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THE RETENTION OF NEWLY QUALIFIED CHARTERED ACCOUNTANTS IN A
LARGE FINANCIAL SERVICES COMPANY

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Abstract

Considering the increasing shortage of newly qualified chartered accountants in South Africa, this study focused on investigating factors that influence newly qualified chartered accountants to either leave or stay with their employing organisation. This study was conducted at a financial services organisation situated in Cape Town, which like all other financial institutions, would like to decrease the exit of newly qualified accounting professionals and ensure that skilled employees remain within the organisation.

- Participants in this study completed an open ended written questionnaire (N =19) and were then interviewed (N = 19) about the factors that determine whether or not they would leave the organisation. The following five reasons were identified as the most important: bureaucracy (lack of autonomy); career possibilities; good line management; organisational culture; work-life balance.

Retention strategy policies that were meant to assist with employee attrition were not effective in achieving the retention of the newly qualified chartered accountants. The main reason for the lack of graduate retention was that the policies were not properly communicated to the employees. The findings of this study indicate the necessity for the financial services organisation to do a rigorous reassessment of their retention policies and to put processes in place to decrease the exits of talented and knowledgeable employees.

Plagiarism Declaration

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Chapter 1: Background and motivation of the study

Newly qualified chartered accountants enter a world of work where there is a shortage of financial skills and therefore multiple opportunities which allows them to change jobs regularly. Department of Labour statistics as cited on the study conducted by Netswera reflect that of the total vacancies available, 26.7% were for computing accountants and related accounting occupations (Netswera, Rankumise & Mavundla, 2005).

A report issued by the South African Institute of Chartered Accountants (SAICA) in 2010 states that chartered accountants will be required to fill 22 000 South African financial vacancies. These figures included qualified chartered accountants and trainee accountsupported b ants (SAICA, 2010). Given that this information was published over eight years ago, a five percent annual progression rate of the CA profession means that those gaps are expected to grow bigger because this growth rate is insufficient to address the challenges of the skills crisis in South Africa.

The challenge of employing black CAs is even more acute. According to SAICA, of the estimated 43 000 chartered accountants currently in South Africa, only about 21 percent are black (that is, African, Coloured and Indian) (Marshall, 2014). Although there are some younger black CAs entering the system, their numbers are still low. SAICA and other professional bodies are making efforts to develop prospective CAs from previously disadvantaged backgrounds (e.g., SAICA, 2010) but regardless of this effort, a gap still exists to drive real change in the financial services sector (Marshall, 2014).

Anneke Andrews CA(SA), who is the director leading Recruit Talent at Deloitte, was quoted by Nirmla and Pandey (2013, pg 1) saying that:

Critical CA leadership talent is becoming increasingly scarce in South Africa due to this appreciation of the abilities of CAs and the resultant demand exceeding supply, growing skills shortage in the profession (continuous shortage of 5 000 CAs as far back as 2008). The laws of

economics dictate that a high demand and shortage of supply of top talent should lead to a highly competitive market for CA talent.

In extremely competitive talent settings, which are generally characterised by leaders in the organisation driving the retention of critical chartered accountants at all costs, it has become necessary to execute retention strategies that range from compensation to branding of the organisation as an employer of choice, and being ahead of competitors in attracting and retaining these scarce skill sets (Nirmala & Pandey, 2013). It has been a major challenge to talent management to compete for and retain the scarce skills of newly qualified chartered accountants. Companies need to enhance their retention strategies so that they are able to overcome the problem of the increase in demand and the low supply of accounting graduates.

Organisations are required to select candidates from a small pool of the newly qualified CAs each year (Nirmala & Pandey, 2013). However, companies need to avoid selecting candidates hastily from this small pool of newly qualified chartered accountants because “job and culture fit” must be taken into account to avoid, poor hiring decisions, which are costly in terms of money and time spent.

Overall, there has been an increasing turnover rate in most organisations (Accenture, 2012) and financial services and insurance companies are not immune to this. A limited pool of scarce skills, particularly in the financial sector, and continual changes in the talent management landscape, has an impact on how employers discover and retain employees, specifically scarce talent such as newly qualified chartered accountants.

1.1 Context of the study

The context of this research is the retention of newly qualified chartered accountants within one of the largest financial services companies in Southern Africa, with over 50 000 employees and a multi-million rand training and development budget. The organisation strives to drive change through pioneering contributions for transformation in the South African financial services sector.

In 2002, the organisation started a graduate programme to train and retain individuals who aspire to become Chartered Accountants. The objective of the programme is to groom trainee accountants into future business leaders, and to increase demographic diversity in senior management roles.

Students are recruited whilst in Grade 12 and they are awarded university bursaries to study for a B.Com. Accounting undergraduate degree and a Postgraduate Diploma in Accounting at the University of Cape Town. Retention of these graduates has not been a major issue during the training or articles periods. However, the trend has been that, after the successful completion of training, these newly qualified chartered accountants leave the organisation after a period of between 12 and 18 months post completion of training. Of the 34 individuals who qualified through this programme, 20 are currently working for this organisation. Thus, the organisation is confronted with the challenge of being unable to retain and make progress with at all the qualified graduates to leadership roles. In order to retain these graduates, the organisation has implemented the retention strategies below:

1.1.1 Terms of employment contract

The organisation recruits students from Grade 12 students to build a pipeline for the training programme. The Grade 12 students sign up on condition that they will work for the organisation for a period equivalent to the years the company has sponsored their studies at the university to upon graduating from the university. When the graduates join the organisation as new recruits, the employer discusses with the prospective employee the detailed employment contract in relation to which the employee enters into an agreement to act in accordance with the terms and conditions that will discourage them from leaving the organisation before the end of the agreed period. If an employee signs such a contract voluntarily, the legal system is unable to challenge the terms and conditions that were agreed upon between the employer and the employee. In situations where contracts excessively restrain the employee, the prospective employee is likely to reject the contract and could well decide to approach another company for a job. Terms that are listed on the training contract are discussed below briefly.

1.1.2 Notice periods

When trainees join the training programme, they are required to agree with the employer's terms and conditions regarding the termination of employment. This must be agreed upon by both parties and includes the duration of the contract which is agreed upon upfront. This has both a negative and positive aspect in terms of retention. For example, an employer may have to deal with an underperforming or demotivated individual who wants to resign but has a contractual obligation. In this case, they may be better off finding another suitable individual who would enjoy working for the company. Currently, employees generally have to give the employer one calendar month's notice. The period can be used as a retention tool to prevent the employees from leaving the organisation.

1.1.3 Pay-back clauses

In return for their bursaries, after completion of their studies, students are required to work for this large financial services company for a specified period as contractually agreed upon between the organisation and the student. Currently, newly qualified chartered accountants have an obligation to work for the organisation for a period of three years, after completing articles. This has been used as one of the retention strategies.

Associated with the obligation to work for the organisation is the large amount of money which any newly qualified chartered accountants has to repay on deciding to leave the organisation. This often prolongs the employee's stay with the company if the prospective employer is unable to buy out the employee from the organisation. Taylor (2002) described such pay-back provisions as an "obligation" placed on employees to compensate the employer for expenses incurred on the employee's behalf due to training, bursaries and so on. The organisation requires the employee to pay these expenses before exiting the organisation.

There are also other costs incurred by the organisation during the training of these young graduates. Currently, the organisation is spending a great deal of time and money on mentoring these graduate employees. For example, supervisors spend 1 524 hours per trainee per annum mentoring them. An amount of approximately R45 000 is spent per individual graduate employee per annum towards their soft skills

training. This amount excludes salaries. The high investment and effort afforded to this initiative results in a minimum return of investment and slow progress towards transformation if the graduate employees leave the organisation soon after graduating.

In order to improve retention, the organisation needs to establish the reasons for graduate employees deciding to leave or remain within the organisation.

1.2 Research Aim

The main objective of this study is to investigate factors that influence newly qualified chartered accountants to leave or stay with the organisation that sponsored their studies, and to identify the changes the organisation can make in order to retain them for a longer period.

1.3 Research Question

What factors influence newly qualified accountants, who have completed articles through the organisation's Chartered Accountants Training Programme, to stay or leave the organisation?

Chapter 2: Literature review

2.1 Introduction

This chapter examines literature that relates to understanding the turnover of graduates in employment, specifically newly qualified chartered accountants and aims to inform and orientate the research and define key terms.

A short analysis of other concepts associated with the retention of graduates and scarce skills, such as employee retention, labour turnover, and turnover intention is provided. The scarce skills concept is included in the analysis because chartered accountants are classified under scarce skills by the South African Department of Labour. In this regard, it must be noted that specifications and generalisation are made using the argumentative content of the discussion.

There has been very little research globally on the retention of newly qualified chartered accountants. Therefore, while the study focuses on the retention of newly qualified chartered accountants related to a specific financial services organisation, it will consider graduate retention in general, focusing on the retention of graduates and scarce skills.

2.2 Definition and conceptual foundation of concepts

2.2.1 Definition of scarce skills and conceptual foundation

The Finance and Accounting Services Sector Education and Training (Fasset) guidelines report defined scarce skills as a concept that refers to an absolute or relative demand for skilled people to fill particular occupations as classified on the Organising Framework for Occupations (OFO) (Fasset Research Department, 2015). The report further stated that the scarce skills concept refers to those positions that remain unfilled for months. This is consequent to the fact that there are not enough qualified people to fill the positions. The Department of Labour and the Sector Education and Training Authorities (SETA) described scarce skills as “occupations in which there is a scarcity of qualified and experienced people, currently or anticipated in the future, either (a) because such skilled people are not available, or (b) because

they are available but do not meet employment criteria". The term scarcity includes circumstances where "suitably skilled people exist, but do not meet other employment criteria, particularly if these individuals happen to live in different geographical areas, or do not meet Black Empowerment criteria" (Food and Beverage SETA, October 2005, pp.48). In support of this, the research conducted by SAICA concluded that "at National Qualification Framework (NQF) level 7 and above, at least 54 000 qualified accountants are needed. The total number of vacancies at all levels in both the private and public sectors is 22 030" (SAICA, 2008, pp.24). According to the Fasset report a general shortage of newly qualified chartered accountants and trainee accountants was reported by employers in their Work Skills Plan (WSP) submissions in the 2014/2015 financial year. Organisations were looking for newly qualified chartered accountants, especially African and disabled candidates. Among graduates, a shortage of competent individuals was noted (Fasset, 2015). Fasset's report further stated that

"in terms of the recruitment of accounting trainees, employers reported that there are not enough potential trainees who have completed the CTA. Some organisations complained that qualified people were snapped up by large audit firms. The 2012 Sector Survey revealed that small firms and those that are located outside the main metropolitan areas regard themselves as being at a disadvantage when it comes to the recruitment of trainees. Most of these firms cannot pay the salaries offered by the large firms and they cannot offer the trainees the career prospects that the large firms offer" (pp.14 -15).

This situation creates flexibility in job-hopping for newly qualified chartered accountants because of the unbalanced supply and demand for skills. This results in a high turnover rate of the newly qualified chartered accountants and graduates in organisations in general.

Table 1 below, adapted from the Fasset (2015) report, and illustrates the top 10 skills that are in demand in the Fasset sector, based on the SETA's Pivotal Skills List. The table shows that the Chartered accounting profession has more entry level jobs than other sectors that exists within the Fasset sector and that the supply of learners

needs to increase in order to build a pipeline for the mounting demand for trainee accountants, auditors and articled clerks.

Table 1: Top 10 Scarce Skills in demand for 2015/16

# Occupation	Quantity Needed
1. Trainee accountant/auditor/articled clerk	1 249
2. External Auditor	255
3. Computer Network and Systems Engineer	153
4. Debt Collector	141
5. Finance Manager	111
6. Management Consultant	108
7. Financial Investment Advisor	86
8. Office Administrator	74
9. Accountant (General)	70
10. Economist	48
Total	2 295

A report issued by SAICA raised a concern about the scarcity of chartered accountants in South Africa (SAICA, 2010). Having outlined common understandings of the concept of scarce skills, the objective of this literature review is to align the definition of the concept with aspects that influence the definition in a manner that is corresponding to this study.

