduates (35%). A notable difference in preference did exist with respect to the importance Matriculants assigned to Work-Life Balance (12%) versus Undergraduates (8%) and Postgraduates (8%). A further difference was also detected in the importance Matriculants assigned to Learning as an attribute (4%) which was moderately lower than that of Undergraduates (9%) and Postgraduates (10%).

Benefits were also classified as the most important attribute across job levels. Some differences were apparent across other attributes however. Learning was considered less important for Non-Management levels (6%) versus Middle Management (11%) and Senior Management (12%), while Career Advancement was considered more important at Non-Managerial levels (12%) than at Middle Management level (10%) and Senior Management level (10%). Work-Life Balance was also deemed more

important for Non-Management (11%) while Middle Management (8%) and Senior Management (8%) did not attach as much weight to this attribute.

Table 2.14

Relative Importance of attributes overall

Overall					
Attribute	Level	Level Description	Utility	Relative Importance of attribute	Ranking
Learning	3	On-the job training	-153.17		
	2	Tertiary Education Tuition Assistance	9.76	9.1%	5
	1	Leadership/Management development programmes	143.41		
Career Advancement	3	Promotion within current business unit /function	-132.94		
	2	Exposure to opportunities / projects outside of your current department / business unit –may include overseas assignments	203.03	10.3%	4
	1	Fast tracking career progression to executive or senior management levels	-70.08		
Remuneration	3	Base salary targeting the middle of the market	-349.94		
	2	Base salary targeting the upper end of the market	147.46		
	1	Base salary targeting the top end of the market& Retention bonus	202.48	17.0%	3
Benefits	3	0% Employer contribution to retirement fund plus basic medical cover	-679.13		
	2	Employer contributes 50% of total retirement fund contribution plus moderate level of medical cover	210.18	35.2%	1
	1	Employer contributes 100% of total retirement fund contribution plus highest level of medical cover	468.94		
Work-Life Balance	3	Flexible Work hours	171.32		
	2	Work from home	-101.70	8.4%	6
	1	Reduced work schedule or work load	-69.61		
Performance and Recognition	3	On the spot awards e.g. gift vouchers, verbal recognition	-355.00		
	2	Short term incentive linked to your performance	58.28		
	1	Short term incentives linked to your performance plus Stock Options or Shares	296.71	20.0%	2

Table 2.15

Relative Importance of Attributes by Gender

Attribute	Level	Level Description	Females			Males		
			Utility	Relative Importance of attribute	Ranking Females	Utility	Relative Importance of attribute	Ranking Males
Learning	3	On-the job training	-81.94			-71.23		
	2	Tertiary Education Tuition Assistance	-4.27	9.2%	5	14.03	8.9%	5
	1	Leadership/Management development programmes	86.21			57.19		
Career Advancement	3	Promotion within current business unit /function	-68.15			-64.79		
	2	Exposure to opportunities /projects outside of your current department / business unit –may include overseas assignments	113.23	9.9%	4	89.79	10.8%	4
	1	Fast tracking career progression to executive or senior management levels	-45.08			-24.99		
Remuneration	3	Base salary targeting the middle of the market	-200.32			-149.62		
	2	Base salary targeting the upper end of the market	87.52	17.1%	3	59.93	16.6%	3
	1	Base salary targeting the top end of the market& Retention bonus	112.80			89.68		
Benefits	3	0% Employer contribution to retirement fund plus basic medical cover	-367.26			-311.87		
	2	Employer contributes 50% of total retirement fund contribution plus moderate level of medical cover	119.80	33.7%	1	90.38	37.1%	1
	1	Employer contributes 100% of total retirement fund contribution plus highest level of medical cover	247.45			221.49		
Work-Life Balance	3	Flexible Work hours	99.59			71.72		
	2	Work from home	-61.91	8.8%	6	-39.79	7.7%	6
	1	Reduced work schedule or work load	-37.68			-31.93		
Performance and Recognition	3	On the spot awards e.g. gift vouchers , verbal recognition	-209.62			-145.37		
	2	Short term incentive linked to your performance	34.91	21.0%	2	23.37	18.6%	2
	1	Short term incentives linked to your performance plus Stock Options or Shares	174.71			121.99		

Table 2.16

Relative Importance of Attributes by Race

Attribute	Level	Level Description	Utility	Whites		Blacks	
				Relative Importance of attribute	Ranking Whites	Utility	Relative Importance of attribute
Learning	3	On-the job training	-85.55			-67.62	
	2	Tertiary Education Tuition Assistance	4.67	9.3%	5	5.08	8.82
	1	Leadership/Management development programmes	80.88			62.53	5
Career Advancement	3	Promotion within current business unit /function	-67.68			-65.26	
	2	Exposure to opportunities /projects outside of your current department / business unit –may include overseas assignments	108.65	9.9%	4	94.37	10.8%
	1	Fast tracking career progression to executive or senior management levels	-40.96			-29.11	4
Remuneration	3	Base salary targeting the middle of the market	-187.97			-161.97	
	2	Base salary targeting the upper end of the market	79.02	16.7%	3	68.43	17.3%
	1	Base salary targeting the top end of the market& Retention bonus	108.94			93.54	3
Benefits	3	0% Employer contribution to retirement fund plus basic medical cover	-367.70			-311.43	
	2	Employer contributes 50% of total retirement fund contribution plus moderate level of medical cover	105.68	35.3%	1	104.51	35.1%
	1	Employer contributes 100% of total retirement fund contribution plus highest level of medical cover	262.02			206.92	1
Work-Life Balance	3	Flexible Work hours	95.04			76.28	
	2	Work from home	-50.81	8.2%	6	-50.88	8.6%
	1	Reduced work schedule or work load	-44.22			-25.39	6
Performance and Recognition	3	On the spot awards e.g. gift vouchers , verbal recognition	-196.24			-158.75	
	2	Short term incentive linked to your performance	25.09	20.6%	2	33.19	19.3%
	1	Short term incentives linked to your performance plus Stock Options or Shares	171.15			125.55	2

Table 2.17

Relative Importance of Attributes by Generation

Attribute	Level	Level Description	Generation Y			Generation X			Baby Boomers		
			Utility	Relative Importance of attribute	Ranking Gen Y	Utility	Relative Importance of attribute	Ranking Gen X	Utility	Relative Importance of attribute	Ranking Baby Boomers
Learning	3	On-the job training	-32.68			-105.15			-15.34		
	2	Tertiary Education Tuition Assistance	-0.93	9.7%	5	11.34	9.2%	5	-0.65	7.4%	5
	1	Leadership/Management development programmes	33.6			93.80			15.99		
Career Advancement	3	Promotion within current business unit /function	-27.54			-86.81			-18.58		
	2	Exposure to opportunities /projects outside of your current department / business unit –may include overseas assignments	35.55			140.97			26.50		
	1	Fast tracking career progression to executive or senior management levels	-8.00	9.2%	6	-54.15	10.6%	4	-7.91	10.7%	4
Remuneration	3	Base salary targeting the middle of the market	-69.28			-233.08			-47.58		
	2	Base salary targeting the upper end of the market	35.10	15.3%	3	91.78	17.4%	3	20.58	17.8%	3
	1	Base salary targeting the top end of the market& Retention bonus	34.17			141.30			27.00		
Benefits	3	0% Employer contribution to retirement fund plus basic medical cover	-142.81			-447.05			-89.25		
	2	Employer contributes 50% of total retirement fund contribution plus moderate level of medical cover	46.51	35.0%	1	137.02	35.1%	1	26.65	36.2%	1
	1	Employer contributes 100% of total retirement fund contribution plus highest level of medical cover	96.30			310.03			62.60		
Work-Life Balance	3	Flexible Work hours	48.35			104.12			18.85		
	2	Work from home	-32.05	11.8%	4	-59.08	7.6%	6	-10.56	7.0%	6
	1	Reduced work schedule or work load	-16.29			-45.03			-8.28		
Performance and Recognition	3	On the spot awards e.g. gift vouchers , verbal recognition	-70.69			-239.92			-44.38		
	2	Short term incentive linked to your performance	11.54			45.76			0.98		
	1	Short term incentives linked to your performance plus Stock Options or Shares	59.14	19.0%	2	194.16	20.1%	2	43.40	20.9%	2

Table 2.18

Relative importance of attributes across Education levels

Attribute	Level	Level Description	Metric			Undergraduates (UG)			Postgraduates (PG)	
			Utility	Relative Importance of attribute	Ranking Matric	Utility	Relative Importance of attribute	Ranking UG	Utility	Relative Importance of attribute
Learning	3	On-the job training	-5.45			-75.85			-71.75	
	2	Tertiary Education Tuition Assistance	-0.778			19.40			-8.11	
	1	Leadership/ Management development programmes	6.23	3.9%	6	56.45	8.9%	4	79.87	10.4% 4
Career Advancement	3	Promotion within current business unit /function	-13.49			-57.98			-61.36	
	2	Exposure to opportunities /projects outside of your current department / business unit –may include overseas assignments	20.37	11.4%	5	94.90	10.3%	5	86.70	10.2% 5
	1	Fast tracking career progression to executive or senior management levels	-6.87			-36.92			-25.33	
Remuneration	3	Base salary targeting the middle of the market	-29.87			-168.17			-148.14	
	2	Base salary targeting the upper end of the market	15.39	15.2%	3	70.19	17.9%	3	60.79	16.2% 3
	1	Base salary targeting the top end of the market& Retention bonus	14.48			97.98			87.34	
Benefits	3	0% Employer contribution to retirement fund plus basic medical cover	-70.81			-308.36			-294.19	
	2	Employer contributes 50% of total retirement fund contribution plus moderate level of medical cover	29.65	37.5%	1	94.68	35.1%	1	83.74	34.7% 1
	1	Employer contributes 100% of total retirement fund contribution plus highest level of medical cover	41.15			213.68			210.44	
Work-Life Balance	3	Flexible Work hours	21.24			76.76			71.88	
	2	Work from home	-14.26	11.9%	4	-46.73	8.3%	6	-40.58	7.7% 6
	1	Reduced work schedule or work load	-6.98			-30.02			-31.29	
Performance and Recognition	3	On the spot awards e.g. gift vouchers , verbal recognition	-32.69			-156.40			-163.34	
	2	Short term incentive linked to your performance	5.40	20.1%	2	24.67	19.4%	2	26.95	20.6% 2
	1	Short term incentives linked to your performance plus Stock Options or Shares	27.28			131.73			136.39	

