Investigating the turnover of middle and senior managers in the pharmaceutical industry in South Africa

A research report submitted in partial fulfilment of the requirements for the Master of Business Administration Degree

by

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December 2011
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Modise – fana, it had to be done.

This report is dedicated to you all.

This research report is not confidential, and may be used freely by the UCT Graduate School of Business.

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ABSTRACT

This research investigates the turnover of knowledge workers in middle and senior management positions in the pharmaceutical industry in South Africa.

Background: Employee turnover is a common phenomenon across all industries. With the advent of the knowledge worker, the issue of turnover has taken on special significance, particularly in knowledge-intensive sectors such as the pharmaceutical industry. The unique history of South Africa has resulted in an inequitable representation of blacks in corporate environments, and also ensured that blacks are poorly prepared with skills that will enable them to reach management levels. Various factors have been implicated in determining employee turnover. This study explores the industry, organisational and personal factors that play a role in the turnover decision of middle and senior managers in the pharmaceutical industry in South Africa.

Methods and Findings: This study utilised qualitative methodology to address the research question. Semi-structured in-depth interviews were conducted with middle and senior managers within the pharmaceutical industry to collect data. The respondents were grouped into ‘leavers’ and ‘stayers’ depending on their tenure. Interviews were also conducted with human resource managers and a review of company data and exit interview records was done to get a company perspective on factors that influence turnover. The data was then transcribed, and coded, using Atlas.ti 5.0.

Findings that economic conditions, organisational culture, manager relationship, and personal and career growth are factors that determine employee turnover, confirm results from previous local and international studies. Other factors that have an impact on turnover, such as transformation and skills shortage are uniquely South African. In this study, money did not play a central role in the turnover decision of respondents. Personal factors emerged as the most important of the three themes in determining employee turnover. Knowledge workers in the pharmaceutical industry in South Africa consider...
career growth above anything else as a key factor that determines their stay with an organisation.

**Conclusion:** There is high employee turnover among knowledge workers in the pharmaceutical industry in South Africa, higher for black knowledge workers than for white. Although industry, organisational and personal factors are significant in determining turnover, personal considerations are regarded as the most important by knowledge workers.

**Keywords:** Employee turnover; Retention; Knowledge workers; Senior and middle managers; Pharmaceutical industry; South Africa.
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1. RESEARCH TITLE

Investigating the turnover of middle and senior managers in the pharmaceutical industry in South Africa.

2. INTRODUCTION

The historical context of South Africa has resulted in the current situation where demand for particular skills far outstrips supply, against a backdrop of high unemployment (Development Policy Research Unit, 2007). It is argued by many that the high demand for specialised skills, together with key pieces of legislation that aim to address the demographic imbalances in the corporate landscape in South Africa, has resulted in an increase in staff turnover, particularly among knowledge workers (Vass, 2010; Kotze & Roodt, 2005). Further, researchers and popular media alike have posited that the regulations and skills shortages have jointly had a negative influence on the economics of the labour market in South Africa (Heymann, 2010), providing an unfair advantage to the designated groups¹ and further perpetuating high turnover among these groups.

Within organisations, some employee turnover is expected, and in some instances encouraged. However, organisations experience significant costs in relation to high employee turnover (Morrel & Loan-Clark J, 2004), including recruitment, training and replacement costs, as well as indirect costs like loss of income and goodwill (Sherman, Alper, & Wolfson, 2006). Additional reasons put forward for increased turnover include remuneration, organisational culture and climate, and poor or hostile management (Shevchuk, 2008).

The pharmaceutical industry in South Africa is saturated, with multiple players in the field (The Economist Intelligence Unit, 2010). Most of the multinational organisations found in large markets around the world, such as Novartis, Pfizer and MSD, have a presence in South Africa, with only 3 local companies – Aspen Pharmacare, Adcock Ingram and Cipla Medpro

¹ Designated groups are those identified by legislation (blacks, women, and the disabled) for preferential selection and employment to address historical disadvantages.
– being listed on the Johannesburg Stock Exchange (JSE, 2011). The sector is knowledge-intensive, requiring senior employees not only to be technical experts in a given field, but also to have the ability to manage often complex situations (Guliwe, 2010). These positions are critical in that they are the ones that execute on strategy and ensure the smooth running of operations. However, the skills required to fill these positions are scarce (van Zyl, 2007), with an intense war for talent resulting in increased staff turnover (Sanofi-Aventis, 2010). The critical nature and the low availability of this talent often mean that vacancies remain open for long periods of time with companies absorbing the costs and loss of revenue associated with the vacancies (Letsoalo, 2011). There is therefore a need to investigate the turnover of middle and senior managers in the pharmaceutical industry in South Africa, and identify the possible reasons for the turnover in order to start identifying solutions that can be applied by business to address the issue.