2.2.2 Definition of employee retention and possible outcomes

Due to the lack of data on the retention of graduates, specifically the retention of newly qualified chartered accountants, the researcher will link the concept of graduate retention to the definition of employee retention. Much research has been done on employee retention and researchers differ in defining this concept. Employee retention is concerned with keeping or encouraging employees to stay in a company for a longer period (Bidisha & Mukulesh, 2013). One of the most important challenges on management today in any organisation is the retention of the most critical and dynamic human resources motivated and dedicated (Cutler, 2001). It is not important to appreciate who the organisation employs but what is important is to

appreciate who are kept in the organisation Carter, Giber and Goldsmith (2001) perceived retention as an area that is mostly misunderstood by senior managers of an organisation. The lack of focus on retention in organisations, as suggested by Pritchard (2007), results in skilled and experienced employees leaving the organisation.

Employee retention has a bearing on organisational success, both directly and indirectly. To circumvent the negative consequences related to turnover behaviour following the development of turnover intentions, organisations should take reasonable measures to ensure that employees are retained, and that turnover intentions are minimised. This study therefore examined the intentions to leave the organisation of newly qualified chartered accountants employed by a South African financial services organisation.

2.3 Defining labour turnover and turnover intention and possible outcomes

In the previous section, a number of definitions of employee and skills retention were investigated in order to arrive at an acceptable definition that is appropriate for this study. In order to include an understanding of other related concepts, the concept “labour turnover and turnover intention” will be defined.

Phillips (2003) referred to labour turnover as an opposite of retention. He defined turnover as a percentage of employees leaving the organisation for any reason. He further stated that avoidable turnover must be distinguished from unavoidable turnover so that proper emphasis can be placed on the avoidable portion. Pearce (1999) described job turnover as an amount of job changes, departures, and new appointees that occur in an organisation. According to Barker (1996), it is a signal of the stability of employment in a particular industry as shown by the flow of the employees joining and leaving an organisation. The researcher describes turnover as a departure of individuals and an entry of new appointees to the organisation.

Finnemore (1990) stated that high employee turnover has numerous shortcomings for any organisation, namely, the disruption of work programs and low productivity. It may also have negative consequences that may be difficult to assess because of the generalised impact of turnover on the quality of services. Finnemore (1990) further stated that high job turnover may be due to a specific problem, but it can be a sign of

more important organisational problems. Therefore, job turnover is costly to both organisations and the overall economy, and unfavourably affects proficiency, productivity, profitability and the determination of the employees. Having said that, labour turnover should not always be perceived as something negative because it provides opportunities both for the development and promotion of the employees that remain for new employees to enter the organisation.

Wasim Al-Habil et.al., 2017, suggest that, “in the academic literature, turnover intention is commonly used as a measure of anticipated workplace turnover. Intent to leave, intent to quit, intention to leave and turnover intention are often used interchangeably”; the ultimate result of these concepts is leaving and staying in the organisation. Tett and Meyer (1993), suggested that the intention of the employee to resign is the ultimate step in a sequence of withdrawal intentions resulting in actual turnover. The withdrawal process, which envisages voluntary employee turnover, is seen to be linked to job satisfaction and turnover intention (Du Plooy & Roodt, 2010).

Wilson (2006) stated that turnover intention literature uses numerous interchangeable terms to define this concept. These terms include: stay or leave intentions; the inclination to exit; the intention to leave and the intention to quit. Tett and Meyer (1993) (cited by Taylor, 2004) described the term “turnover intention” as “the conscious and deliberate wilfulness to leave the organisation” (pp. 113). Other researchers suggest that turnover intention is the level at which an employee contemplates whether to exit or to remain with the current employer (Bothma & Roodt, 2013; Jacobs & Roodt, 2011).

Vandenberg and Nelson (1999), defined intention to leave as “an individual’s own projected likelihood (subjective) that they are permanently leaving the organisation at some point in the near future” (pp. 1315), and refers to an employee’s decreased degree of commitment, which then leads to a greater desire to seek an alternative employer (Mowday, Porter & Steers, 1982). Some scholars perceive turnover intention as a demonstration of “the (subjective) probability that an individual will change his or her job within a certain time period” (Sousa-Poza & Henneberger, 2002, pp. 1).

In the financial services industry, turnover is an extensive and costly problem (Snead & Harrell, 1991). The financial services industry has a larger ratio (after the auditing firms) of newly qualified chartered accountants and a certain degree of turnover is expected. However, unwarranted turnover is considered uneconomical (Hyndman, 1994), particularly taking into account the substantial amount of money and time invested in the training and development of these new chartered accountants.

2.4 Traditional Employee Turnover Models

Turnover models developed before 1985 have laid the groundwork for turnover research. The main contribution to this research includes that conducted by March and Simon (1958); Porter and Steers (1973); Mobley (1977); Price (2001); and Mitchell, Holtom and Lee (2001), as cited in research conducted by Choi, Khalil, Masibau and Ebi (2012).

In his study, Mano (1994) suggested that, March and Simon's (1958) framework is known to be one of the first models of turnover used in several studies of voluntary turnover. This turnover model may possibly be linked to the theory of Barnard-Simon (cited in Mano, 1994) who suggested that workers are challenged with choices through their relationships and dealings with their employers (Mano, 1994).

Given the capability of an employee to decide to leave an organisation, March and Simon's theory further suggested that employee turnover is influenced by an individual's perceived ease of freedom of movement and perceived interest of movement. Perceived ease of movement is the evaluation of perceived options or prospects while perceived desirability of movement is influenced, for example, by job contentment (Morrell, Loan-Clarke, & Wilkinson, 2001). However, the inclination of the employees to leave becomes less when the employer increases the incentives and increases when it is otherwise (Morrell et al., 2001). The option of internal turnover in this model can be deliberated prior to the consideration of external turnover.

Another major model in turnover research is Price's (2001) Causal Model of Turnover. Price describes the Causal Model of Turnover as resembling the contributing factors of voluntary turnover (Price, 2001). He alienated the causes of turnover into independent variables, as well as superseding dependent variables.

The independent variables are grouped into the categories of environment, individual and structural. While dominant variables remain seen as dependent variables, an environment variable indicates that there are limitations on the intention to remain with the organisation resulting from issues in a non-work or personal environment.

One of Price's (2001) environment variables is opportunity. Opportunity refers to the disposal of other occupations in a career setting (Boyar, Carl, & Sinha, 2012). Opportunity is regarded as having a direct positive link to turnover intention (Boyar et al., 2012; Price, 2001). This suggests that greater opportunity leads to turnover intention because the individual is more aware of other jobs existing in their occupation or field. The individuals will then assess the consequences of leaving the current employer, including the benefits, such as the remuneration packages, as well as the costs and risks of the other jobs. When an alternative employer provides more benefits compared to the employee's current employer, this may create more job dissatisfaction in the employee, and in the future, cause an employee to leave their current employer.

Kinship responsibility is another environment variable. It is described as a commitment to families living in the local community (Boyar et al., 2012). It is considered to have a direct undesirable link to turnover. Hom & Griffeth (1991) and Allen and Shanock (2012) suggested that, if an employee's family lives near the employee's place of work, it is possible that this will create a sense of responsibility in an individual, which can be satisfied with ease by remaining with their current employer, thus lessening the individual's turnover intention. Price (2001) suggests that training in general, on the job participation, positive emotional experiences and negative emotional experiences are the significant individual independent variables that directly influence the turnover intention. He further mentions the substantial positive link amongst general training and turnover intention. Where there is intensified general training, a larger quantity of turnover is created (Mueller & Price, 1990).

The view of turnover has progressed from a simple to a complicated multidimensional one. The issue of job satisfaction received more attention from the various traditional turnover models, including issues such as organisational commitment and experiences that are work and personally related, such as the size

of the organisation, and the type of job. However, the latest turnover research expanded on these models and also focused on background variables, such as undesirable experiences and personal conditions, including personal pressures and anxiety (Holtom, Michell, & Eberly, 2008).

It can be concluded from the literature review that high employee turnover is to do with inadequate compensation packages and other packages offered as benefits to the employees, limited progression and growth prospects, employees not feeling that they are recognised and valued, disparity between the job and the candidate, inadequate supervision and unfavourable working conditions. These aspects are part of the culture of the organisation.

Taylor (2002) stressed that it is important to establish the reason employees leave their employers, before any actions are considered to make improvement on employee retention. He says that causes vary and some might be more important than others.

Taylor (2002) stated that the reasons for employee turnover are divided into four major categories, as listed below. He mentions that these categories are vastly different from each other and require the organisation to develop a different type of response when each cause is identified. They are:

1. Pull-type causes
2. Push-type causes
3. Unavoidable causes
4. Involuntary turnover.

2.4.1 Pull-type causes

Pull-type causes are linked to the circumstances where an individual moves to another organisation voluntarily. In this case, an employee is positively attracted to a new or different employer. An employee may possibly be entirely pleased with the current employer but may be eager for a change in exploration of better quality conditions, such as an improved remuneration package, job security or any other beneficial and lucrative reason. In order to decrease the rates of employees leaving the organisation as a result of pull-type factors, companies should investigate this

through surveys and career discussions to establish the value of the employees in the organisation and ensure they deliver what is expected and what the market offers.

2.4.2 Push-type causes

Push-type causes are centred on the perception that the employee is not happy with the current employer. In instances like these, an employee resigns due to job dissatisfaction, conditions in the working environment and lack of security, amongst others. The causes for employee departures are linked with push factors which vary from discontent with the existing job culture to character differences with work peers. A sense of monotony and unfair practices can also be factors. In the working world, push factors tend to exercise more control than pull factors (Taylor , 2002). In order to overcome this, organisations need to have a strategy to detect the foundation of employee dissatisfaction. This may include reviewing organisational policies, and training employees, line managers, team leaders and supervisors.

2.4.3 Unavoidable (voluntary) causes

Henry Ongori (2007) stated that from the organisation's perspective, employee turnover is costly. He notes that a voluntary resignation represents the departure of the organisation's human capital investment and that the succeeding replacement process involves substantial costs to the organisation. He further suggests that to replace the lost human capital, the organisation has to bear many costs that include, for example, the cost of searching the external labour market for a potential substitute and the cost of the selection process. Further costs involve the induction process for the chosen substitute and on the job, classroom and online training until the new employee's levels of performance correspond to those of the employee who left the organisation. Over and above these replacement costs, productivity would be affected to some degree or productivity would be constant at the price of overtime expenses (Ongori, 2007).

In most cases, the employer is unable to control unavoidable causes. For example, unavoidable causes are linked to the performance of the employee, retirement, ill health, maternity, relocation, and so on. While it may appear as if not much can be put in place to lessen voluntary turnover, much can be done if employees enjoy

working for the organisation. For example, in instances where a female employee is unable to return after giving birth, the employer may put measures in place, to influence employees positively if they are satisfied in their jobs, for example, nursery rooms and flexi hours.

2.4.4 Involuntary-type causes

Involuntary-type causes are prompted by the organisation. Examples associated with these causes are job lay-offs, the cancellation of fixed-term employment contracts and any other forms of employee discharge. While the organisation usually initiates and drives the involuntary turnover, effective recruitment and selection processes, adequate decisions taken in organisational designs and structures, and selecting the right candidates suitable for the jobs can help to reduce involuntary turnover. Good supervision of employees and adequate employee staff management is considered another way of avoiding such turnover.