Table 2.19

Relative importance of Attributes across different Job levels

Attribute	Level	Level Description	Non-Management			Middle Management/ Supervisor			Senior Management/ Executive		
			Utility	Relative Importance of attribute	Ranking Non-Mgt	Utility	Relative Importance of attribute	Utility	Ranking Mid Mgt	Relative Importance of attribute	Ranking Snr Mgt /Execs
Learning	3	On-the job training	-41.76			-77.61			-31.36		
	2	Tertiary Education Tuition Assistance	10.01	6.3%	6	14.32	10.8%	-8.30	4	11.6%	4
	1	Leadership/Management development programmes	31.75			63.28		39.67			
Career Advancement	3	Promotion within current business unit /function	-51.45			-50.67			-22.63		
	2	Exposure to opportunities /projects outside of your current department / business unit –may include overseas assignments	84.86	11.8%	4	72.39	9.5%	36.71	5	9.8%	5
	1	Fast tracking career progression to executive or senior management levels	-33.41			-21.72		-14.08			
Remuneration	3	Base salary targeting the middle of the market	-126.08			-131.59			-67.41		
	2	Base salary targeting the upper end of the market	54.42	17.1%	3	61.80	15.4%	20.77	3	18.7%	3
	1	Base salary targeting the top end of the market & Retention bonus	71.65			69.79		46.64			
Benefits	3	0% Employer contribution to retirement fund plus basic medical cover	-240.02			-275.22			-113.53		
	2	Employer contributes 50% of total retirement fund contribution plus moderate level of medical cover	89.45	33.8%	1	72.42	36.7%	35.57	1	31.5%	1
	1	Employer contributes 100% of total retirement fund contribution plus highest level of medical cover	150.36			202.80		77.95			
Work-Life Balance	3	Flexible Work hours	77.86			56.92			27.79		
	2	Work from home	-48.51	10.9%	5	-43.18	7.69%	-7.07	6	7.9%	6
	1	Reduced work schedule or work load	-29.35			-13.73		-20.7			
Performance and Recognition	3	On the spot awards e.g. gift vouchers , verbal recognition	-128.88			-134.50			-67.73		
	2	Short term incentive linked to your performance	29.70	19.7%	2	11.99	19.7%	12.42	2	20.2%	2
	1	Short term incentives linked to your performance plus Stock Options or Shares	99.17			122.51		55.30			

The ideal mix of total rewards overall and per demographic group

To determine the total reward mix which is most preferred, the levels of attributes are evaluated for desirability by respondents (Smith & Albaum, 2005). Utilities were summed up across levels 1-3 for each attribute. The level with the highest utility per attribute was regarded as the most preferred option in terms of its ability to retain. Once the highest utility had been identified, the ideal mix emerged per grouping. Tables 2.20- 2.25 provide details of the ideal total rewards mix overall and per demographic group based on the utilities reflected in Tables 2.14-2.19 above.

The results indicate a relatively consistent preference across all groups with respect to the ideal total rewards mix. Level 1 produced the highest utilities for the following attributes across all groups except Generation Y and Matriculants: Learning (Leadership/Management development programmes), Remuneration (Base salary targeting the top end of the market and a Retention bonus), Benefits (Employer contributes 100% of total retirement fund contribution plus highest level of medical cover) and Performance and Reward (Short term incentives linked to your performance plus Stock Options or Shares). Level 2 of the Remuneration attribute, "Base salary targeting the upper end of the market," was selected by Generation Y and Matriculants as most preferential in terms of retention. All groups selected level 2 of the Career Advancement attribute, "Exposure to opportunities /projects outside of your current department / business unit –may include overseas assignments," and all groups selected Level 3 of the Work-Life Balance attribute, "Flexible Work Hours". Overall most groups appear to value the monetary components of the Total Rewards model and consider these elements as important determinants in their retention.

Table 2.20

Ideal Total Rewards mix- overall

Attribute	Level	Level Description
Learning	1	Leadership/Management development programmes
Career Advancement	2	Exposure to opportunities /projects outside of your current department / business unit –may include overseas assignments
Remuneration	1	Base salary targeting the top end of the market& Retention bonus
Benefits	1	Employer contributes 100% of total retirement fund contribution plus highest level of medical cover
Work-Life Balance	3	Flexible Work hours
Performance and Recognition	1	Short term incentives linked to your performance plus Stock Options or Shares

Table 2.21

Ideal Total Rewards mix for male and female employees

Attribute	Level	Level Description
Learning	1	Leadership/Management development programmes
Career Advancement	2	Exposure to opportunities /projects outside of your current department / business unit –may include overseas assignments
Remuneration	1	Base salary targeting the top end of the market& Retention bonus
Benefits	1	Employer contributes 100% of total retirement fund contribution plus highest level of medical cover
Work-Life Balance	3	Flexible Work hours
Performance and Recognition	1	Short term incentives linked to your performance plus Stock Options or Shares

Table 2.22

Ideal mix of Total Rewards for black and white employees

Attribute	Level	Level Description
Learning	1	Leadership/Management development programmes
Career Advancement	2	Exposure to opportunities /projects outside of your current department / business unit –may include overseas assignments
Remuneration	1	Base salary targeting the top end of the market& Retention bonus
Benefits	1	Employer contributes 100% of total retirement fund contribution plus highest level of medical cover
Work-Life Balance	3	Flexible Work hours
Performance and Recognition	1	Short term incentives linked to your performance plus Stock Options or Shares

Table 2.23

Ideal mix of Total Rewards for Generation X and Y and Baby Boomers

Attribute	Level	Generation Y		Generation X & Baby Boomers	
		Level Description	Level	Level Description	Level
Learning	1	Leadership/Management development programmes	1	Leadership/Management development programmes	1
Career Advancement	2	Exposure to opportunities /projects outside of your current department / business unit –may include overseas assignments	2	Exposure to opportunities /projects outside of your current department / business unit –may include overseas assignments	2
Remuneration	2	Base salary targeting the upper end of the market	1	Base salary targeting the top end of the market& Retention bonus	1
Benefits	1	Employer contributes 100% of total retirement fund contribution plus highest level of medical cover	1	Employer contributes 100% of total retirement fund contribution plus highest level of medical cover	1
Work-Life Balance	3	Flexible Work hours	3	Flexible Work hours	3
Performance and Recognition	1	Short term incentives linked to your performance plus Stock Options or Shares	1	Short term incentives linked to your performance plus Stock Options or Shares	1

Table 2.24

Ideal Mix of Total Rewards for Matriculants, Undergraduates and Postgraduates

Attribute	Matriculants		Undergraduates and Postgraduates	
	Level	Level Description	Level	Level Description
Learning	1	Leadership/Management development programmes	1	Leadership/Management development programmes
Career Advancement	2	Exposure to opportunities /projects outside of your current department / business unit –may include overseas assignments	2	Exposure to opportunities /projects outside of your current department / business unit –may include overseas assignments
Remuneration	2	Base salary targeting the upper end of the market	1	Base salary targeting the top end of the market& Retention bonus
Benefits	1	Employer contributes 100% of total retirement fund contribution plus highest level of medical cover	1	Employer contributes 100% of total retirement fund contribution plus highest level of medical cover
Work-Life Balance	3	Flexible Work hours	3	Flexible Work hours
Performance and Recognition	1	Short term incentives linked to your performance plus Stock Options or Shares	1	Short term incentives linked to your performance plus Stock Options or Shares

Table 2.25

Ideal Mix of Total Rewards for Non-Management, Middle Management and Senior Management

Attribute	Level	Level Description
Learning	1	Leadership/Management development programmes
Career Advancement	2	Exposure to opportunities /projects outside of your current department / business unit –may include overseas assignments
Remuneration	1	Base salary targeting the top end of the market& Retention bonus
Benefits	1	Employer contributes 100% of total retirement fund contribution plus highest level of medical cover
Work-Life Balance	3	Flexible Work hours
Performance and Recognition	1	Short term incentives linked to your performance plus Stock Options or Shares

CHAPTER 5

DISCUSSION

The retention of human capital is a key business imperative essential to securing a competitive advantage for organisations (Jensen et al., 2007). This is especially true in the current economic climate as companies are realizing the need to retain their most talented employees to assist in maintaining the profitability of the organisation (Hay, 2002). The significant financial and non-financial costs associated with the loss of business imperative skills, especially those classified as Previously Disadvantaged Individuals in the South African context, provides further impetus for organisations to understand which total rewards are likely to retain these groups (Finweek, 2008).