2.1 PURPOSE OF THE STUDY

The purpose of this study is to investigate turnover among knowledge workers in middle and senior management in the pharmaceutical industry in South Africa, determine the rate of turnover, and examine the possible reasons (external, internal and personal)\(^2\) that influence and impact on turnover. The study further proposes to assess whether group differences exist in turnover rate, and reasons for differences in turnover between black\(^3\) and white knowledge workers in middle and senior management.

2.2 CONTEXT OF THE STUDY

Employee turnover is experienced by all organisations at one point or another, with reported rates varying from country to country, between industries, as well as between and within companies (Mobscot Corporation, 2011). The common nature of staff turnover does not

\(^2\) External refers to industry, internal refers to organisation and personal refers to individual (Vass, 2010)

\(^3\) Black is defined as Africans, Coloureds, Indians and Chinese who are South African citizens by birth or who have obtained citizenship prior 27 April 1994. (BEE Act, 53 of 2003)
underscore its importance, and the deleterious effects that high turnover can have on organisations (Glebbeek & Bax, 2004).

In South Africa, the skills shortage in the macro-economy creates intense competition between companies for the limited skills, compounding the turnover problem faced by organisations (Kinnear & Sutherland, 2001; Mitchell, Holtom, & Lee, 2001), and making it more important for managers to retain their skilled employees.

Various external factors such as globalisation of the labour market and local equity legislations have been cited as exacerbating the turnover phenomenon in South Africa (Doke, 2008; Wocke & Sutherland, 2008).

The Employment Equity Act (Act 55 of 1998) and the Black Economic Empowerment (BEE) Act (Act 53 of 2003), together with the sectoral charters, outline the various BEE targets for particular industries in order to facilitate transformation. However, due to the inequalities in the quality of education as a result of apartheid, there is a shortage of skilled black professionals, resulting in increased demand and high mobility of these individuals (Robinson S., 2004). It is perceived that this high mobility further slows the rate of transformation in companies (Wocke & Sutherland, 2008).

Globalisation has introduced many multinational players to the South African business context, who bring with them international practices, and global mobility for knowledge workers. In a survey of major South African companies, turnover as a result of global mobility was the cause in 21% of the total turnover (Bennet, 2003).

In South Africa, there is underrepresentation of blacks in management levels in the pharmaceutical industry, making up less than 20% of senior management levels (Pharmaceutical Task Group, 2010). The turnover of black professionals in particular, is consequently of serious concern to human resource managers.
It was therefore important to understand the reasons why professionals choose to stay or leave their organisations, and investigate whether employment equity laws, and indeed race, had any bearing on that choice.

2.3 SIGNIFICANCE OF THE STUDY

In the age where knowledge is a commodity, skilled knowledge workers, particularly in management positions, are the competitive advantage that organisations depend on for future success (Samuel & Chipunza, 2009), and their increased turnover has an adverse effect on productivity and profitability (Chiboowa, Samuel, & Chipunza, 2010). Across the globe, high staff turnover is a cause for alarm (Morris, 2010), not only because of the costs associated with recruitment, selection and training, but also due to the increasing scarcity of experienced talent to replace that which is lost (Selome, 2008).

Employee turnover refers to the number of individuals that permanently vacate positions within an organisation, and can be classified into voluntary (resignation) or involuntary (dismissal, or retrenchment) (Capelli, 2004). Voluntary turnover can further be classified into functional, which is beneficial to the organisation – resignation of a poor performer – or dysfunctional – departure of a productive worker – which is detrimental to the organisation.

In South Africa, employment, retention and turnover, occur against the backdrop of a history of discrimination and inequality, and an attempt by government and organisations at redress. The significance of this as the background against which retention and turnover in companies within the pharmaceutical industry play out, cannot be underestimated.

It is a commonly held perception that job-hopping for increasingly more lucrative salaries is widespread among black professionals as a result of companies needing to comply with employment equity regulations and black economic empowerment targets (Khanyile & Maponga, 2007). This perception that black professionals are always seeking ‘greener pastures’ is perpetuated by anecdotes, such as the comment from the previous South African Reserve Bank Governor, Tito Mboweni, who expressed his exasperation at recruiting
competent black people, because “no sooner have we trained them than they leave” (Oliphant, 2006, p. 1) for other jobs and “charge a premium for their services” (Robinson S., 2004, p. 1).

However, there is a growing body of evidence that suggests that black professionals are not primarily motivated to change jobs by higher salaries (Khanyile et al. 2007; Consumer Insight Agency 2006; Cruz 2006). Booysen (2007) suggests that reasons for high turnover include:

- Slow employment equity progress at management level and inconsistent progress across departments in organisations;
- Low commitment to employment equity from top management;
- A lack of cultural sensitivity where new recruits are expected to assimilate into the current organisational culture;
- A white male dominant organisational culture that continues to exclude – formally or informally through exclusionary network practices – black recruits;
- Black people are selected as tokens with little delegation of real responsibility or decision-making authority, owing to the persistence of stereotypes.