2.5 Reasons for employees leaving organisations

2.5.1 Generic reasons

Employees' decisions to leave organisations are complicated. Usually employees leave after multiple incidents or problems that have accumulated and become intolerable. In all companies, employees are regarded as important assets and they make the organisation more competitive, which is critical for an organisation to survive. On the other hand, in circumstances where employees are not satisfied with their current employers, they are likely to search for jobs in other organisations. Pearce (1999) supported the statement above by suggesting that employees should be considered as the precious stones of the company, since the success and survival of the company depends on the retention of employees who are best performers. Therefore, it is imperative that the causes for employees' departure from their employers are addressed prior to the implementation of retention practices.

About 80 percent of employees leave an organisation due to hiring inaccuracies, for example, employing an individual who does not meet the job requirements (Harvard University). Such inaccuracies may result in companies' expenditure going up to 90 percent of the ineffective new employee's salary (Harvard University). Drizin and

Schneider (2004) supported this by stating that substituting qualified and skilled workers can cost the company up to 18 months' of their salary, which can cause large organizations to spend a substantial amount each year only on the costs of replacing employees (Drizin & Schneider, 2004).

The loss of institutional knowledge and training, amongst others, plays a large role in the profit margins of organisations. Research suggests that there is a major economic effect on a company losing its critical employees, considering the skill and knowledge that the employee departs with (Ramlall, 2004).

Studies have been conducted in various fields with the objective of finding the roots of labour turnover, in an effort to find appropriate approaches for efficiently eliminating the concerns. The root causes for employee turnover have been identified as the following (Branham, 2005):

- An incompatibility between the actual job and the person appointed to fill the vacancy in an organisation;
- Very limited growth and progression opportunities available in an organisation;
- The employee in question did not feel recognised or valued by the organisation;
- Senior managers and organisations losing credibility, as employees perceive them as not trustworthy based on what was experienced by the employee;
- The working environment or culture of the organisation was not as expected.

There are four critical reasons that contribute to the turnover of a new appointee. These reasons include counteroffers, subsequent offers, ineffective induction processes and experience at the actual place of work that does not match the advertised job description with the job not meeting the expectations of the new appointee. However, Ahlrichs (2002) suggested that best performers, who remained employed by the same organisation for an extensive period, have different reasons for exiting the organisation and these include:

- Lack of alignment between performance and remuneration package;
- Employee does not recognise progression or development prospects;

- Employee regards his or her current job as insignificant or not adding value;
- Employee feels that his or her work efforts are not recognised and valued;
- The employee's capabilities and potential are not fully developed and used;
- There are no distinct expectations from management, and sometimes the expectations are impractical;
- A perception that there is no or insufficient support or resources allocated.

Rich (2002) suggested that turnover that is linked to voluntary-type causes is sometimes managed ineffectively in certain organisations. Below are the reasons that support his statement:

- When managers evaluate costs associated with turnover, they often do not take into account costs linked to loss of returns and productivity, because they face difficulties in measuring such costs;
- Most companies are uncertain about both the actual turnover and its origin;
- As a result of these reasons, most organisations struggle to put together an effective retention strategy or to prioritise activities towards decreasing turnover;
- In most organisations, there is no specific individual responsible for decreasing voluntary turnover.

There are three steps that must be considered during the process of addressing voluntary turnover challenges (Rich, 2002). The first step emphasises the limitations that prevent companies from working out, both directly and indirectly, any potential expenses, particularly if these potential costs are linked to voluntary costs. Another step is linked to finding the core reasons linked to turnover. Finally, an all-inclusive resolution for the turnover challenges ought to be crafted and implemented as such.

These are the various generic reasons why personnel from different sectors leave their organisations. Some of these reasons cannot be avoided and are beyond the control of organisations, while some can be controlled by management. In order to achieve a high retention rate, there must be collaboration between managers and human resources structures. Organisations can use different strategies both to keep employees within the organisation and to alleviate the problems contributing to a

substantial turnover rate. Organisations must ensure that they appreciate and deal with the requirements of employees so that employees with critical skills stay longer with the organisation. In order to maintain a high retention rate, employers need to make an effort to understand the needs of employees (Kaye & Jordaan-Evans, 1999).

2.6 Factors that influence retention and turnover of newly qualified graduates

This section provides an overview of the trends that prevail in the literature review on the retention and turnover of newly qualified graduates. As mentioned earlier, there has not been much research done in particular on newly qualified CAs in particular and this section therefore focuses on graduates with scarce skills.

The strategy behind having graduate programmes in organisations is to attract and retain high-performing employees. Taylor (2002) suggests that employees who have been sponsored to be part of the organisation's graduate programme are expected to prolong their stay with the current organisation. These graduates are expected to become high performers as they experience the organisation's tailored training. In some organisations, recruiting graduates is a talent management strategy, for example, to build a pipeline of highly skilled employees. Some companies believe in recruiting high-potential graduates who may become the technical experts, senior managers and company executives of the future (Taylor, 2002). Generally, however, organisations struggle to retain graduates within the organisation and this means that there is a limited return on investment.

Recruiting suitable graduates and training and developing graduates allows companies to improve retention, as well as save the unnecessary costs of a high graduate turnover (Murray, 2008). A study conducted by the South African Institute of Professional Accountants (SAIPA) cited in Sturges and Guest 2010 discovered that there are fewer newly qualified chartered accountants entering the labour market. This means that the financial services organisations are faced with a challenge when it comes to recruiting and retaining graduates. Another hindrance is that as graduates leave, organisations are also losing their new and innovative ideas and their ability to learn quickly, which could have led to greater productivity (Sturges & Guest, 2010). This takes into account that young graduates are technologically savvy.

A survey report (CIPD, 2007) showed that 81 percent of graduates in South Africa remain with the organisation for 12 months after they have been signed off from the graduate programme. This indicates that retention rates are a medium- to long-term concern rather than a short-term concern (CIPD, 2007). Nevertheless, a study by Gillinson and Duncan (2006) revealed that only 25% of graduates expect to remain with the same organisation after five years. This is a challenge to many organisations because graduates are usually recruited as part of an overall talent strategy, which includes building a succession pipeline. Clearly, a substantial amount of time and money are invested in these graduates. According to a 2006 survey conducted by The South African Graduate Recruitment Association (SAGEA), 20% of graduates plan to remain with their employer for five years or more. Black graduates' perception is that they are more mobile than their white peers. In general, the indications are that companies will retain only two out of ten graduates over a five-year period (The South African Graduate Recruitment Association, 2006). The American Management Association states that replacing an employee costs more than the process of recruitment. According to Dibble (1999), the cost of losing an employee is calculated conventionally at 30% of a graduate's annual pay, and for individuals who have skills that are sought after, the rate can escalate to two-thirds of their annual pay. Kaye & Jordaan-Evans (1999) estimated that the cost of substituting lost talent can range between 70% and 200% of the annual earnings of the employee who exited the organisation.

South African organisations have Employment Equity targets which are prescribed by the government (Fasset Research Department, 2015). This results in the high mobility of young black graduates and a competition for talent amongst South African organisations. Organisations have reported that the turnover is higher than average for young black workers, especially those in possession of scarce skills (Pauw, Borat, Goga, Ncube & Van der Westhuizen, 2006). This has led to a situation where young black graduates with scarce skills, such as newly qualified chartered accountants, are being headhunted before they gain enough experience.

According to Jamieson (2016), companies are competing for black talent and this creates an opportunity for job-hopping. Newly qualified chartered accountants often secure pay increases and other benefits which ultimately make them expensive to

hire. Various reasons linked to graduates exiting or staying in the organisation have been given above.

The main trends on this study are represented in the following issues that I will be discussed in this section:

- career indecisiveness;
- high expectations of graduates and employers;
- job satisfaction;
- change of culture;
- organisational culture;
- training and development;
- reward and recognition.

2.6.1 Career Indecisiveness

Organisations use different instruments which are derived from the Matching Model when recruiting graduates. These recruitment approaches emphasise psychological and psychometric methods of selection (Taylor, 2002). These methods do not take into account the graduates' understanding and certainty of their career choice. Often, graduates leave university with misconceptions about an organisation in their chosen career. A study conducted by McDermott, Mangan, and O'Connor (2006) found that many employers do not understand the graduates' career expectations prior to them entering the organisation. The only information that the employers could collect was either acquired during interviews with graduates or was what the graduates' psychometric assessment outcomes revealed. Researchers concluded that career expectations not met from the graduates' point of view were a common reason for leaving these organisations (McDermott, Mangan, & O'Connor, 2006).

Graduate entrants who have done research about a career are able to build positive expectations regarding a job and an organisation before deciding to pursue the career or to join the organisation and are inclined to continue working for the same company for a longer time. Accordingly, Sturges and Guest (2010) suggested that organisations should be diligent in measuring and assessing graduate's expectations prior to the starting date of their employment with the organisation. One way to

accomplish this is to establish elements that graduates perceive to be important as an employee.

Greenhaus, Callanan and Godshalk (2000) crafted a career development model integrating aspects of Levinson's perception of adult life development. My view is that this career development model is appropriate as it is integrated into literature that identifies the needs of individuals at diverse stages of their adult lives, explicitly from a career viewpoint. Since academic literature on graduates, particularly within the working context, is limited, this model provided academic literature on the career prospects of graduates. Further, as the theory of Greenhaus et al. is one of the most recent, I believe it is appropriate to apply this career development theory to graduates. The two stages applicable to this research study are the organisational entry phase and the early career phase.

Table 2: Stages of career development (Greenhaus et al., 2000)

Stages	Typical age range	Major tasks
Organisational entry	Initially 18 to 25; then variable	Obtain job offer(s) from desired company/ies, Choose suitable job based on correct information provided.
Early career: Establishment and achievement	25 to 40	Acquire skills for the job, learn company procedures and required standards, fit into selected employment and organisational culture, and strengthen proficiency and capability.

According to Greenhaus et al., (2000) the objective of the organisational entry phase is to get an appropriate match between an employee and the company. An employee's abilities or competence must match the job's requirements, as should the individual's desires and the organisation's benefits.

I believe that unless the abovementioned factors are taken into account, a misfit or demotivation of the graduate is bound to happen. This is supported by Taylor who noted that the incorrect understanding of the career choice or organisation could result in the risk of resignation (Taylor, 2002).

2.6.2 High expectations of graduates and employers

New graduates are inclined to join companies with high expectations that are mostly unrealistic (Branham, 2005). In the long run, when the organisation does not meet the expectations of the employees, employees tend to lose interest, disengage from the organisation and consequently decide to leave. The discrepancy model of job satisfaction emphasises the consequence of the employee's high expectation used by George and Jones (2007) to relate the employee's expectations of job to what the realities of the job demands. The greater the degree of an employee feeling

dissatisfied, the greater the level of probability that the employee will depart from their current organisation.

The transition of graduates to a work environment encompasses key adjustments for new graduates. These adjustments can be more challenging because the graduate's expectations are likely to be unrealistic (Graham & Mckenzie, 2005). The graduate's high expectations could be a result of inadequate recruitment processes and recruitment adverts by employers. These processes and adverts can push expectations to unreasonable levels (Graham & Mckenzie, 2005). Stressors amongst new business school graduates showed that graduates were faced with expectations that were not fulfilled, and approximately 40% of the selected sample were concerned that there was a risk of being out of a job because of this (Burke, 1998).

Expectations from employee and employer include the ability to perform the job and to understand and accept organisational processes and realities. These include the ability to be innovative and implement ideas, while accepting ideas from fellow employees; the ability to translate technical data and theory to real working world terms; the aptitude for interpersonal skills; integrity and the ability to develop and learn from the working experience; trustworthiness and staying committed to the aims and values of the company and acceptance of the company's procedures and policies (Schreuder & Coetzee, 2007). Paying attention to these could possibly lead to expectation gaps being bridged. Sturges and Guest (2010) defined the expectation gap as an inconsistency between what an employee experiences in the workplace and what the employee anticipated to experience. The consequence of the graduate's unfulfilled expectations from the view of the organisation's leadership is their assumption that because the new graduate is unable to fulfil the expectations, the new graduate is not well prepared for the working world. The outcome of one study conducted by Burke' suggests that expectations that are not met can threaten one's future performance (Burke, 1998).