The current study aimed to develop an understanding of the total rewards that retain employees across different demographic groups including race, gender and age groups, as well as knowledge workers from different education and job levels. The research objectives were investigated in two ways; the first utilised a conjoint task which presented various reward elements to employees and allowed them to trade these off against each other to produce the ideal total rewards mix they deemed most attractive and most likely to retain them; the second used the WorldatWork Total Rewards model to identify which total reward elements were valued by employees and served to retain them. This questionnaire allowed employees to identify the total reward elements that they considered significant in their retention but may nevertheless trade off against another reward element in the context of the conjoint task which required a different cognitive approach to selecting rewards that were valued in their retention.

The current research is important for a number of reasons, most notably because different groups of employees have varying needs and demands from their work environments. It is imperative that organisations understand what these demands entail and ensure that the appropriate mix of total rewards is provided to successfully retain these groups (Bussin, 2002).

The discussion below will first outline the overall results of the ideal total rewards mix; this will be followed by a discussion of the ideal total rewards mix per demographic group, in conjunction with the findings from the study of reward elements that employees value in their retention (i.e. based on the WorldatWork rewards model).

The overall ideal Total Rewards mix

In the current study the conjoint task produced an ideal mix of total rewards (graphically represented in Figure 4) of which three reward elements were consistently classified as highly valued and important in the retention of employees. The highest level of Benefits, namely a 100% employer contribution towards retirement funding, and the highest level of medical cover, were deemed most important in the retention of employees. These findings are consistent with the results of the WorldatWork Attraction and Retention survey (2007), whereby 90% of participants rated medical aid as having a moderate to high impact on retention. It is plausible that South African employees, such as those in the current study, would consider benefits important in retention, given the high costs associated with medical care and the value placed on company contributions to retirement funding. These sentiments were also noted in Kochanski and Ledford's (2001) study, where employees indicated that the value of benefits impacted on their retention. Given that a large portion of the South African population does not have access to benefits, and public healthcare and social welfare pensions can be considered to be inadequate, employees are likely to highly value the benefits offered by their organisations.

The largest level of Performance and Recognition as presented in the conjoint task, (i.e. short term incentives linked to performance plus stock options or shares) was considered to be the next most valued reward element in the total rewards mix. These findings partially support the literature, especially the findings of the Hay Groups 2010 report, *The Changing Face of Reward*, where variable pay programmes contributed significantly to employee commitment. Holmes (2008) also commented on the value of recognition in retaining employees, although career advancement was noted as being more important in retaining employees in this

study. The importance attached to Performance and Recognition in the current research could be attributed to the continued prevalence of generous variable pay programmes in South Africa, where these often equate to one month's additional salary. At executive and senior management levels, incentive bonuses may often exceed 80% of annual salary (Labour Research Service, 2010).

The highest level of Remuneration (i.e. base salary targeting the top end of the market and a retention bonus) was rated as the third most important reward element that retains employees. The findings of the current study are similar to those of De Vos and Meganck (2007), where employees ranked financial rewards as fourth most important in their retention, although career development was ranked as most important in that study. Results from the Corporate Leadership Council's (2006) Employee Value Proposition survey are also contrary to the findings of the current study, whereby 25 other Employee Value proposition attributes were considered more important in retention than remuneration. Employees in the current study may value remuneration as they view their pay as competitive and possibly have a reasonable understanding of how their pay systems work, and (especially) the manner in which they are able to earn salary increases. These sentiments would be in line with studies by Higginbotham (1987) and Kochanski and Ledford (2001).

Career Advancement, Learning and Work-Life Balance were all ranked similarly in terms of overall importance in employee retention. The second level of Career Advancement was considered most important in employee retention (i.e. Exposure to opportunities/projects outside of your current department/business unit- may include overseas assignments). This is contrary to much of the literature e.g. the 2003 Towers Perrin Report, which indicated that career advancement opportunities were amongst the top two reward elements that retained employees. Similarly the Corporate Leadership Council (2006) noted that 45% of participants in the Employment Value Proposition Survey ranked career advancement as having the highest impact on organisational commitment.

The highest rated level of Learning (i.e. leadership/management development programmes) was regarded as important in employee retention in the current study. Previous literature overwhelmingly indicated that learning retains employees, with a

Hay Group study of 300 companies noting that the opportunity to learn new skills was the most important reward element that retained employees (Prewitt, 1999). Work-Life Balance was ascribed the least importance in the overall total rewards mix and the lowest level thereof (i.e. flexible working hours) was selected. The literature does not provide clear evidence of work-life balance programme's ability to retain employees and the findings of the current study may therefore be considered as being in line with global perceptions in this respect.

It must also be noted that the top three reward elements considered important in employee retention in the current study, were all financially based. Given the current economic recession, it is likely that employees in this study value tangible rewards and require that their basic needs be met in this respect before importance can be placed on intangible rewards such as Work-Life Balance, Career Advancement and Learning.

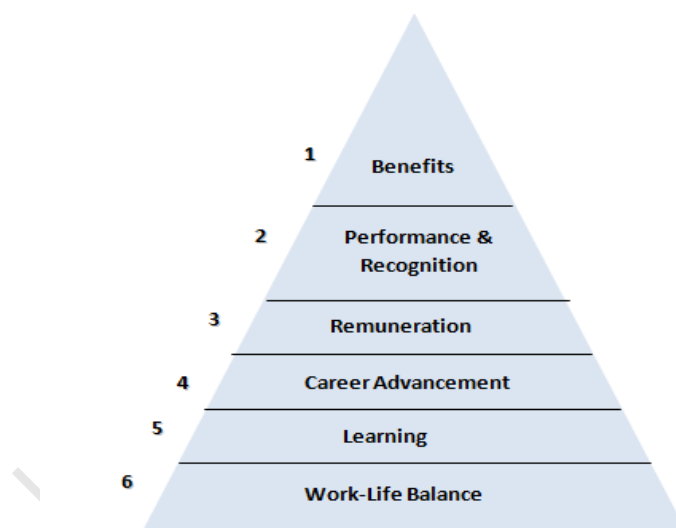


Figure 4. The overall ideal mix of total rewards

Rewards that retain Knowledge Workers

Previous studies of knowledge workers indicated a relatively consistent set of total rewards that served to retain these employees. Kinneer and Sutherland (2000) noted a preference for financial rewards, recognition and developmental opportunities, particularly where the opportunity existed to learn from professional colleagues and develop in their areas of expertise. These findings were reiterated by Horwitz et al., (2003), Horwitz et al., (2006) and Sutherland and Jordaan (2004). Birt et al., (2004),

Horwitz et al., (2006) and Sutherland and Jordaan (2004) also indicated which rewards were considered unimportant and ineffective in retaining knowledge workers. These included: social relations at work; work-life balance practices e.g. team building; and traditional benefits such as medical aid and pension funds.

In the context of the current study, knowledge workers were investigated at two levels, namely education and job level. The results of the conjoint tasks for knowledge workers across both education and job levels, differed from previous research, as the results indicated that the highest level of Benefits (i.e. 100% employer contribution to retirement fund plus highest level of medical cover) were considered to be the most preferred reward with Matriculants indicating a moderately higher level of preference. Since Matriculants were not considered to be knowledge workers in the context of the current study, these findings partially support previous research but- on balance -the results contradict studies by Birt et al., (2004), Horwitz et al., (2006) and Sutherland and Jordaan (2004) where benefits were noted as ineffective in retaining knowledge workers.

The results of the current study could be ascribed to a number of factors, the first being the current economic recession in South Africa which has been characterised by growing levels of unemployment and increasing numbers of retrenchments across various industries, leaving a workforce whose job stability is threatened. In this environment, it is likely that knowledge workers may value those rewards that are not easily replaceable during periods of unemployment or self-employment and are also becoming an increasingly expensive component of the total rewards package. Knowledge workers may have a superior understanding of the value of a company's contribution to their benefits. For instance, risk benefits are included in many retirement funds and are significantly discounted as part of a collective arrangement. Purchasing these risk benefits on an individual basis is significantly more expensive. Knowledge workers may be more familiar and informed about such details and therefore place a greater value on their benefits. It could also be expected that knowledge workers are more aware of the growing need to be adequately prepared for retirement, and often the provision that has been made is not sufficient. Furthermore, they are likely to be conscious of the lack of alternative benefits such

as state funded medical facilities or a National Social Security system which are either non-existent or inadequate.

Performance and Recognition was considered to be the next most valued reward for knowledge workers across education and job levels. The highest level of this reward offering was selected and included short term incentives linked to performance and stock options plus shares. It is likely that knowledge workers are largely eligible for variable pay plans and long term incentives such as shares and stock options, and consider this to be a significant and valued component of their package which recognizes the skills and knowledge which they bring to their organisations. These results corroborate the findings of Horwitz et al., (2003) and Kinnear and Sutherland (2000) where recognition and performance bonuses and incentives were found to retain knowledge workers.

Remuneration was also identified as a sought-after reward element across all education and job levels, in the current study. The top level of this reward (i.e. Base salary targeting the top end of the market and a Retention bonus) was also selected across all education and job levels with the exception of Matriculants who viewed the second highest level of Remuneration (i.e. Base salary targeting the upper end of the market) as more preferable in their retention. This could largely be due to their placing greater value on Work-Life Balance in their total rewards mix even though the lowest level of Work-Life Balance (i.e. Flexible working hours) was selected as optimal in their retention.

Learning and Career Advancement were ranked as fourth and fifth in terms of relative importance across all education levels, with the exception of Matriculants who rated Work-Life Balance as more important than either of these. Employees classified as Non-Management also indicated a preference for Work-Life Balance but, unlike Matriculants, valued Career Advancement more. Both Work-Life Balance and Career Advancement were traded off against Learning which was considered to be the element least likely to retain Non-Management and Matriculants in the context of an overall rewards offering. Despite Work-Life Balance being identified as important in the retention of Non-Management, the lowest level of this reward element, namely flexible working hours , was selected across all job levels.

The lack of importance placed on Learning amongst Matriculants provides support for the likelihood that these employees are not knowledge workers who Kinnear and Sutherland (2000) noted as being retained by learning opportunities, particularly where the possibility existed for them to learn from professional colleagues. It is also likely that Matriculants have not had access to further education, but have nevertheless made reasonable progress within an organisation. Amongst Non-Managerial employees, it is likely that learning is not recognized as a satisfactory strategy for progression to Middle or Senior Management/Executive levels in the organisation. Furthermore, this group consists of a large number of specialists and individual contributors who may already have a wide knowledge base and were therefore not attracted to the options of on-the-job- training or Tertiary education, listed under levels of Learning, as they may already have acquired sufficient amounts of both of these elements. The third level of Learning (i.e. leadership and management development programmes) may also not appeal to an individual in a specialist role and for this reason the overall attraction to Learning as a reward element that retains, was low.

Despite Non-Management rating Learning as least likely to retain them in the context of the conjoint task, the results of the study based on the WorldatWork Total Rewards Model indicated that Non-Management and Middle Management registered a significant preference for Learning and Career Advancement compared to Senior Management /Executives. These findings corroborate those of Horwitz et al., (2003), Horwitz et al., (2006), Kinnear and Sutherland (2000), Sutherland and Jordaan (2004) and Sutherland (2004) who all noted that knowledge workers showed a preference for career development opportunities as well as a desire to develop in their areas of expertise. Lee and Maurer's (1997) study also provides support for these findings as knowledge workers in this study indicated that training and learning interventions were important in their retention.

A possible explanation for Senior Managers/Executives not placing a high level of importance on Learning and Career Advancement may be attributed to their already having progressed to the top of their organisations, and therefore Career Advancement would not be considered a valued reward offering to use as a retention

tool. Employees at Non-Management and Middle Management levels may nevertheless view Career Advancement as an opportunity to strive for, making it more attractive as a retention factor.

An outcome of the WorldatWork Total Rewards study which supports the findings of the conjoint tasks, relates to the importance placed on Work-Life Balance Practices by Non-Management and Middle Management as well as Matriculants and Undergraduates preference for Work-Life Balance Climate initiatives which were not rated as important in the retention of Postgraduates. Since Matriculants are not classified as knowledge workers in the context of this study, these findings support the research of Birt et al., (2004), Horwitz et al., (2006) and Sutherland and Jordaan (2004) who noted that knowledge workers are not retained by work-life balance initiatives.

Gaylard et al., (2005) noted that knowledge workers were retained by work-life balance which provides some support for Undergraduates preference for work-life balance as a retention factor. On balance however most literature indicates that knowledge workers are not retained by work-life balance initiatives. A possible explanation for Undergraduates as opposed to Postgraduates preference for Work-Life Balance Climate may relate to their motivation to achieve. Employees with a Postgraduate qualification may have a stronger drive to achieve both academically and professionally compared with Undergraduates and therefore the nature of Work-Life Balance Climate practices may not be aligned with, or facilitate, the attainment of their professional goals and ambitions.

The lack of emphasis on Work-Life Balance amongst Postgraduates and Senior Management/Executives may be indicative of these knowledge workers naturally high levels of competitiveness (Sutherland & Jordaan, 2004). A further reason for knowledge workers not wishing to adopt high levels of Work-Life Balance was noted by Remuneration Managers in questionnaire 1, where employees in management roles, who were considered to be a high retention risk, did not favour flextime, quoting that they feared being 'out of sight and out of mind' when an opportunity may present itself which could advance their careers. The demands at this job level may also not practically permit senior managers to adopt flexible hours

Figures 5 and 6 graphically illustrate both the ideal total rewards mix across education and job levels as well as those total rewards identified as part of the WorldatWork Total Rewards study that were deemed important in the retention of employees across different education and job levels.

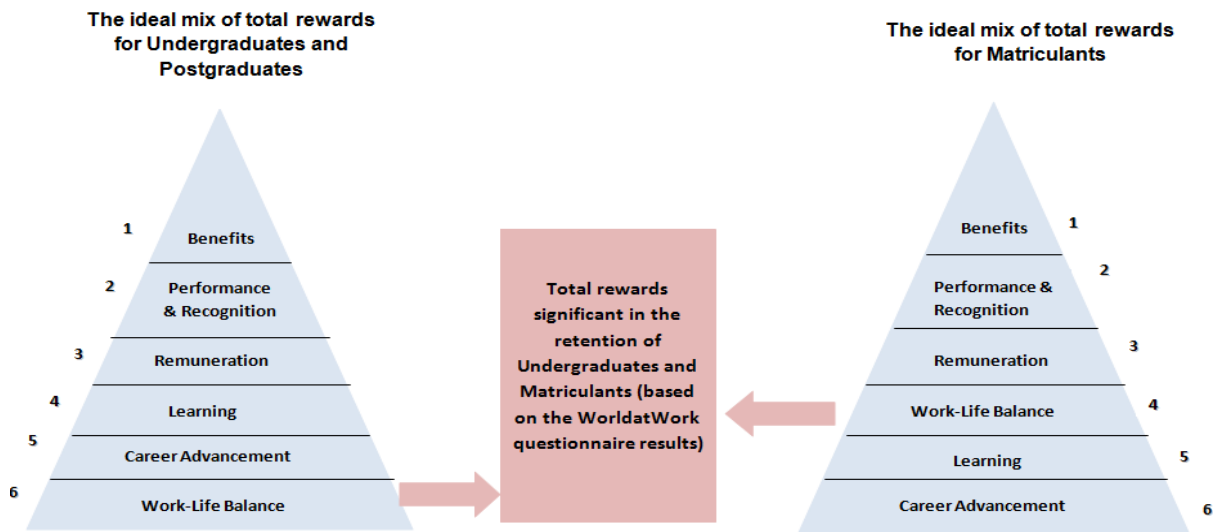


Figure 5. The ideal mix of total rewards and reward elements identified as significant in the retention of knowledge workers at various education levels

Note: The horizontal arrows indicate total rewards that were valued within both the conjoint study and in the WorldatWork questionnaire by Undergraduates, Post Graduates and Matriculants.

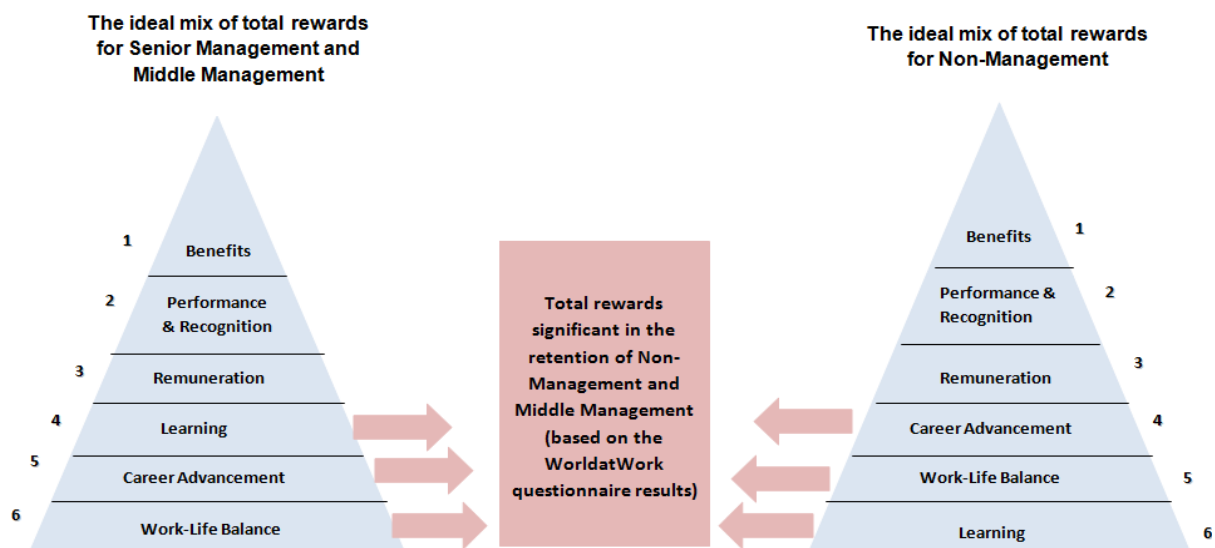


Figure 6. The ideal mix of total rewards and reward elements identified as significant in the retention of knowledge workers at various job levels

Note: The horizontal arrows indicate total rewards that were valued within both the conjoint study and in the WorldatWork questionnaire by Senior, Middle and Non-Management employees.

Rewards that retain Employment Equity candidates

Previous studies of total rewards that retain black employees in South Africa are limited. Studies by Khanyile and Mapongo (2007) and Booysen's (2007) both indicated that career advancement and opportunities formed a strong retention factor. These findings were supported by studies conducted in the United States by Griffeth et al., (2000) and Thomas and Gabarro (1999, as cited in Hom, Ellis & Roberson) where minority executives reported slower career progress than their white counterparts.