The table below shows typical expectations of graduates when choosing their first job, as identified by Schein (1996). The table also takes into consideration the employer's perception of new graduate employees.

Table 3: Graduates' values and the organisation's perception of graduates

Factors graduates deem important prior to entering the world of work	How employer's perceive new graduates
Opportunity for advancement	Overly ambitious and unrealistic in expectations regarding advancement and increased responsibility
Doing something important	Too theoretical, idealistic and naïve to be given important initial assignment
Opportunity to use special aptitude and educational background	Too inexperienced and immature to be given much responsibility
Opportunity to be creative and original	Unwilling to work hard and get ideas across, unable to "sell" ideas

The results of a study conducted showed that companies, who employed about half of new graduates before the study, stated that there was a more than 50% graduate turnover rate (Yiu, 2013). The companies reported that when new graduates remained with the company, most of the graduates stayed with the company between three and twelve months. The most popular reasons for their departure included finding better job prospects, they felt unsuited to the nature of the job and they were not satisfied with the remuneration packages (Yiu, 2013). The organisations' expectations were found to have an impact on the employee's performance. The performance of a graduate may have an influence on the extent to which an organisation considers them to be prepared for work. In most instances, organisations have expectations from the new recruits, which do not necessarily take into account the priorities or characteristics of the new recruits (Coetzee & Schreuder, 2010).

In a study by Coetzee and Schreuder (2010) most organisations stated that university graduates have high expectations. For example, upon completion of the training programme, graduates expect to be accelerated to senior management roles without having adequate experience. Some managers indicated that, due to the large amounts of money and time invested in these graduates, it takes time for them to provide a limited return on investment (Coetzee, 2013). Research reveals that managers felt that graduates needed to be realistic when it comes to what

organisations can offer and what to expect from their first job after completion of the graduate programme. Young graduates have confidence that the organisations will be able to fulfill their career expectations and they place greater expectations on employers than the previous generation did (Murray, 2008). Many graduates have higher expectations for career development. This is a challenge for organisations globally because graduates tend to leave the company if their expectations are not met. Companies know they have to promote employees faster to meet their expectations and to retain them, but they also know that this generation will not stay just because they have a good job and are being well paid, but because they want more.

Generally, graduates have certain common expectations of an organisation's development programme, as well as what the organisation has to offer where learning and development is concerned. According to Hogarth et al. (2007), training and development offered by an organisation plays an integral part in graduate recruitment and retention. Globally, financial services organisations are competing for scarce skills, and training and development can be used as one of the strategies to attract and retain graduates. At the same time, graduates use this to advance professional skills and to improve marketability and employability in the near future.

2.6.3 Job satisfaction

Job satisfaction is a complicated, multifaceted phenomenon that has various aspects. It can entail satisfaction with the actual job, remuneration packages, career progression opportunities (promotion), management styles and colleagues. Weiss (1984) defined job satisfaction as intrinsic-extrinsic. Intrinsic satisfaction comes from the actual performance of the job, and as a result, employees relate to the job and have feelings of achievement (Martin & Roodt, 2008). Extrinsic satisfaction comes from fulfilment in the work surroundings (Weiss, 1984) and is established from the rewards an employee gets from colleagues or employers, which can be in the form of progression compensation or acknowledgment (Martin & Roodt, 2008).

The degree of job satisfaction that an individual has plays a significant role in keeping employees from leaving the organisation, especially those considered as critical skills or human capital (Martins & Coetzee, 2007). Employers are determined to identify the reason employees decide not to stay with the organisation and are

putting together measures and policies that they can implement to keep those employees within the organisation (Martins & Coetzee, 2007).

Any organisation's existence or performance is determined and influenced by the degree to which employees are pleased with their current jobs. Therefore, an individual's best performance is required at all levels of the company (Rothmann & Coetzee, 2005). In a work environment, employees usually strive for alignment with the organisation's values. This can be defined in terms of the individual satisfying what the organisation desires, and in return, the organisation satisfying what the employee desires (Rothmann & Coetzee, 2005).

Irrespective of the population being surveyed, most researchers tend to come to the agreement that organisations benefit when employees are at their peak in terms of job satisfaction. Other factors are also linked to improved production, such as innovation, commitment by the employees to the current employer and job satisfaction. Job satisfaction is seen as one of the major variables that plays a role in influencing employee retention. Pienaar and Bester (2008), as well as Oehley (2007) proposed that extensive research suggests a linkage between decreased levels of job satisfaction and increased labour turnover. Employees are inclined to experience job satisfaction if they perceive an organisation can use their capabilities, values, skills and knowledge and that their skills can be developed at work and the employer provides the employees with opportunities and rewards (Coetzee & Rothmann, 2005).

Information about job satisfaction needs to be monitored, as it is important to any company, because employees who are satisfied tend to be healthy, physically and emotionally, while disgruntled employees tend to be linked with non-attendance at work, emotional and psychological withdrawal and employee turnover (Coetzee, 2005). Job satisfaction symbolises a functioning reaction to particular features of the job. Silverthorne (2005) described this as "a pleasurable or positive emotional state resulting from the appraisal of one's job including facets of that job".

Job satisfaction remains an aspect of human resources that has been regularly researched. It is regarded as the most important attitude in the organisational behaviour domain (James, Wernsing, & Luthans, 2008). Job satisfaction has been

perceived as a dominant variable in the study of organisational domain (Martin & Roodt, 2008). It is regarded as a general emotional attitude towards an employee's current employer (Martin & Roodt, 2008) ensuing from cognitive development and forms the essence of the employee's opinion of how their job delivers in terms of their hierarchy of needs, values and expectations (James, et al., 2008; Martin & Roodt, 2008).

Korunka stated that job satisfaction is demonstrated by a reaction to various job-related factors and predicts an employee's intention to leave or not. Tett and Meyer (1993) established that workers who are content with their jobs are more inclined to carry out their tasks effectively, produce better results in terms of job performance and stay with the current employer. Researchers like Khatri and Fern (2001) and Sarminah (2006) confirmed the presence of a reasonable link between job satisfaction and turnover intentions whereas Brough and Frame (2004) and Naqvi and Ramay (2008) discovered that there is a strong negative link between job satisfaction and turnover intentions.

It is possible that greater levels of job dissatisfaction may encourage employees to think of seeking an alternative. Whether an individual would leave an organisation with certainty and even should an intention be obvious, in most instances, the decision is influenced by other prospects in the labour market (Spector, 1997). When an employee is dissatisfied with the job, this may not immediately negatively affect the organisation, rather it intensifies the employee's intention to exit the organisation. However, it could further decrease the involvement and participation of an individual in the company. This has significant and direct influence on the company's existence and profitability (Lok & Crawford, 2003).

Specific to the Chartered Accounting Profession, a study in Greece by Almer and Kaplan was conducted to investigate causes that affect job satisfaction and turnover intentions in the jobs occupied by the accountants. They discovered a substantial negative correlation between job satisfaction and turnover which was aligned to numerous research outcomes. Furthermore, Almer and Kaplan (2002) conducted a study where they investigated the influence of flexible work provisions on job satisfaction and turnover intentions amongst accountants. It was established that there were lower levels of burnout and higher levels of job satisfaction amongst

accountants with flexible working hours compared to those without this flexibility (Almer & Kaplan, 2002).

Parker, Nouri and Hayes (2011) confirmed that turnover is a continuing challenge for the financial services industry and accounting firms. Thus they examined the turnover intentions of accountants in the USA by means of a variable that is not well researched. This was satisfaction with “organisational justice”, which could be defined as “the fairness of the organisation as perceived by its employees” (Parker et al., 2011:169). The researchers observed that many accounting firms have pyramid organisational structures. As a result, career progression and promotions are perceived as a basic element to the individual’s existence, making the views of the fairness of employee progression in the workplace fundamental (Parker et al., 2011). This study established that employees who viewed the organisation’s promotion process as unfair are inclined to leave, especially the average and high performing individuals (Parker et al., 2011). Generally, the outcome of the study advocated that “employees in public accounting firms consider the fairness of organisational rewards in deciding whether to stay with a firm in the long run” (Parker et al., 2011).

2.7 Culture Change and Organisational Culture

2.7.1 Culture change (from university to the workplace)

The work environment can be overwhelming for new graduates, creating strong feelings of low self-esteem, demotivation and insecurity. However, graduates can overcome this by a willingness to learn, hard work and by demonstrating their capabilities in the new working environment. Graduates generally realise that in a new job or in a new company, there is a lot to learn (Polach, 2004).

The shift from university to the work environment is an intense change in culture and graduates must adjust to this (Graham & McKenzie, 2005)

It has been concluded that university and the working environment have different objectives, activities, rules and protocols (Wendlandt & Rochlen, 2009). Graham and McKenzie (2005) advised that there is a major difference between the cultures of the university and the organisation and, in order for the new graduates to settle in and adapt, they need to understand their work culture thoroughly or they will be destined

to fail. Generally, new graduates experience a reality or culture shock, because before joining an organisation, they have perceived ideas of what organisational culture is supposed to be and they usually have misconceptions about the culture before joining an organisation (Holton, 1995). Culture adjustment usually affects the new graduate immediately upon arrival in the workplace on the first day.

Interaction with colleagues at work has proven to be one of the challenges experienced by graduates (Polach, 2004). Graduates realise that making friends at work is not the same as making friends at university level. They also understand that it is critical to adapt and have a sense of belonging (Polach, 2004). Work and university environments differ substantially, specifically regarding the structure of the organisation and how feedback is given to the graduates (Polach, 2004). At university, graduates usually get regular feedback from their tutors, while this may not necessarily occur in the place of work (Polach, 2004).

2.7.2 Organisational culture

Organisational culture has a significant effect in attracting and retaining graduates. Increased turnover in any organisation could indicate that there are issues in the working environment. Research conducted by Mattus (2005) in the USA found that 40% of people who leave organisations were leaving because they felt that teamwork was not appreciated and the organisations were perceived not to appreciate their employees. The culture of an organisation or working environment, in general, has been identified as being influential on employees' behaviour (Downey, Hellriegel, & Slocum, 1975). Although organisational culture continues to be a key aspect of organisational behaviour, researchers have not come to an agreement on the definition of organisational culture.

Employees want to be part of an organisation which is well managed and has values aligned to theirs. Young graduates are progressively focused on a company's vision, values and mission and have a need to join an employer that has a broader focus than simply making profits (Ng, Schweitzer & Lyons, 2010).

An organisation's mission to be the best employer or to attract talent has extended to Human Resources best practices such as employee value proposition (EVP),

recognition and rewards, and all other matters related to talent attraction and retention (Crous, 2007).

An organisation's positive culture attracts potential employees when it is incorporated into the brand of the organisation. Graduates want a favourable culture as well as leaders who inspire them. When it comes to corporate cultures, graduates have different preferences from those of the older generation.

However, aspects that most graduates look for are strong performance orientation and an open trusting environment (Michaels, Handfield-Jones, & Axelrod, 2001). Research reveals that cultivating an organisational culture that appeals graduates can help to retain them. Organisational leaders may cultivate a positive organisational culture by leveraging these three guiding principles.

2.7.3 Training and development

Companies which spend time and money in the training of their employees build affection for the company. This is because employees perceive it as a sign that the organisation is interested in employee skills development, as well as employee capabilities (Döckel, Basson & Coetzee, 2006). If the training offered by the organisation is seen by the employees as providing company-specific skills and improving the employee's profile within the organisation, and the capacity to improve financially, this could consequently lead to the continuation of commitment to the organisation (Döckel et al., 2006).

Panaccio, Vandenberghe and Ayed (2014) described continuance commitment as the individual's positive emotional affection for the company. In this case, the individual stays with the current employer due to the apparent cost of leaving their employer. Employees could possibly feel obliged to remain with the current employer up to a point where they have worked back the cost of the training incurred by the organisation to an equal amount of service (Döckel et al., 2006).