The current study partially supports these findings, although a unique outcome was the value attributed to Benefits by black employees who, together with white employees, identified this as the most attractive reward element in the mix of total rewards. It should also be noted that the highest value of Benefits was selected by both race groups. A possible explanation for these findings includes black employees' previous lack of access to adequate retirement funding and medical care. The current generation of black employees may be witness to the effects of a lifetime of low income where provision could not be made for retirement, creating an increased dependence on social welfare pensions. It is also possible that black employees have an extended family, who are dependent on their benefits such as medical aid, and for this reason benefits are valued, given the impact on the broader family unit.

The highest levels of Remuneration and Performance and Recognition were also valued equally by black and white employees in the total rewards mix. In contrast to these results the study of reward elements drawn from the WorldatWork model indicated that black employees deemed Performance and Recognition as well as Learning and Career Advancement and Work-Life Balance Climate initiatives to be more important in their retention than white employees.

These findings differ to those of Kotze and Roodt's (2005) study which purported that competitive remuneration, performance standards as well as diversity initiatives, were not effective in retaining Previously Disadvantaged Individuals. A possible explanation for these differences may be associated with the quality of performance management systems at the organisations included in the current study. Black

employees may perceive the performance management system to be fair and equitable and one which recognizes and rewards their contribution.

The value attached to Career Advancement and Learning by black employees in their retention is in keeping with much of the literature where career advancement was noted as a retention factor (Griffeth et al., 2000 and Khanyile and Mapongo, 2007 and Thomas and Gabarro 1999, as cited in Hom, Ellis & Roberson). Preferences for rewards such as Career Advancement and Learning and Performance and Recognition may indicate the desire of black employees not to be appointed as tokens, but rather for organisations to value their contribution. Organisations providing their equity candidates with these rewards are also likely to be indicating a level of trust and respect.

No literature exists to explain the importance black employees place on Work-Life Balance Climate initiatives. Since Work-Life Balance Climate pertains to team building and social friendships at work, it is likely that black employees value the sense of community created in their organisations.

Figure 7 graphically represents the ideal total rewards mix for black and white employees as well as the total rewards identified in the WorldatWork Total Rewards model which served to retain black employees.

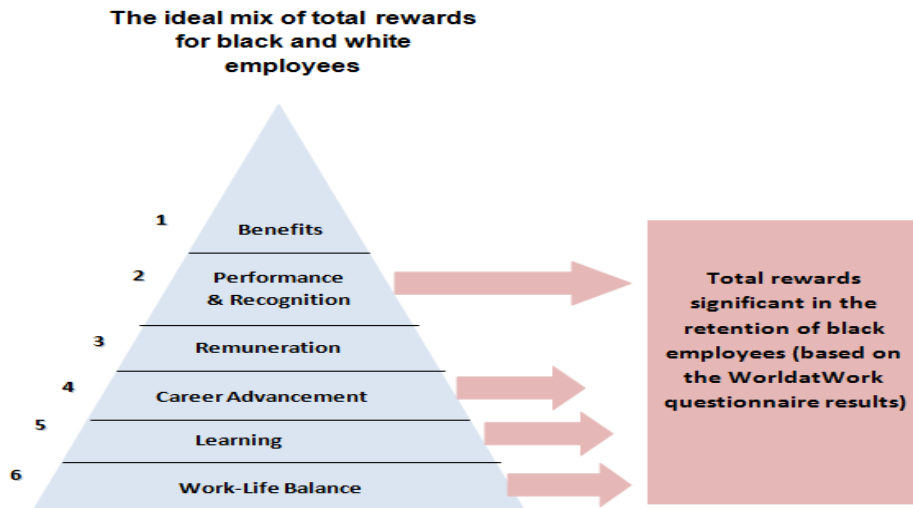


Figure 7. The ideal mix of total rewards for white and black employees and reward elements identified as significant in the retention of black employees

Note: The horizontal arrows indicate total rewards that were valued within both the conjoint study and in the WorldatWork questionnaire by black and white employees..

Rewards that retain Female employees

Career advancement opportunities as well as work-life balance practices were noted in the literature as significant factors in the retention of female employees (Krishnan, 2009; Schwartz, 1989; Sicherman, 1996; Stroh et al., 1996). Sicherman (1996) also indicated that turnover amongst women was often related to salary inequities. Kotze and Roodt (2005) also indicated that talent development and the prospects of better pay served as retention factors for women.

Findings from the current study partially support those of Sicherman (1996) and Kotze and Roodt (2005), as the highest levels of financial rewards i.e. Benefits, Remuneration and Performance and Recognition were all valued by females as part of their total rewards mix. This may be an indication that women are striving for greater perceived equality in terms of financial compensation. It must be noted that males assigned a slightly higher degree of importance to Benefits than females as part of the total rewards mix. This may be associated with males traditionally being the main source of income and possibly having better benefits than women. The preference for Benefits across genders may also be due to the potential impact of losing retirement funding and medical aid on an extended family unit. As an

example, death and disability cover are included in retirement benefits and the provision thereof impacts on the financial security of a family.

Within the total rewards mix, women assigned slightly more importance (i.e. 21%) to Performance and Recognition than men (i.e. 18.6%). Performance and Recognition in the current study was associated with the provision of short term incentives linked to performance plus stock options or shares. It is likely that women may value these variable rewards as a means of compensating for potential perceived pay inequalities in base pay remuneration.

It should also be noted that in comparison to previous literature emphasizing female employees' preferences for work-life balance initiatives, findings from the current study revealed that Work-Life Balance (i.e. flexible working hours), was considered the least attractive element in the total reward mix and therefore not deemed important in the retention of female employees (Schwartz, 1989; Sicherman, 1996). This result may be attributed to female employees' continued drive to ensure equity with their male colleagues, and Work-Life Balance initiatives may also be considered counter to the importance assigned to career advancement.

The study of reward elements from the WorldatWork Total Rewards model revealed that a significant difference exists between males and females with respect to Learning and Career Advancement. Women placed greater importance on this factor than men in terms of its ability to retain. These findings are in keeping with Kotze and Roodt (2005) and Krishnan (2009), whose studies indicated that women were retained by career advancement opportunities to a greater extent than men. This may be attributed to more career opportunities becoming available to women, as opposed to men, given their status under the Employment Equity Act No.55 of 1998.

Figure 8 graphically represents the ideal total rewards mix for female and male employees as well as the total rewards drawn from the WorldatWork model that are deemed important in the retention of female employees.

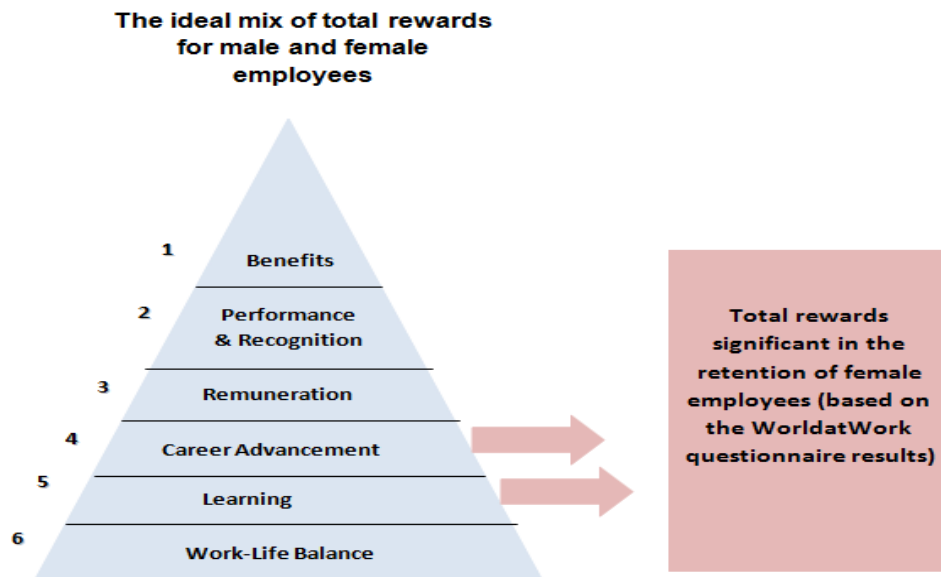


Figure 8. The ideal mix of total rewards for male and female employees and reward elements identified as significant in the retention of female employees

Note: The horizontal arrows indicate total rewards that were valued within both the conjoint study and in the WorldatWork questionnaire by female employees.

Rewards that retain employees of different age groups

Three generations were used to classify employees across different age groups. These included: Baby Boomers, Generation X and Generation Y. The literature provided a reasonably consistent view of the rewards that retained these groups.

Baby Boomers, as the oldest generation and nearing retirement, valued retirement benefits, medical aid and base pay (Bussin, 2002; Tiku, 2007; Wallace, 2006). The current study corroborated these findings, as the highest level of Benefits were the most valued reward element in the total rewards mix, followed by Performance and Recognition and Remuneration. In South Africa, employees aged 50 and above are also likely to be the first generation who will be retiring out of a defined contribution plan as opposed to previous generations who received a pension from a defined benefit plan. Such arrangements have shifted the responsibility of retirement funding to the employee, and subsequently heightened the awareness that employees have around the adequacy of their retirement funding. Other financial rewards that contribute towards retirement funding, such as remuneration or base salary, would also expect to be valued by Baby Boomers, as this would ultimately contribute to the value of their pension.

Bussin (2002) indicated that Generation X was retained by financial rewards such as base salary, medical aid and deferred compensation. The current study supports these findings, as the highest level of Benefits; Performance and Recognition; and Remuneration were deemed to be the most attractive elements in the reward mix and the most effective in the retention of Generation X employees. Possible reasons for Generation X favouring Benefits and other financial rewards could be attributed to this group's family focus, as they are likely to have young dependants for whom provision must be made in respect of medical aid. Risk benefits are also likely to be considered important in respect of the financial security they offer this group's extended family. Other forms of financial rewards, especially performance and recognition, are likely to be favoured by Generation X employees, as this equates to increased earnings, further financial security for their families and greater spending power while also recognising these employees' contributions.

The importance ascribed to Performance and Recognition was also noted in the results generated from the current study based on the WorldatWork model. A significant difference emerged between Generation X and Baby Boomers, with Generation X employees indicating that Performance and Recognition as well as Learning and Career Advancement were reward elements that retain them. Generation X's preference for Learning and Career Advancement, as rewards that retain, is in line with previous research by D'Amato and Herzfeldt (2008). It was also noted that Generation X are loyal to their own skills as opposed to expressing loyalty to a particular company and for this reason they may favour Learning (Harvard Business Essentials, 2002). Since Generation X employees are also likely to be in the middle stages of their career and ambitious to progress further in an organisation, a preference for Career Advancement is plausible.

The findings of the current study did not support previous research which indicated that Generation X employees value Work-Life Balance as a retention tool (Gursoy et al., 2008; Gabriel, 1999). The lowest level of Work-Life Balance was selected by Generation X employees, while a greater level of importance was placed on Career Advancement and Learning in determining the ideal total rewards mix. These results

may be attributed to Generation X employees viewing Work-Life Balance initiatives as interfering with Career Advancement ambitions.

In a study of factors that retain Generation Y employees, Willmer (2008) indicated a preference for benefits amongst this group of employees in the United States. The current study supports these findings as Generation Y employees indicated that the highest level of Benefits in the total rewards mix retained them. The reason for this preference may be similar to that of the Generation Y employees in the US who grew up in an environment where the US healthcare system delivered fewer services at higher costs (Willmer, 2008). In South Africa, Generation Y employees are also likely to have been exposed to an inadequate public health care system as well as ever increasing health costs. Furthermore, the parents of Generation Y employees may have made inadequate provision for their retirement and not received a reasonable pension or in some cases received no pension and were dependent on social welfare. Such experiences may have heightened Generation Y employees' awareness of the need to make adequate provision for their retirement and for this reason they may have an appreciation for the value of a company's contribution to benefits such as retirement funding and medical care.

The current study also corroborates the findings of the 2003 Towers Perrin survey where base salary and variable pay were identified as factors that retained Generation Y employees (Bussin, 2002). Within the current study Performance and Recognition (i.e. Short term incentives linked to your performance plus Stock Options or Shares) and Remuneration (i.e. Base Salary targeting the upper end of the market) were deemed important in Generation Y's retention. Unlike Baby Boomers and Generation X however, Generation Y selected the second level of the Remuneration reward element which was comparatively lower than the first level selected by Baby Boomers and Generation X.

These results may be attributed to Generation Y employees assigning more importance to non-financial factors such as Work-Life Balance in their total rewards mix. Work-Life Balance was deemed more attractive than Career Advancement in Generation Y's total rewards mix but in the study of reward elements based on the WorldatWork model, a significant difference between Generation Y and Baby

Boomers existed with respect to the importance they attached to Learning and Career Advancement and Performance and Recognition. Generation Y also displayed a significant difference in the value assigned to Work-Life Balance Climate initiatives when compared to Generation X and Baby Boomers which corroborates the results of the conjoint task. These findings are supported by those of the 2005 South African Graduate Recruitment Association (SAGRA) survey which indicated that the youngest generation, namely Generation Y, was retained by career advancement opportunities, challenging assignments and work-life balance. Furthermore Ruch (2000) and Roy (2008) both indicated that Generation Y employees were retained by organisations which allowed them to be loyal to their lifestyle rather than their jobs.

Given that Generation Y employees are in the early stages of their career, providing challenging opportunities via performance and recognition programmes may be viewed as a retention tool, as they are able to stretch their abilities and use such exposure to rapidly progress their careers. The emphasis on Work-Life Balance, as opposed to career advancement, may be a result of the change in psychological contract that occurred post the 1980's trends of recessions, downsizing and reorganizations. The current contingent of Generation Y employees are likely to have witnessed their parents being loyal to an organisation and placing their career first to the detriment of other aspects of their life. Generation Y employees may therefore wish to adopt a different work ethic to that of their parents.

Figure 9 provides an illustration of the ideal mix of total rewards as well as the reward factors which Generation X and Y value in their retention.

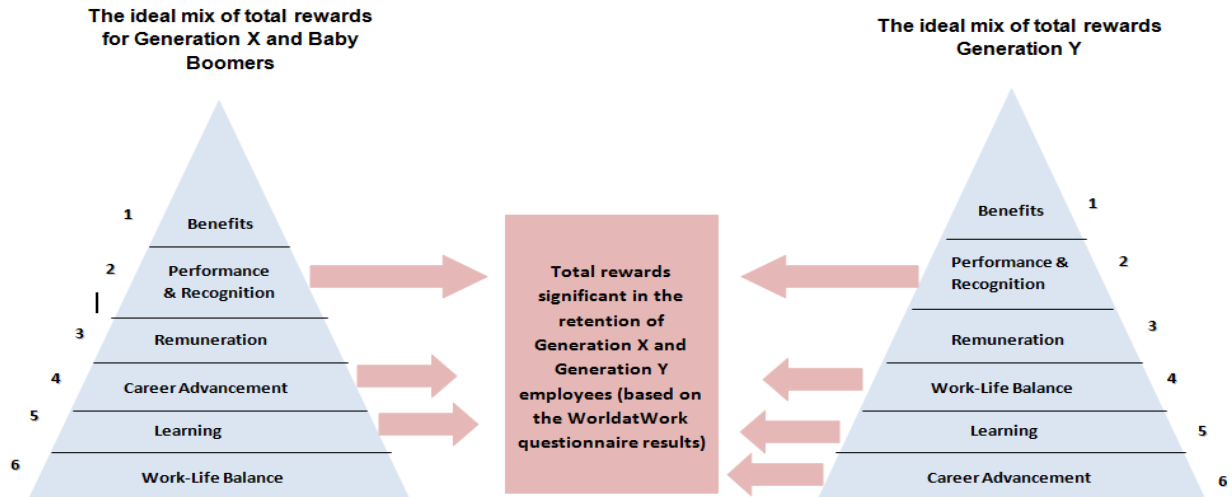


Figure 9. The ideal mix of total rewards for Baby Boomers, Generation X and Generation Y and reward elements identified as significant in the retention of Generation X and Y

Note: The horizontal arrows indicate total rewards that were valued within both the conjoint study and in the WorldatWork questionnaire by Generation X, Y and Baby Boomers.

Summary of findings

A summary of the outcomes of the conjoint task are provided in Figures 10 and 11 for ease of reference. Figure 10 illustrates the ranked attributes for each demographic group in order of importance while Figure 11 provides details of the levels of the attributes which were deemed to be the most preferred option across demographic groups.

This overview graphically highlights the importance placed on financial rewards by employees from the various demographic groups as well as the levels or values which were considered most desirable in their retention.

Summary of the Conjoint Task – Ranked attributes per Demographic Group

Ranking	Overall	Male	Female	Black	White	Gen Y	GenX	Baby Boomers	Non-Mngment	Middle Mngment	Senior Mngment / Execs	Matrics	Under Grad	Post Grad
1	Benefits	Benefits	Benefits	Benefits	Benefits	Benefits	Benefits	Benefits	Benefits	Benefits	Benefits	Benefits	Benefits	Benefits
2	¹ Perf & Recog	Perf & Recog	Perf & Recog	Perf & Recog	Perf & Recog	Perf & Recog	Perf & Recog	Perf & Recog	Perf & Recog	Perf & Recog	Perf & Recog	Perf & Recog	Perf & Recog	Perf & Recog
3	² Rem	Rem	Rem	Rem	Rem	Rem	Rem	Rem	Rem	Rem	Rem	Rem	Rem	Rem
4	³ Career Advance	Career Advance	Career Advance	Career Advance	Career Advance	Work-Life Balance	Career Advance	Career Advance	Career Advance	Learning	Learning	Work-Life Balance	Learning	Learning
5	Learning	Learning	Learning	Learning	Learning	Learning	Learning	Learning	Work-Life Balance	Career Advance	Career Advance	Career Advance	Career Advance	Career Advance
6	Work-Life Balance	Work-Life Balance	Work-Life Balance	Work-Life Balance	Work-Life Balance	Career Advance	Work-Life Balance	Work-Life Balance	Learning	Work-Life Balance	Work-Life Balance	Learning	Work-Life Balance	Work-Life Balance

Abbreviations: ¹ Performance and Recognition ² Remuneration ³ Career Advancement

Figure 10. Ranked attributes of the conjoint task for each demographic group in order of preference

Summary of the Conjoint Task – Selected levels of reward attributes per Demographic Group