The qualification to become a chartered accountant allows graduates to enter one of the most prestigious and lucrative professions in South Africa. CA graduates perceive CA graduate programmes as a training ground and see that they can make different choices after qualifying (South African Institute of Professional Accountants,

2014). Graduates are exposed to on-the-job training, coached and supported by senior managers and the graduates perceive this as an opportunity that makes them marketable. Roy and Kreiss (2008) maintained that such prospects need to be shaped for an individual to advance his or her expertise and knowledge for work-related purposes, along with career-focused training. Graduates perceive training and development as a signal that the employer values their contribution and is keen to assist them with their development. While adequate training may increase the graduates' inclination to leave the organisation, for some individuals it is also an incentive to stay.

Generally speaking, regardless of the profession, young graduates with PhD are the most formally educated group, and they consider continued training as a fundamental aspect to remaining relevant in the market and ensuring that they can get jobs in the near future (Dinnell, 2007). Chew (2004) suggested that a degree of employee turnover and training are likely to be contrarily interrelated: if the levels of turnover are high, there are lower amounts of training. Consequently, organisations must produce opportunities for quantifiable accomplishments and development with solid benchmarks so that young employees' professional skills can be maintained (Howe & Nadler, 2009).

Organisations are interested in employees who have abilities or core competencies that match what is required by the business. Therefore, more effort is made to gain such employees. At the same time, organisations need to ensure that they look after existing employees by providing development and training, and favourable working conditions so that they can improve the retention of graduates.

Young graduates largely depend on their direct line managers for training opportunities; this takes into account the provision of on-the-job training, along with the recommendation for or authorisation of formal training. Young professionals are passionate about intellectual challenge, they want to be successful, to strive to make a difference, and they seek organisations that will enhance their professional growth (Brown, 2004). The young graduates are proactive in setting goals and ensuring that these are achieved for contributing to a better world.

Young professionals continually require opportunities to develop, to demonstrate their capabilities, and to advance in their careers. By being globally and socially aware, as well as volunteer-minded, they expect to outperform when their skills are identified and aligned with challenging work that stimulates them to reach their full potential (Martin & Tulgan, 2006).

Young professionals are mindful that demonstrating their credibility in the long run is significant, as it is enhancing their expertise and pursuing prospects to demonstrate their capabilities (Burmeister, 2009; Spiro, 2006). Martin and Tulgan (2006) recommended that appropriate management practices for young professionals should take into account instituting coaching relationships for the young graduates to learn from their line managers, enhance their skills and develop as individuals.

2.7.4 Reward and recognition

According to the studies conducted, factors that influence the recruitment and retention of employees are remuneration packages, and reward and recognition. These can be in the form of money or non-monetary rewards (Highhouse, Stierwalk, Bachiochi, Elder & Fisher, 1999; Parker & Wright, 2001). It is also apparent that the research conducted acknowledges that remuneration on its own is not enough to keep employees in the organisation and that ultimately employees decide to remain in the organisation as they enjoy working with their team members and are involved and challenged by a job that progresses and develops their skills and capabilities.

An organisation needs a strategic initiative in place, with intentions that are actionable and have quantifiable outcomes that align positively with the organisational culture so that there can be an effective acknowledgement of success in the workplace (Irvine, 2010). Regardless of the industry, leaders of the organisation need to continually explore ways to improve employee remuneration benefits and acknowledge the successes of its workers, who view acknowledgment as an indication of gratitude of their input.

A study conducted by Salary.com states that 34.2% of employees mentioned that they had decided to leave or were planning to leave their current employer because

of the lack of recognition and appreciation of their performance, skills and abilities (as cited in Janas, 2009). Rosser (2004) suggested that employee's views on work-life balance, compensation and rewards, have a direct influence on job satisfaction and intentions to leave or stay. In order for the employees to remain with their current employers, leaders of the organisation should aim to understand what motivates their workers and the role of recognition (Giles, 2004). The organisation should align its recognition policy with the employee's value to build a competitive, sound and fair environment.

When employees perceive that they are valued and the leadership of the organisation makes them a priority, this can contribute to a positive organisational culture.

Park, Erwin and Knapp (1997) claimed that, while compensation offers a form of recognition, non-monetary recognition is also important. Employees may express better commitment and loyalty and the tendency to stay with the organisation when they perceive that their abilities, hard work and performance are acknowledged and valued (Davies, 2001). Supervisors and immediate managers also play a significant role in how employees perceive remuneration, reward and recognition. Tulgan (2003) suggested that to a greater extent, employees count on their immediate managers or supervisor to consider, endorse, promote and convey employee recognition, salary increases, career progression and other forms of compensation. A survey conducted at Prudential Financials confirmed that recognition is not only an important part of the employee performance equation, but it is equally important in the retention equation (Parus, 2002).

It has been recognised that, although all employees want to be paid more money, it is not the only part of remuneration that makes young graduates remain with an organisation. (Cave, 2002; Fallon, 2009). Receiving a great deal of money seems not to be the greatest motivator for young graduates, while adding value and making a difference to society, parenting well, and appreciating a rewarding and balanced life seems to be more motivating (Burmeister, 2009; Fallon, 2009; Ferri-Reed, 2010). Dinnell (2007) confirmed that while recognition from remuneration is imperative for young graduates, regardless of their occupation, they also want non-monetary recognition, as it contributes to the enhancement of their self-esteem. Roy and

Kreiss (2008) pointed out that young graduates believe that line managers should consider promotion based on individual contribution both to the organisation and the team as a metric for promotion and merit rewards rather than using the outdated approach of time put in equals promotion.

The important part in rewarding young graduates is to communicate clearly that rewards are linked to tangible engagements within the individual's direct control, thus substituting the former reward system, in which employees were rewarded according to the job completed or services rendered (Tulgan, 2009). As cited in Irvine (2010), strategic recognition must be regular and well timed so that it meets the needs of young graduates while avoiding micro-management difficulties. Consequently, my study aligns reward and recognition to remuneration so as to recognise both that remuneration on its own will not be adequate to make the employees stay with the organisation or make them happy, and that remuneration, reward and recognition should be regarded as a forerunner of job satisfaction and the intention to quit.

Much research has been done on how graduates behave in the workplace and what their reward and recognition preferences are. Research has shown the effect of employee reward and recognition in retention and turnover (Dibble, 1999). According to Gibson (2009), the main objective of a reward programme is to attract qualified people to join the programme, keep employees coming to work, and motivate employees to achieve a high level of performance.

Gibson (2009) stated that substantial research has been conducted on whether an employee is content with rewards or not. This is regardless of age and gender. Edward Lawler (2008) summarised five findings from behavioural science research as follows:

- Satisfaction from a reward is based on how much an employee expects to receive and how much is offered. This is based on the comparison employees make amongst themselves. Once employees receive less than they expected, they become dissatisfied.
- Generally, an employee's feeling of satisfaction is subjective to the comparison of what their peers receive. Employees, generally, are inclined to

compare their efforts, skills, seniority and job performance with those of others. They then attempt to compare rewards.

- Satisfaction is influenced by how satisfied employees are with both intrinsic and extrinsic rewards.
- People generally differ in the rewards they desire, and in the relative importance different rewards have for them. So too, employees differ in what rewards they prefer. Sometimes, extrinsic rewards are satisfying because they lead to other rewards, for example, rewards that indicate status or those that lead to prestige, autonomy and independence.

In order to prevent graduates from leaving the organisation, it has been suggested that management should:

- Encourage and support work-life balance in the organisation as graduates believe that there should be a balance between one's professional and personal life. Options that inspire a balanced work-life environment should be implemented by the organisations, by introducing, for example, childcare centres, elderly care programmes and family responsibility leave.
- Provide graduates with job opportunities that will lead to growth in their careers. Line managers can offer graduates stimulating work as their skills and knowledge increase. Graduates place value on learning opportunities and they regularly track how their careers are progressing.
- Use accomplishment as a way to reward and motivate graduates. Graduates are motivated by being recognised in their work environment. Recommendations include a day off, a gift voucher and so on. (<http://www.ukessays.com>).

Further, the requirements experienced by young graduates and the organisational requirements for retention are discussed below:

- Graduates are inclined to remain with a company that has decent employee propositions, employment practices and policies that afford employees flexible remuneration systems.

- Career progression is the top priority for young graduates, and they want to progress speedily through the hierarchy of the organisation. A study conducted by PwC (2012) stated that at least 52% of the participants mentioned career progression as the main factor that attracted them to the employer with competitive salaries in second place at 44% of participants. If a system of the organisation desires to reinforce its relationship with its employees, it is important that it emphasises employee career development (Hall & Moss, 1988).
- Young graduates often seek challenging and meaningful work (Armstrong, 2006). They find it challenging to do work that is exciting, makes a difference and which has a leading advantage in the sector. Armstrong (2006) stated that jobs are supposed to be crafted in such a way that they maximise a variety of skills, having task significance, autonomy and control. It is important that leaders in the organisation ensure that tasks given to employees are stimulating, and that adequate support and resources are available to ensure that the demands of the job are fulfilled. Challenging work is critical to retaining employees (Horwitz, Heng, & Quazi, 2003). Young graduates look for growth and they want to develop their skills. Research conducted in a financial services organisation in South Africa shows that one of the top five variables that promote retention, as mentioned by employees who participated in the research, were: thought-provoking and meaningful work, career progression and development opportunities, line manager integrity, excellence, coaching and empowerment and responsibility, as well as new opportunities or challenges (Birt et al., 2004: 27).
- Researchers found that young graduates have high self-esteem although they also have anxiety and a higher need for praise. Young graduates usually seek personal growth through, for example, training, mentoring, personal development plans and growth plans. It is important that employees are provided with skills and coached through training and skills development to meet the requirements of their respective jobs.
- Graduates have a need for social networks and positive relationships with peer groups. Loyalty to one's colleagues is an effective way to get people to

stay in the organisation (Cappelli, 2001). Open, appealing and engaging interaction with peers creates opportunities for learning from colleagues, excellent relations with the leadership of the organisation, as well as fair employment culture

2.8 Conclusion

The literature review has shown the existing perspective on what influences graduates to stay or leave an organisation. The review has also demonstrated how the turnover can affect the organisation and the importance of ensuring low turnover rates and greater retention. Regardless of the propaganda about severe losses of employees, the intensity of retention amongst organisations is extremely high. Furthermore, the effect of losing graduates is generally perceived as a minor to the forfeiture of the original investment or a failure to have a return on investment. The literature shows that the organisation may have possibly have made a financial investment in achieving both the graduate's qualifications and the organisation's expected returns. Long-term career and personal growth is seen as an important part of a graduate's careers. Organisations that are unable to offer obvious opportunities are likely to have a high graduate turnover.

Chapter 3: Method

3.1 Introduction

This chapter focuses on the discussion of the process followed to collect and analyse data, sampling method used in the study as well as research procedure and data analysis techniques.

3.2 Research Design

The research question of this study asked what factors influence newly qualified accountants, who have completed articles through the organisation's Chartered Accountants Training Programme, to stay or leave the organisation? Answering this question requires a comprehensive understanding of the perceptions of newly qualified chartered accountants about they decide to leave their current organisation to join another one. Given the paucity of research on this specific topic, a qualitative approach was indicated.

3.2.1 Research Instrument

A questionnaire was developed in order to be used as a survey instrument to obtain information of the participants on the various views that lead them to stay or leave the financial services organisation upon qualifying as chartered accountants.

The following items were covered by the questionnaire:

- A profile of the participant. This included age, gender and where they work after qualifying. Note that I already had some of the participant's profile like marital status, high schools they attended at my disposal hence it is not on the research questionnaire. However, these were taken into account for this research.
- Work environment i.e. support provided by the business and the line manager
- Barriers and problems experienced by the participants in the organisation including job constraints, career guidance; lack of role models in the profession; exposure to business.
- Career expectations, career discussion with line managers, job satisfaction and career goals.