Total Reward Attribute	Overall	Male	Female	Black	White	Gen Y	GenX	Baby Boomers	Non-Mngment	Middle Mngment	Senior Mngment/ Execs	Matrics	Under Grads	Post Grads
Learning	¹ Leadership /Mng devtment progs	Leadership/ Mng devtment progs	Leadership/ Mng devtment progs	Leadership/ Mng devtment progs	Leadership/ Mng devtment progs	Leadership/ Mng devtment progs	Leadership/ Mng devtment progs	Leadership/ Mng devtment progs	Leadership/ Mng devtment progs	Leadership/ Mng devtment progs	Leadership/ Mng devtment progs	Leadership/ Mng devtment progs	Leadership/ Mng devtment progs	Leadership/ Mng devtment progs
Career Advancement	² Exposure to opps/ projects outside of current dept-may include overseas assignment	Exposure to opps/ projects outside of current dept-may include overseas assignment	Exposure to opps/ projects outside of current dept-may include overseas assignment	Exposure to opps/ projects outside of current dept-may include overseas assignment	Exposure to opps/ projects outside of current dept-may include overseas assignment	Exposure to opps/ projects outside of current dept-may include overseas assignment	Exposure to opps/ projects outside of current dept-may include overseas assignment	Exposure to opps/ projects outside of current dept-may include overseas assignment	Exposure to opps/ projects outside of current dept-may include overseas assignment	Exposure to opps/ projects outside of current dept-may include overseas assignment	Exposure to opps/ projects outside of current dept-may include overseas assignment	Exposure to opps/ projects outside of current dept-may include overseas assignment	Exposure to opps/ projects outside of current dept-may include overseas assignment	Exposure to opps/ projects outside of current dept-may include overseas assignment
Remuneration	Base Salary targeting the top end of the market & Retention bonus	Base Salary targeting the top end of the market & Retention bonus	Base Salary targeting the top end of the market & Retention bonus	Base Salary targeting the top end of the market & Retention bonus	Base Salary targeting the top end of the market & Retention bonus	Base salary targeting the upper end of the market	Base Salary targeting the top end of the market & Retention bonus	Base Salary targeting the top end of the market & Retention bonus	Base Salary targeting the top end of the market & Retention bonus	Base Salary targeting the top end of the market & Retention bonus	Base Salary targeting the top end of the market & Retention bonus	Base salary targeting the upper end of the market	Base Salary targeting the top end of the market & Retention bonus	Base Salary targeting the top end of the market & Retention bonus
Benefits	³ Employer contributes 100% of total retirement fund contrib. plus highest level of medical	Employer contributes 100% of total retirement fund contrib. plus highest level of medical	Employer contributes 100% of total retirement fund contrib. plus highest level of medical	Employer contributes 100% of total retirement fund contrib. plus highest level of medical	Employer contributes 100% of total retirement fund contrib. plus highest level of medical	Employer contributes 100% of total retirement fund contrib. plus highest level of medical	Employer contributes 100% of total retirement fund contrib. plus highest level of medical	Employer contributes 100% of total retirement fund contrib. plus highest level of medical	Employer contributes 100% of total retirement fund contrib. plus highest level of medical	Employer contributes 100% of total retirement fund contrib. plus highest level of medical	Employer contributes 100% of total retirement fund contrib. plus highest level of medical	Employer contributes 100% of total retirement fund contrib. plus highest level of medical	Employer contributes 100% of total retirement fund contrib. plus highest level of medical	Employer contributes 100% of total retirement fund contrib. plus highest level of medical
WLB	Flexible work hours	Flexible work hours	Flexible work hours	Flexible work hours	Flexible work hours	Flexible work hours	Flexible work hours	Flexible work hours	Flexible work hours	Flexible work hours	Flexible work hours	Flexible work hours	Flexible work hours	Flexible work hours
Perf & Recog	⁴ Short term incentives linked to perf + Stock Options or Shares	Short term incentives linked to perf + Stock Options or Shares	Short term incentives linked to perf + Stock Options or Shares	Short term incentives linked to perf + Stock Options or Shares	Short term incentives linked to perf + Stock Options or Shares	Short term incentives linked to perf + Stock Options or Shares	Short term incentives linked to perf + Stock Options or Shares	Short term incentives linked to perf + Stock Options or Shares	Short term incentives linked to perf + Stock Options or Shares	Short term incentives linked to perf + Stock Options or Shares	Short term incentives linked to perf + Stock Options or Shares	Short term incentives linked to perf + Stock Options or Shares	Short term incentives linked to perf + Stock Options or Shares	Short term incentives linked to perf + Stock Options or Shares

Figure 1: Levels of the conjoint task for each demographic group ■ Level 1 ■ Level 2 ■ Level 3.

Abbreviations: ¹ Leadership/Management development programme. ² Exposure to opportunities/ projects outside of current department-may include overseas assignment ³ Employer contributes

100% of total retirement fund contribution plus highest level of medical ⁴ Short term incentives linked to performance and Stock Options or Shares

Limitations and recommendations

The main limitation of this study is the issue of confounding variables. In particular, this refers to the current economic environment and associated factors such as job stability. These factors are likely to have had a moderating effect on the results, as employees will elect rewards that meet basic physical and safety needs above esteem needs or self-actualization needs (Robbins, Odendaal & Roodt, 2001). The results may have been further influenced by the effects of the economic recession, as one of the organisations from which the largest proportion of the sample was drawn, was undergoing an extensive retrenchment exercise at the time. It is recommended that further research be conducted during a period of greater economic stability, as this is likely to produce different responses.

The current study is descriptive in nature and no causal relationships could be determined. It was therefore not possible to explore the reasons for employees' selection or their preference for specific reward elements or the rationale for why these rewards retained them. A study of the causal relationships between rewards and retention amongst different demographic groups should be conducted.

A further limitation was the number of Remuneration Managers who responded to the first questionnaire. There were limited responses and these were mostly from large organisations with well structured and extensive total rewards offerings. If this sample had been more varied and included smaller companies, the variables included in the conjoint study may have been quite different and ultimately resulted in a different ideal total rewards mix.

Another limitation relates to the use of a conjoint model, which focused on the main effects as opposed to interaction effects of the variables used. Richer results may have been achieved had the various demographic groups results been amalgamated, although a much larger sample would have been required as would a different conjoint method. This method may not have been as stable as the choice based model used in this study. In addition it should be noted that many other total rewards models, besides the WorldatWork model, exist. These models cover certain rewards more extensively than the WorldatWork model and may be considered as the basis for a conjoint model in future research. Were further studies to be

conducted in this area, using conjoint analysis, these adjustments should be noted and factored into the study.

A final limitation to note was that the sample was primarily drawn from the Petroleum Industry where employees may fit a specific profile in terms of total rewards that they value in their retention. In addition a non-random sampling method was used which does not permit these findings to be extended to the wider South African workforce.

Theoretical contribution

Theoretically, the current study has a number of contributions to make. Firstly, a dearth of empirical social science research exists in South Africa which highlights the total rewards that retain knowledge workers as well as different gender, race and age groups. The current study succeeded in identifying those total rewards, based on the WorldatWork total rewards model that respondents from the different demographic groups deemed valuable in their retention.

A further contribution made by the current research lies in the method used to determine the ideal mix of total rewards, namely conjoint analysis. This approach has not previously been used in the domain of Industrial/Organisational Psychology (IOP) and its application facilitated the process of developing a total rewards preference structure for each demographic group i.e. the ideal total rewards mix. The preference structure provided an indication of the relative importance, as well as the desired amount, of each total reward element. By utilizing the conjoint analysis method, a further theoretical contribution to the body of social science research has been made, as no prior studies have succeeded in identifying both a combination of total rewards as well as the amount of each total reward element that retains various demographic groups. Knowledge of the quantum of total rewards that retain employees is a particularly important contribution to the body of employee retention literature, because as Porter and Steers (1973) noted nearly 40 years ago, not only is the composition of the employee's expectation set important, but the value of these factors must be substantially met if the employee is to feel worthwhile and to remain with the organisation.

Practical contribution

The findings of the current research also make a practical contribution, especially for organisations concerned with the retention of employees with business imperative skills such as PDI's or scarce skills such as those held by knowledge workers. The current study is able to provide such organisations with an indication of the combination and quantum of total rewards which companies could consider offering employees from the various demographic groups to ensure that they are retained. The study also provides companies with an indication of the total reward elements (based on the WorldatWork model) which employees from different demographic groups consider important and desirable in their retention.

These findings also provide guidance to companies with respect to those factors that should be incorporated into differentiated retention strategies catering for the needs of the various demographic groups. Furthermore, organisations may have greater insight into whether they are able to meet the needs of the various groups given financial or practical constraints, especially given the current economic climate.

Conclusion

The aim of the current study was to identify the mix and the desired amount of total rewards that retain employees from various demographic groups including knowledge workers and employees from different race, gender and age groups. An additional objective was to develop an understanding of the total rewards that these employees, in the context of the South African workplace, deem important in their retention.

The findings of this study revealed that employees from the various demographic groups ascribed a high degree of importance to the financial reward elements in the total rewards mix with Benefits, Performance and Recognition and Remuneration being consistently valued in the retention of these groups. The highest quantum of each of these rewards was also rated as significant in the retention of different demographic groups. With the exception of Generation Y employees and Matriculants, all other demographic groups rated Work-Life Balance, as an element in the total rewards mix, as least important in their retention.

The second objective of the study was to identify the reward elements, based on the WorldatWork model, which different demographic groups considered important in their retention. The results indicated that Performance and Recognition was valued in the retention of black employees as well as Generation X and Y employees. Employees classified as Non-Management and Middle-Management, females and Generation X and Generation Y employees all considered Learning and Career Advancement as significant in their retention. Work-Life Balance Climate was considered important in the retention of black employees, Matriculants, Undergraduates and Generation Y employees, while Work-Life Balance Practices were valued by Non-Management and Middle Management in their retention.

These findings support Bussin's (2002) opinion that: employees from diverse demographic groups have different expectations and demands from their work environments and, as such, a one-size fits all retention strategy will not work. The importance and value of the current study is highlighted in this statement as it is clear from the findings that employees from the various demographic groups value different total rewards in their retention. The ability for organisations to establish highly refined and differentiated retention strategies will be facilitated further by the findings of this study, which provide an indication of the amount and the type of reward elements which are most valued within a total rewards mix.

Business leaders will need to remain constantly abreast of the unique demands of diverse demographic groups in the workplace in order to be successful in the war for talent. It is no longer sufficient to approach the retention of critical talent segments using one standardized talent retention strategy. As noted by Frank et al., 2004, p.23: "The 'tried and true' programmes for dealing with turnover and lack of engagement have been tested over time and have largely failed to deliver the results that will be needed in the future." New ideas are constantly required to determine creative solutions to overcome the problem of retention. The unique approach used in the current study of identifying the combination and amount of total rewards that retain various demographic groups, is intended to provide one such creative response.

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Appendix A



University of Cape Town
Private Bag
Rondebosch 7701

Dear Colleague

I am currently engaged in Masters Research for the University of Cape Town under the supervision of A/Prof. Anton Schlechter and sponsored by SARA. The focus of this study is to determine the mix of total reward factors that retain employees of different demographic groups in South Africa.

Total rewards for the purposes of this study includes not only traditional, quantifiable elements like salary, variable pay and benefits but also intangible non-cash elements such as career opportunities, learning and development and the quality of working life provided by an organisation.

The attached questionnaire presents a scenario which aims to identify the different degrees or levels of total reward offerings which, in your professional opinion and experience, are likely to be successful in retaining different employees in your organisations. The results of this questionnaire will be used as the basis for a follow up questionnaire directed at employees to determine their preference for the total rewards mix identified. I would be grateful if you could assist with this study by answering the attached questionnaire which should take approximately 10 minutes to complete. Please note that all responses remain confidential and will not be used for purposes beyond the scope of this study.

I would appreciate your response by **Friday 9th July 2010**. If you are interested in a summarised copy of the research findings, please indicate this via email to me and I will provide this report for you at the end of the study.

Thank you very much for your participation.

Monica Pregnolo

email address : Monica.Pregnolo@uct.ac.za

Total Rewards that Retain: A Study of Demographic Preferences

As a remuneration manager you are advised of the pending resignation of 3 employees in your company.

Employee A has skills which are considered critical to the successful functioning of your company and cannot easily be replaced. Were this person to leave your company it would result in a potential loss of income.

Employee B has technical skills accompanied by a number of years of experience within your company. Were they to leave they could be replaced within a reasonable amount of time.

Employee C is not considered key talent and is easily replaceable.

Below are 5 rewards which are generally offered to employees in large organisations across South Africa. Based on your professional opinion and experience, please indicate which of these rewards you would offer to employees A, B and C in an effort to retain them.

Remuneration and Benefits

Please indicate which of the following Remuneration and benefit factors you would offer to employees A, B, and C in an effort to retain them (Please Tick) ✓:

Remuneration and Benefits	A	B	C
A guaranteed package targeting the 50 th Percentile of the market or less			
A guaranteed package targeting the 75 th Percentile of the market or higher			
A guaranteed package targeting the 75 th Percentile of the market or higher and a retention bonus			
Short term incentives e.g. incentive or performance bonuses			
Long Term incentives e.g. share schemes or golden handcuffs			
Other (Please Specify)			

Work-Life Balance

Please indicate which of the following work-life balance alternatives you would offer to employees A, B and C in an effort to retain them (Please Tick) : √

Work-Life Balance		A	B	C
Flexible work arrangements :	Flexitime			
	Compressed workweek			
	Work from Home			
	Reduced work schedule or work load e.g. 3 day week, half day			
Other (Please Specify)				

Career Advancement

Please indicate which of the following career advancement options you would offer to employees A, B and C in an effort to retain them (Please Tick): √

Career Advancement	A	B	C
Exposure to opportunities outside of the employees current department/business unit / Overseas assignments			
Promotions when vacancies become available-only moving one grade higher			
Fast tracking employee career progression to executive or senior management levels			
Other (Please specify)			

Learning and Development

Please indicate which of the following learning and development opportunities you would offer to employees A, B and C in an effort to retain them (Please Tick): √

Learning and Development	A	B	C
On-the job training			
Tertiary Education Tuition Assistance e.g. payment of fees			
Access to Mentoring and Coaching Programmes			
Leadership and Management Development Training Programmes			
Other (Please Specify)			

University of Cape Town

Recognition

Please indicate which of the following types of recognition you would offer to employees A, B and C in an effort to retain them (Please Tick):

Recognition	A	B	C
Salary increase significantly above market average			
Salary increase targeting the market average or a cost of living adjustment			
Cash bonuses tied to specific achievement			
Paid time off			
Paid Travel			
Short term incentives e.g. incentive or performance bonuses			
Long Term incentives e.g. share schemes or golden handcuffs			
Other (Please Specify)			

Appendix B



UNIVERSITY OF CAPE TOWN

Dear Colleague

I am currently engaged in Masters Research at the University of Cape Town under the supervision of Associate Professor Anton Schlechter. The focus of this study is to determine the ideal mix of total reward factors that retain employees across different demographic groups in South Africa.

I would be grateful if you could distribute the attached questionnaire to employees in your company. Employees choosing to participate and complete the questionnaire in full will be entered into a draw for a **R1000 Woolworths shopping voucher**.

The data obtained will provide information about the combination of total reward elements most likely to retain employees across different race, gender and age groups. The questionnaire should take approximately 10 minutes to complete. Please note that all responses will be kept confidential.

I would appreciate if the questionnaire could be completed and submitted on-line by the **27th August 2010**.

If you are interested in a summarised copy of the research findings, please indicate this via email to me and I will provide this report for you at the end of the study.

Thank you very much for your participation.

Monica Pregolato

email address : Monica.Pregolato@uct.ac.za

continue

You can pause this survey anytime. In order to continue where you have left just reopen the survey link.

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Instructions for completion

This questionnaire should take approximately 10 minutes to complete. Please note that all responses will be kept confidential.

Section 1

This section presents various permutations of total reward offerings. You will be required to select the option which you consider to be most attractive to you and which would retain you in your current organisation.

In addition you will also be presented with a series of questions which aim to investigate which rewards you value most highly in your total rewards package. You will be required to rate your response using a scale that ranges from Not Important to Very important.

**If these were your reward options, which would you choose?
Choose by clicking one of the buttons below:**

Learning	Tertiary Education Tuition Assistance	On-the job training	Leadership/Management development programmes	My current total rewards package is preferable
Career advancement	Exposure to opportunities /projects outside of your current department/business unit –may include overseas assignments	Promotion within current business unit /function	Fast tracking career progression to executive or senior management levels	
Compensation	Base salary targeting the middle of the market	Base salary targeting the upper end of the market	Base salary targeting the top end of the market & Retention bonus	
Benefits	0% Employer contribution to retirement fund plus basic medical cover	Employer contributes 100% of total retirement fund contribution plus highest level of medical cover	Employer contributes 50% of total retirement fund contribution plus moderate level of medical cover	
Work life balance	Flexible Work hours	Reduced work schedule or work load	Work from home	
Performance and Recognition	Short term incentive linked to your performance	On the spot awards e.g. gift vouchers, verbal recognition	Short term incentives linked to your performance plus Stock Options or Shares	
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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You can pause this survey anytime. In order to continue where you have left just reopen the survey link.



Kindly complete all the questions below by checking one response per item:

How important do you consider each of the following factors to be in deciding whether to stay with your current employer?

Table with 5 columns: Not at all important, Not Important, Uncertain, Important, Very Important. Rows include factors like Recognition provided, extent to which employer respects differences, opportunities for learning, career advancement, quality of performance feedback, contribution valued, level of challenge, challenging targets, manageable workload, and supportive colleagues.

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You can pause this survey anytime. In order to continue where you have left just reopen the survey link.



Kindly complete all the questions below by checking one response per item:

How important do you consider each of the following factors to be in deciding whether to stay with your current employer?

	Not at all important	Not Important	Uncertain	Important	Very Important
The opportunities offered to you by your company for training within your current job e.g. skills training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The extent to which your employer supports a balanced lifestyle (between your work and personal life)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your employer's provision of work/life programmes such as flexible working arrangements, flexible hours	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Having social friendships at work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The degree to which your employer encourages and organises team building or other social networking activities amongst employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your employer's provision of employee health and wellness programmes e.g. Employee Assistance Programmes, counselling services, fitness centres	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The provision of a competitive pay package (i.e. basic salary plus benefits, allowances or variable pay)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your employer's provision of medical aid, retirement and pension benefits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your employer's provision of incentive bonuses/variable pay	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The provision of recognition via non-financial means e.g. certificates of recognition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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You can pause this survey anytime. In order to continue where you have left just reopen the survey link.