The research comprised two stages. In stage 1 an open ended survey questionnaire was distributed to [N=30] participants in the Organisation's Graduate Programme and (N=20) were completed and returned back. In Stage 2, after analysing the initial set of responses participants (N=20) who had returned the survey were contacted to participate in a follow-up interview. This was necessary because it was important to gain an understanding of newly qualified chartered accountants' insights and experiences from the individual's viewpoint in order to appreciate why they make the decision to move and this was fully described in the written responses received. A total of (N = 20) were interviewed.

Interviews are an appropriate tool suitable for receiving and conveying information between the participant and the researcher (De Vos, 1998) and it then becomes easier to interpret data. The interview method is generally accepted for gathering more information on a phenomenon.

The above approach was appropriate because it allowed me to examine the perceptions of newly qualified chartered accountants. Henning, Van Rensburg and Smit (2005) stated that qualitative studies afford the researcher a common understanding of the underlying reasons that stimulate a problem.

In Stage 1, survey questionnaires were sent by email to the graduates of the organisation's programme who were working for the organisation and to those who had left the organisation. Out of 30 questionnaires that were sent, only 19 participants responded to the open-ended questionnaire. This was despite the researcher doing a follow up. Of these 20 participants, seven had left the organisation. At the time of research, there were no newly qualified chartered accountants who were working for the organisation while serving notice periods.

In Stage 2, the list of themes collected from the reviewed literature reviewed was used as a guideline to define concepts and shaped the basis of the interview guide. This technique of gathering data allowed interviewees to convey their opinions, experiences and feelings openly.

3.3 Sample and sampling process

The sample of this study was relatively small as the CA Training Programme by the time this study was conducted had generated only 36 newly qualified chartered accountants since its inception in 2002. I attempted to engage with all the chartered accountants who qualified through the training programme and trainees who were currently in their third year of training. I considered including the third year trainees in this study appropriate because it was during this time that these employees were making decisions on whether to remain with the organisation or leave.

The emphasis of the study was on the context of the newly qualified CAs' experiences. Participants in this study had first-hand experience and were expected to be able to express their experiences accurately. I emphasised to the participants who qualified more than 5 years ago that their answers to the questionnaire I sent must be based on the first to the third year after they qualified. Based on the above, the researcher acknowledges that a mixed population exists in the context of this study and findings should be adequately qualified in light of this distinction.

In total, there were 41 individuals who went through training through the CA Training Programme as at December 2016. Of these 41 individuals, 36 (thirty six) qualified as CAs, and 5 individuals either resigned during the training programme or completed the programme but did not qualify as Chartered Accountants due to them not passing the SAICA's prescribed board exams. The researcher included five trainees who were set to qualify as Chartered Accountants at the end of 2017. This study is intended to focus on 36 individuals who completed the programme and qualified as Chartered Accountants as well as the 5 trainees who are set to qualify at the end of 2017.

Of this, 15 participants are males and 26 are females. The participants come from middle-class families. The survey was originally distributed to 30 individuals who had completed the programme and had received a CA qualification and five individuals who were due to qualify at the end of December 2017. Eleven participants were unreachable as they had left the company.

The intention of the researcher was to send the questionnaire to all the participants of the CA Training Programme. However, the challenge was to obtain contact

details for some of those who had left the company. Consequently, out of the population of 41, the initial questionnaire was sent to 30 participants, and the researcher received 20 responses. Therefore, all participants stood an equal chance of being selected. The researcher decided on this method of selecting participants in order to make sure that there was an equal chance of being selected. De Vos et al. (2011) noted that there must be at least 12 interviews in order to create stability in the views in the sample. As a researcher, I believed that the sample was big enough to reflect the view of the wider population of newly qualified chartered accountants at this specific organisation, in that way ensuring sufficiency.

All participants were qualified chartered accountants. The years of experience post qualification was distributed as follows:

- 9 participants had from 0 months to 24 months of experience;
- 7 participants had from 36 months to 60 months of experience;
- 3 participants had from six to 10 years of experience;
- 1 participant had more than 10 years of experience.

Table 4: Profile of the participants

	Participants who are in the organisation	Participants who exited	Gender	Years qualified at the time of the study	Ages at the time of the study	Ages at the time of qualifying
Participant 1		1	F	11	43	31
Participant 2	1		M	10	35	25
Participant 3	1		F (married)	9	34	25
Participant 4	1		M	8	33	25
Participant 5		1	M	5	31	26
Participant 6	1		F	5	31	26
Participant 8	1		M	5	30	25
Participant 9		1	M	5	31	26
Participant 10		1	F	1	26	25
Participant 11		1	F	5	29	24
Participant 12	1		F	3	28	25
Participant 13	1		F	2	27	25
Participant 14	1		F	2	27	25
Participant 15	1		F	5	32	27
Participant 16	1		F	1	26	25
Participant 17	1		M	1	27	26
Participant 18		1	M	2	27	25
Participant 19	1		F	0	25	25
Participant 20	1		M	1	27	26

19 participants qualified as chartered accountants at the age of between 24 and 27 years. However, one participant qualified at the age of 31 as she worked before she went back to write the board examinations and complete articles. Except for the 43 year old who qualified at the age of 31, the participants ages ranged between 25 and 35 years. These participants consisted of black (Coloured, Indian and African) and at least three white individuals. They included both males and females. At least 96 percent of the participants went to schools previously known as model C schools.

The researcher telephoned each participant (that were reachable) and explained the intention of the study and invited them to participate. A survey was then sent via email to all the participants that could be reached, of which only 20 out of 30 responded. The researcher needed to obtain in-depth information about the participants' experiences, and consequently scheduled an interview with the participants who had responded to the initial questionnaire.

3.4 Ethical considerations

The study complied with the ethical guidelines of the University of Cape Town (UCT). For example, the researcher ensured that participants participated voluntarily in the research, clearly explained the intention of the study, and informed the participants that they were free to withdraw at any point during the research. The researcher informed the participants that there would be no negative consequences should they decide to withdraw and no information provided by the participants would be used against them.

The researcher respects the confidentiality of the participants. Participants were not required to submit their names when answering the questionnaire or during the interviews. Participants were advised that their particulars would not be made available to other parties without their consent. The study was voluntary and its purpose was explained in writing and verbally to all the participants. Ethical clearance for the research was requested and approved by the University of Cape Town, while permission to conduct the study was also approved by the organisation.

The outcome of the study will be made available to all the participants and management of the organisation when requested. However, names of the participants will not be revealed.

3.5 Data Analysis

For the purposes of this study, primary data is used. One of the advantages of using primary data is that it is original and relevant to the topic of the research and there is high degree of accuracy. The primary data can also provide the researcher with a realistic view of the topic at hand. In order to analyse primary data received from structured and unstructured interviews, content analysis of the qualitative data was simplified through identifying the consistencies of words, and verbal expressions, as suggested by [Welman et al. \(2012: 221\)](#).

In addition, Thematic analysis was used so that the collected data is meaningful. [Braun & Clarke \(2006, p.79\)](#) defines Thematic analysis as “A method for identifying, analysing and reporting patterns or themes within qualitative data”.

[Braun & Clarke \(2006\)](#) suggest that Thematic analysis is the basic qualitative method that should be learned because ‘..it provides core skills that will be useful for conducting many other kinds of analysis’ (p.78). An advantage of the Thematic system is that it is a technique used to conduct research ([Braun & Clarke 2006](#)) rather than a methodology, which [Saunders \(2007\)](#) describes it as the theory of how research should be undertaken, including the theoretical and philosophical assumptions upon which research is based and the implications of these for the method or methods adopted. Thematic analysis, unlike other qualitative methodologies, is not hooked to a certain epistemological or theoretical viewpoint. The flexibility of the Thematic method provides an extensive extensive advantage given the diversity of work in a financial services organisation.

There various methods to approach Thematic analysis. However, in this study [Braun & Clarke’s \(2006\)](#) 6-step framework below was used.

Step 1: Become familiar with the data – This step includes reading, and re-reading the transcripts collected during the interview.

Step 2: Generate initial codes - In this step data is organised in a meaningful and systematic way. Coding lessens masses of data into small portions of meaning.

Step 3: Search for themes - In this step the codes are examined and identify those that fitted together and group them into themes.

Step 4: Review themes – In this step the preliminary themes identified on step 3 are reviewed, modified and developed in order to establish if they. In order for the process to be effective, all data that are relevant to each theme should be gathered together.

Step 5: Define themes - This stage is the final alteration of the themes and the objective is ‘..identify the ‘essence’ of what each theme is about.’(Braun & Clarke, 2006, p.92).

Step 6: Write-up – This is the final stage of research where a report or dissertation is written.

Braun & Clarke (2006) suggests that there are two levels of themes, namely semantic and latent. He refers to semantic themes as ‘...within the explicit or surface meanings of the data and the analyst is not looking for anything beyond what a participant has said or what has been written.’ (p.84). The analysis in this study example identifies themes at the semantic level and is representative of what makes graduates decide to stay or leave financial services organisation.. On the other hand, the latent level looks beyond what has been said and ‘...starts to identify or examine the underlying ideas, assumptions, and conceptualisations – and ideologies - that are theorised as shaping or informing the semantic content of the data’ (p.84)

Chapter 4: Findings and discussion

4.1 Introduction

This chapter will present the findings of this study and discuss them in relation to the organisation in which the research took place as well as the broader implications of the research. For understanding the retention of graduate professionals, especially accounting professionals.

4.1.1. Responses from the survey

Table 4.1.2 below shows factors identified by participant in Stage 1 of the research, the open ended survey, which was completed by both those who were in the organisation and those who had left. As shown in the table below, the bulk of responses from the participants were pull factors causing the employees to stay. However, participants also identified push factors that caused individuals to leave the organisation (Taylor, 2002). These findings show problems the organisation needs to investigate so as to develop and implement strategy that will be of assistance in retaining employees for the long-term.

4.1.2 Decision to stay or leave the organisation

Decision to stay or leave	Number of participants who voted for this factor	Push factors	Pull factors
Bureaucracy/autonomy	7	X	
Brand of the organisation	10		x
Bursary scheme	10		x
Career possibilities and broad exposure	10		x
Competitive pay	1	x	
Financial motivation	1		x
Geographic factors (location)	10	x	x
Good life-work balance	3	x	x
Good line manager	1	x	
Nepotism	2	x	
Not getting along with the supervisor	1	x	
Opportunity in the organisation	1	x	x
Organisational culture	4	x	x
Role aligned to interest/job satisfaction	10		x
Rotation programme during articles	2		x
Secondment opportunities	2	x	x
Social development impact	1		x
Team work	2		x
Work not aligned with career aspirations	1	x	

As shown in Table 4.1.2, the majority of responses from the participants were pull factors causing the individuals to remain within the organisation. However, the participants in this study also indicated push factors that could cause them to leave the current organisation attracting them to another company. In addition, the 4 top factors that were mostly mentioned in this study were the geographical factors, organisational culture, beaurocracy/autonomy, lack of good work life balance. Thus, these are the concerns that this organisation should work on in order to improve retention of these employees for long-term. Whilst the the table above shows that the participants mentioned pull factors more than push factors. Managers of the organisation should take into consideration that some factors may have more effect than others.

Stage 2 of the research, the interviews, enabled me as the researcher to examine the issues identified in Stage 1 in more detail and focus the factors that caused the participants to leave the organisation.

When asked about the negative aspects of working for the company, 7 out of 19 participants mentioned that there was a lot of bureaucracy in the organisation and the organisation took too long to make decisions.

“Given how many levels of authority there are, it was often difficult to know who to speak to, have a decision made because one person kept referring you to the next.” (participant 17)

“Bureaucracy. Big corporates sometimes thwart innovation because of the many approvals projects needed before they get implemented.” (participant 16)

“Too much bureaucracy. Business units operate in silos.” (participant 13)

Another push factor identified was geographic location. This has been identified as a pull and push factor. Out of 19, 10 participants mentioned this factor as being a cause for them to leave or stay in the organisation. Two participants were originally from Cape Town and this is where the head office is situated. Eight participants were

from different provinces in South Africa. Participants responded to this factor as follows:

“I was working at the head office in London and I wanted to stay in the UK. So, understanding that the head office will be moved to South Africa, I opted to leave the company.” (participant 11)

“I would prefer to work in Johannesburg as it is closer to my family. Johannesburg is the financial hub of South Africa and this is where I want to be.” (participant 6)

“I enjoy working and living in Cape Town as it is closer to family.” (participant 12)

One of the participants who left the organisation mentioned that the absence of work-life balance made her to leave the organisation. Most of the participants mentioned that the organisation allowed the participants flexitime and this enabled them to manage their own time. These participants felt that the work-life balance was a pull factor.

4.2 Themes

After processing the written survey feedback from the participants and using this as a basis for subsequent interviews, the interview data was analysed using Thematic analysis and the following themes emerged.

4.2.1 Theme 1: Job Satisfaction

During the interviews, participants appreciated the work experience afforded to them by the organisation, especially during articles. Participants stated that by nature the work in this organisation was fulfilling and stimulating. However, out of these participants, four participants mentioned that even though the work was interesting and challenging, they found that staying in one role for more than 18 months resulted in them leaving the organisation as the work became mundane. They added that

employees who did not find satisfaction in their work become demotivated and might decide to leave the organisation even though they remained in the CA profession:

“Initially, I stayed because of the opportunity afforded to me. I left because I felt that I have been in the same role for a long time. The work became uninteresting and I needed to be mentally challenged. The organisation could not provide me with what I wanted.” (participant 10)

In this study, the participants indicated that challenging work significantly influenced their decision to stay with the current employer or leave. Participants cited that work needed to be impactful, non-routine and meaningful. They wanted to make an impact.

“I would like to be involved in a job where there is learning and that is challenging. I need to add value and the job must not be mundane.” (participant 10)

Participants that were in the organisation mentioned that:

“My job challenges me numerically and mentally. Things are never the same; I learn new things almost every day.” (participant 2)

“Job satisfaction means a good working environment, supportive and friendly colleagues, a line manager with good supervisory skills and a feeling of being valued.” (participant 12)

Another participant mentioned that:

“I like the fact that my job is meaningful and challenging. It is bigger and meaningful and that is satisfying. I get to see the external impact, every day is a new challenge and that is satisfying.” (participant 16)

In addition, participants reported that factors, such as a good relationship with their colleagues and supervisors indirectly brought job satisfaction. Another participant mentioned that the quality of work given to the employee was a driver of job

satisfaction, while another participant supported this by mentioning that the disposal of support and resources resulted in boosting employees' confidence and thereby increased job satisfaction. One of the participants mentioned that job satisfaction could not be isolated as it was a combination of factors:

“Job satisfaction means a combination of the actual job and people around you, as well as the culture of the organisation.” (participant 1)

Conflicting with the views shared by the participants above, one participant cited that employees were driven by monetary reward rather than job satisfaction. He felt that recently qualified CAs were driven by job satisfaction for a while, and after they had reached a certain point, then monetary reward was a retention factor. Interestingly, this participant's perception about job satisfaction was not supported by the literature review.

Generally, the participants agreed that job satisfaction and motivation were the key areas to look at for retention.

4.2.2 Theme 2: Graduate Indecisiveness

All participants interviewed agreed that they knew that they wanted to become chartered accountants. However, while in matric some were unclear about the specific careers they wanted to follow within the CA profession or the role they wanted to pursue after CA articles. Some of the participants received at least two bursaries from different disciplines and they opted for an accounting bursary.

Generally, participants felt that doing articles with the financial services organisation was influenced by the bursary they received from the company and to some extent, staying on afterwards was also influenced by this obligation.

They said that remaining with the organisation was mostly influenced by job satisfaction and the culture of the organisation. None of the participants felt that they had chosen the wrong career. Two out of 19 of the interviewed participants received a bursary offer from a second career choice, such as, medicine and engineering and chose the CA profession. One of the participants mentioned that she was interested in the medical field but opted for the CA profession because the profession was

broad. However, she would still like to pursue some work in the medical field as a chartered accountant or something related to it.

Relating to the above, one of the participants mentioned that:

“CA qualification is broad and it becomes a challenge to decide which career path to follow within the CA framework. I found out what I was passionate about in my final year of training.” (participant 7)

4.2.3 Theme 3: Reward and Remuneration

Five out of 19 participants that were interviewed felt they were compensated well in comparison with their peers. However, all of the newly qualified accountants in this study felt that remuneration had little effect on their decision to stay or to leave the organisation.

“This decision to stay or leave is driven by the line of work rather than remuneration. In the next five years, I would like to identify my expertise.” (participant 19)

“I believe that in the first five years after qualifying, the focus should be on developing yourself in terms of the career. Get as much experience as possible. Money will come when you are the best at what you do.” (participant 14)

“Even though pay is not a major factor at this stage, it must show that I am valued and credited for the work completed.” (participant 11)

While Boltax (2011) found that nine out of ten managers felt that workers stay or leave the organisation because of remuneration, the outcomes of this research repudiate his study as 18 newly qualified accountants did not agree with this finding, feeling that remuneration did not have a major influence in their decision to leave or stay at that point in their career. While four participants previously stated that remuneration had an influence, three of these participants later agreed remuneration did not have a major influence. There has been a common acknowledgement

amongst these participants that remuneration was not a significant factor, at least in the first five years of their career after qualifying as chartered accountants and that development, gaining experience and prospects for career progression were more important.

In general, newly qualified accountants in this study agreed that, although job satisfaction was a dominant indicator of turnover intention, it was also imperative for me as a researcher to note that the majority of newly qualified chartered accountants who left the organisation reported that they were dissatisfied with the line managers, but that the remuneration afforded to them by the organisation was fair.

4.2.4 Theme 4: Work-life balance

Participants in this study noted the significance of work-life balance and reported that they had been managing it well. They indicated that they were able to find the balance by planning their time effectively. During the interviews, the participants indicated that flexitime was permissible in the organisation and this empowered them to work according to their own schedule. A married participant with two children mentioned that:

“There is flexibility in the office and little travel which allows me to spend more time with my family. I am allowed to work from home and my line manager does not micro manage me as long as I meet my deadlines and my work is of quality.” (participant 3)

Another participant noted that:

“I like the fact that there is flexibility in my job. My manager allows me to work from home. This gives me an opportunity to do my best and my manager is happy as long as I get my work done.” (participant 8)

One of the participants who has five years of experience mentioned that:

“Managing your own time and finding balance comes with experience.”
(participant 4)

In this study, participants said that work flexibility also permitted them to arrive at work earlier than usual and leave work earlier which enabled them to participate in activities outside of work. This improved the employees’ work-life balance. This is supported by Almer & Kaplan (2002), who noted that, in general, accountants who were afforded flexible working arrangements by an organisation demonstrated better job satisfaction and lower turnover intentions than employees who were not afforded flexible work time. For that reason, flexible work provisions would remain one of the key retention tactics to consider when addressing the factors influencing turnover and job dissatisfaction.

In addition to the above, participants reported that a flexible working arrangement was not the main reason that would make them leave an organisation but it could be used as a retention tool.

4.2.5 Theme 5: Organisational Commitment

Most respondents reported that they were committed to the organisation. Participants felt that organisational commitment had to come from both the employer and employee. Participants commented on organisational commitment as follows:

“People in my team are committed. This is because they have the same purpose and their commitment is aligned with what they do, and politics takes a back seat.” (participant 2)

“Commitment is different for different parts of the business. The organisation, in general, is committed in giving job satisfaction, and employees need to reach out.” (participant 4)

4.2.6 Theme 6: Organisational Culture

Participants in this study agreed that although this was one organisation, the culture tended to differ from one department to another. Participants agreed that the organisational culture had a great influence on deciding whether to remain with the current organisation or leave. Participants felt that the organisational culture contributed to job performance, which, in turn, led to job satisfaction. The findings of this study reveal that 18 out of 19 respondents were pleased with the company's constructive work ethic and leadership style that was performance management based. The participants who left said that they left because of other reasons and not necessarily the culture of the organisation. This finding is supported by Srivastava and Bhatnagar (2008), who suggested that workforces are enthusiastic about their jobs and perform better when they feel that they fit into the culture of the organisation. Leadership of the organisation, specifically line managers and supervisors have the responsibility of encouraging a "motivating organisational culture" that motivates the individuals in the organisation to perform the tasks to the best of their abilities, even when they are not monitored by the manager (Bruce & Pepitone, 1999). Examples of responses from participants to the question of organisational culture are given below:

"Culture is a big issue. The current business unit is a boys' club and predominantly white males. I feel that I need to learn very fast, get the necessary experience and leave. I also want to be in an environment where people freely share information ... Work is good, but it is not an ideal culture for me." (participant 19)

"Culture, the value system of the people you work with is very important. Performance could be affected because of culture." (participant 5)

"Organisational culture is very important; it encourages overall development and promotes excellence. It is important that the organisational culture is aligned with my values." (participant 11)

“I will be discouraged to stay even if I enjoy the actual work. Culture is not something one can ignore. Culture will make me leave even if I am paid well, but I am happy with the current culture.” (participant 4).

The quotations above indicate that the organisation was doing well with regard to the organisational culture but that there was room for improvement.

4.2.7 Theme 7: Career Progression and Development

In this study, participants agreed that career progression and development had a significant influence on employee retention. Prospects for career advancement and progression, or the lack thereof, were generally referred to as a significant aspect influencing job satisfaction and the newly qualified accountants' decisions to remain or leave the organisation. This is, therefore, an important aspect which the organisation must enhance so as to prevent newly qualified accountants from exiting the organisation.

Although the newly qualified chartered accountants mentioned that their focus was on getting experience so that they could be eligible for promotion to a senior role in the long run, they perceived the organisation as a pyramid structure and saw that career progression and promotions were crucial to employee existence in the organisation, making their views on the fairness of employee promotions important.

In general, the participants in this study were mainly satisfied with the promotion process and said that the lack of promotion was caused by senior members of the team not leaving for other roles. The participants mentioned that their leaving the organisation would be driven by an apparent lack of prospects for career progression rather than a perceived lack of fairness. The newly qualified accountants noted that the organisation based employee progression on merit rather than favouritism.

However, two participants mentioned that there was a lot of nepotism within the organisation.

“There is a lot of nepotism and lack of decision making. Working in a large company, you understand that nepotism is part and parcel of it. However, when you see how hiring decisions are made at high levels without merit ... this is greatly disconcerting and rather demoralising.” (participant 11)

The most negative aspect of working for this organisation is bureaucracy and nepotism.” (participant 4)

The statements above may require further investigation as it could mean that some of the newly qualified accountants perceive the employee promotion practice to be unfair. This is supported by El-Ramly's (2012) opinion that organisations must draw up a personal career plan with employees to prevent high-quality employees from leaving the organisation. In this study, it was discovered that the line managers and the employees had discussed and agreed on employees' personal development plans. These personal plans were constructed in line with the workplace skills plan. One of the participants mentioned that:

“My manager and I agreed on a three-year development plan. We revisit these plans every year and make changes where possible. Reason being both personal and the business needs change over time.” (participant 16)

The aforesaid outcome demonstrates that the participants were more interested in their career development than it is generally thought. Taylor (2002) supported this, saying that employees are passionate and have an extensive interest when it comes to developing their careers. This was confirmed by Carter et al. (2001) who suggests that when employees are unable to detect progression or career development prospects within an organisation, they are inclined to leave.

Rogerson and Rogerson (2000) supported these findings by stating that young professionals emigrate to search for career development and international work exposure. Employers who do not take the career progression of their employees seriously are likely to lose them in the long run. Career development is a significant attraction and retention factor (El-Ramly, 2012). It has been established that

uncertainties about a role and uncertain career prospects have an interlinked, undesirable outcome on job satisfaction (Barrett & Kelly, 2011).

4.2.8 Theme 8: Training and Development

Participants indicated that they expected training and development. Therefore, it is not perceived as an incentive to stay within the organisation. They believe that employees should be given this opportunity in order to achieve experience-based career leverage opportunities, not only to develop their careers swiftly but also to improve their individual marketability and the company's competitiveness. Participants' comments are given below:

"I appreciate training provided by the organisation. It also depends on the type of training the manager sends you to. Training that equips you to perform your job better is expected and not an incentive." (participant 20)

"An organisation is expected to provide training. However, it is an employee's responsibility to drive his/her own training." (participant 13)

One of the participants who qualified 10 years before this research study, on discussing her time as a new chartered accountant, said that:

"As a newly qualified chartered accountant, I attended training to boost my experience in order to progress to a senior position. Now that I am a professional and in a senior position, I attend training to comply with the requirements of the profession and to gain experience. I believe that the job itself is continuous learning. As a newly qualified chartered accountant, I would have stayed because training added value to my career ... however, the type of job one does comes first." (participant 2)

4.2.9 Theme 9: Good line manager

Generally, participants commended the line managers who took an interest in their development, who did not micro-manage, who believed in the employees and who had an interest generally in employee growth and development. This is supported by research conducted by Sullivan (2006) which suggested that leadership and

management styles have a significant influence on the retention of employees. He said that at least 85 percent of the reason that causes employees to leave an organisation are associated with direct management (Sullivan, 2016). This is also supported by Wheeler (2000) who stated that for strategic plans to be effective, it is crucial that retention processes focus around a supervisor or line manager. The participants commented as follows:

“My manager does not micro manage me and he treats me as a professional.” (participant 9)

“My manager is supportive, interested in my development, provides me with challenging work. This gives me satisfaction that I develop in the current role.” (participant 16)

Of the participants who left the organisation, at least two mentioned that they left because of poor supervision. Some of the comments were:

“I left because of the line manager who did not appreciate how much work I was responsible for and expected more from me. I also did not receive regular feedback about my performance.” (participant 1)

“I started looking for a job because of poor management and I did not enjoy the work I was doing.” (participant 9)

4.2.10 Theme 10: Communication of retention initiatives to employees

At least eight participants in this study reported that they were aware that people are seconded around the group but they were not aware of any secondment or rotation policy in place. They further suggested that if there were a policy, it was not properly communicated and there was no proper implementation of it. Their comments were as follows:

“I think that secondment can be better communicated. I am aware that it happens in the organisation and I know that I can speak to my manager if I am keen for secondment or a rotation.” (participant 12)

“I am not aware of any formal secondment policy. I think that if I would like to rotate to another area, I will have to discuss it with my manager. It will be at his/her discretion to allow me to do this.” (participant 3)

4.3 Summary

After receiving and analysing the information provided by the participants, the researcher’s opinion is that, although this organisation has made significant progress in executing its retention strategy, there is a need to do more so as to accomplish its successful execution.

The participants believed that the organisation was one of the best employers within the financial services industry and they articulated their high regard for the organisation’s work ethic and culture. However, the participants felt that more could be done to improve the efficiency of work processes and systems. Remuneration and benefit packages were described as market related and participants were satisfied with their overall remuneration packages. Some participants indicated that if they left the organisation, they would lose out on performance bonuses and shares offered to the employees. The researcher also became aware that there was a link between remuneration preferences and the age of the participants. During the survey, it transpired that younger participants prefer monetary reward and older would prefer to have remuneration in form of benefits like shares etc.

Lack of employee rotation and communication of this was responsible for the at least 70% unhappiness amongst newly qualified chartered accountants. The participants perceived this as a restraining factor to growth and career development. The organisation could consider by including employee secondment and rotations in career discussions, and through communication and follow-up.

Another observation during the interviews suggested that some participants were not happy with the progression processes and promotional opportunities as they felt that there was nepotism. Although very few participants mentioned this, the researcher is of the opinion that this aspect needs to be investigated further.

The data analysis further showed that bureaucracy was one of the concerns for the participants. Their great concern was the negative effect that this was having on their deliverables.

Chapter 5: Recommendations and Conclusion

In the course of this research, I discovered that leaders of the organisation were aware of many of the factors mentioned by the employees through exit interviews and culture surveys. Plans to address these reasons had been integrated within the organisation's broader retention model for implementation. However, there was no specific documentation on the retention of newly qualified chartered accountants.

Despite the admirable strides taken by the organisation in designing and developing its retention strategy, it is clear that the organisation still faces some challenges with regard to the gaps that should be documented in the retention strategy for implementation thereof. The researcher's concluding comments which are related to the significant realities of the study are provided below.

Recommendation to the organisation

In view of the previous discussions and outcomes of the current study, the organisation should take into account the following recommendations provided by the participants:

- The organisation needs to expose newly qualified chartered accountants to global operations and it expose its newly qualified CAs to work opportunities with its subsidiaries in order to provide career opportunities that do not exist within its own business structures?
- The organisation should host regular networking events (formal and informal) with alumni and managers in the organisation. This would foster better relationships and allow a platform for internal recruiting or awareness of job opportunities within the group.
- It should promote and advertise the profiles of newly qualified CAs within the organisation and communicate vacancies in and around the group to the newly qualified Cas.
- At the end of the training contract, newly qualified trainees should be entitled to shares and a bonus for three years spent in the organisation.

- Newly qualified CAs should be matched with jobs that are of interest to them and be compensated appropriately.
- It is necessary for new CAs to be able to develop more autonomy to make decisions.
- The organisation should improve travel opportunities from and within Johannesburg and Cape Town with peer networking opportunities.
- It should establish structured rotations for newly qualified CAs.
- It should offer options for new CAs to do MBAs or other management business courses subsidised by the organisation.
- The organisation needs to assist trainees with integration into the business.
- It should improve the management style of certain business units.

Taking into account the results of the current study, and based on the preceding deliberations, the organisation should consider the following recommendations provided by the researcher.

- The organisation needs to record its retention strategy, specifically for newly qualified chartered accountants or young graduates and implement it.
- The organisation should significantly improve its internal communication related to a broader retention strategy in order to ensure that employees are aware of the activities and policies, Human resources should gain buy-in from the leadership and other employees in order to distribute necessary communication.
- It is necessary for this organisation to have a “retention committee” which would monitor the execution of the retention strategy, particularly regarding newly qualified CAs, while scarce skills in the organisation should receive precedence.
- As a deliberate intervention to improve the retention strategy, the execution of employee secondment and rotation must be made a priority, and managers should be educated on the importance of allowing internal employees opportunities to learn and grow.

- It would add value if similar research could be conducted on different groups of professionals, such as actuaries, in the organisation.

5.1 Recommendations for future research

The limitation of this study is that the sample is relatively small and cannot be generalised to a broader group of newly qualified chartered accountants outside this organisation. A potential limitation of gathering information by using a survey via email is that information received from a small sample of participants could be insufficient. To overcome this limitation, I used open-ended interviews guided by research themes, which were used as an interview guide, to probe for more information. Welman and Kruger (1999), describe an interview guide as one which has a list of both focus areas and aspects of these focus areas, all of which have a bearing on the theme of the interview. The interviewer uses it to probe for responses throughout the duration of the interview. Results from the survey were analysed and the researcher set up face-to-face and telephonic interviews with the participants to discuss the issues that emerged and to ascertain if there were any other issues.

Another limitation was that some of the participants qualified as chartered accountants over five years ago. During the interviews, the researcher had to remind them constantly that their answers should be based on the period of 12 to 36 months from the point of qualifying.

To broaden the scope of this study, it is suggested that the effects of management on the lack of linking human resources with business needs, specifically talent retention, and what the organisation regards as a scarce skill is required.

5.2 Summary

This chapter draws conclusions from the current study and proposes a variety of recommendations. Based on the analysis of the data, it can be concluded that the research questions have been answered. The financial services organisation has a retention strategy that is applied to the broader organisation, and not specifically to the newly qualified chartered accountants. The researcher is of the view that the

above-mentioned recommendations, together with the broader retention strategy, can be implemented effectively, if monitored. Recommendations on this were made to the organisation. Recommendations were also made for further research to be conducted on this topic.

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Informed Consent

CONSENT FORM FOR (insert the name of the participant)

RESEARCH TITLE: RETENTION OF NEWLY QUALIFIED CHARTERED ACCOUNTANTS IN LARGE FINANCIAL SERVICES INDUSTRY

RESEARCHER/S: Babalwa Mgoduka

1. I..... have been provided with information about research title and discussed the research project with **Babalwa Mgoduka** who is conducting this research as part of a Masters in People Management under the supervision of **Jeffrey Bagraim** in the department of **Business Management** at the **University of Cape Town**.
2. I have been given the opportunity to ask questions about the research and my participation. I understand I can withdraw at any time without giving reasons and that I will not be penalised for withdrawing nor will I be questioned on why I have withdrawn.
3. The procedures regarding confidentiality have been clearly explained to me.
4. The use of the data in research, publications, sharing and archiving has been explained to me.
5. I understand that the information will be depersonalised and will not be shared with my managers or third party without my consent.

I understand that the data collected from my participation will be used for mini- thesis, and I consent for it to be used in that manner.

Signed Date

...../...../.....

Name (please print)

.....

Research Questionnaire

PURPOSE OF THE questionnaire

The purpose of the questionnaire is to gain insight regarding the reasons why newly qualified chartered accountants decide to leave or stay at the company after completing their professional training programme. The results of this research will be used to develop a strategy to retain newly qualified accountants at the company.

Name of the Participant (optional.....)
Age of the Participant (now)
Age of the participant at the time of qualifying as a chartered accountant.....
Name of Business unit placed upon qualifying (Life/Investments).....

1. Why did you join the CA Training Programme?

2. How long have you been with Old Mutual as a qualified Chartered Accountant?

If currently working at the company:

3. What support have you received from the Training Programme office to successfully place you in the company after you completed your professional training programme?

4. Have you been placed in a Business Unit that aligns with your interests?

For those in the company and for those who have left the company:

5. In your opinion, should a recently qualified chartered accountant stay in the company where they received their professional training? Why?

6. What influenced your decision to stay (leave) the company? (prompt re geographical location, pay, supervisor, career opportunities, company culture etc, flexible work arrangements, work-life balance, interesting work)

7. Did you have / Have you had a career discussion with your line manager? Did this conversation assist with your career development? How? Any suggestions to improve these interactions?

8. Did you address your concerns with your manager? Do you feel that your concerns were adequately addressed?

9. What are the most positive aspects of working for this company? What has been your most positive experience working for this company?

10. What are the most negative aspects of working for this company? What has been your most negative experience working for this company?

11. Have you / Did you look for a job at another company? If yes, what prompted you to do so (headhunted, advertisement etc)?

12. Did you accept the offer or not? Why? (if you accepted the offer – how long had you been at the company etc.). If you rejected the offer or any other offers, why did you reject them?

13. What would you recommend as improvement opportunities for this company in framing the experiences of newly qualified chartered accountants?

14. What were / are the greatest challenge that you faced / face in this company?

15. Do you / did you experience any constraints in your job? (i.e. operational, technological, matrix structures, decision making authority etc.)

16. Do you / did you find the necessary support from peers/team members, managers to do your job? (E.g. in terms of training, resources, communication etc.)

17. Do you feel that you were placed in a position that was compatible with your skills? If not, please explain.

18. (If person has left company) What will make you want to come back to the company?

19. Do you have any suggestions for the company to help it improve the retention of newly qualified chartered accountants?

Thank you for taking your time out to complete this survey. The participant understands that the above information will be depersonalised and used for trend analysis and to improve Old Mutual's retention strategies.

Participant's signature

Date