These findings are echoed by Khanyile et al. (2007) who found that discrimination and negative experiences are key challenges that face black professionals and are major contributors to the push-factors that result in them changing companies. These are similar to reasons for employee turnover identified by international researchers, where lack of an inclusive environment and barriers to advancement are promoters of high turnover.

This research proposed to add to the body of knowledge on the reasons why professionals choose to stay or leave their organisation, and explore the factors at play in determining employee turnover of knowledge workers within the pharmaceutical industry in South Africa, with particular consideration being given to black professionals.
2.4 PROBLEM STATEMENT

2.4.1 Main Problem

This research aims to investigate the rate and reasons for the turnover of knowledge workers in middle and senior management in the pharmaceutical industry in South Africa, with a sub-analysis of black knowledge workers in middle and senior management positions.

2.4.2 Sub-problems

The research further aims to investigate:

2.4.2.1 The industry factors that influence the turnover and retention rates of knowledge workers in middle and senior management positions as perceived by both leavers\(^4\) and stayers\(^5\).

2.4.2.2 The organisational factors that influence the turnover and retention rates of knowledge workers in middle and senior management positions as perceived by both leavers and stayers.

2.4.2.3 The personal factors that influence the turnover and retention rates of knowledge workers in middle and senior management positions as perceived by both leavers and stayers.

2.4.2.4 Whether group differences exist in the perceived organisational factors, and personal factors that influence the turnover and retention rates between black and white knowledge workers in middle and senior management positions.

\(^4\) In this report, a ‘leaver’ is a respondent who has left an organisation within the 18 months preceding the interview.

\(^5\) In this report, a ‘stayer’ is a respondent that has been with his/her organisation for 3 years or longer at the time of interview.
2.4.2.5 The factors that influence the turnover and retention rates of knowledge workers in middle and senior management positions, as perceived by human resource managers in the pharmaceutical industry.

2.5 DELIMITATIONS OF THE STUDY

The purpose of delimiting a study is to narrow the scope in order to make it more manageable. To this end, this research study was limited to medium and large companies within the pharmaceutical sector in South Africa that have membership of the Pharmaceutical Industry Association of South Africa (PIASA).

2.5.1 Size of the Organisations and geographical Limitations

The companies that were selected had 50 or more employees. This was to ensure a minimum level of comparability between the systems and support available to employees in the organisations. Smaller companies could have had resource constraints that would confound the findings of the study.

The selected organisations all had major offices located in the Gauteng Province, South Africa. This was to facilitate access to records and employees.

2.6 RESEARCH ASSUMPTIONS

1. There is significant turnover of middle and senior managers in the pharmaceutical industry in South Africa.
2. There are identifiable factors that lead to the turnover of middle and senior managers in the pharmaceutical industry in South Africa.
3. Respondents will be open and honest about their experiences and perceptions of the factors that affect turnover of middle and senior managers in the pharmaceutical industry in South Africa.
2.7 RESEARCH ETHICS

Good ethics is just good research.... However, good research is not necessarily ethical.

Pienaar, 2010, p. 316

Research ethics relates to what is appropriate and acceptable when conducting research. Saunders, Lewis, and Thornhill (2009) recognise two dominant philosophical views when it comes to research ethics: the deontological view, which states that end does not justify the means, and the teleological view which argues that the ultimate goal of the research justifies the cost of conducting the research.

The Belmont report cited in Sieber (2004) highlights 3 basic principles in the conduct of research in humans: beneficience, respect and justice. To this, Saunders et al. (2009) add non-maleficence. Beneficience is defined as acting in the spirit of goodwill, while non-maleficence relates to avoidance of causing harm. Respect in research demands that all participants and potential participants are treated with due respect in terms of freedom to agree, decline or withdraw from participation, in particular when the research involves vulnerable populations. Justice refers to an equitable distribution of risk between participant and researcher, where risk cannot be avoided (Sieber, 2004).

Informed consent is considered a fundamental requirement in biomedical research, and Pienaar (2010) argues that although it has not been a focus in management sciences research, this does not make informed consent any less important.

In their paper, Agrawal and Gujarathi (2011) include the following principles that must form the basis of ethical research:

- **Honesty**: data must not be fabricated, falsified or misrepresented in order to deceive;

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6 Vulnerable populations relates to groups of people who have limited options in terms of choice, who are open to coercion or enticement, or who have limited ability, for whatever reason, to freely give informed consent. (adapted from Barker, 1995, p. 404).
• **Objectivity**: bias must be avoided in the design, execution analysis and interpretation of the results. Where necessary, personal interests must be declared;

• **Integrity**: the researcher must at all times act with sincerity;

• **Confidentiality**: the confidentiality of participants must be protected;

• **Responsible publication**: the research should be published in order to advance scholarship;

• **Non-discrimination**: there should be no discrimination on any basis against participants or other researchers;

• **Social responsibility**: the research should strive to promote social good or mitigate social harm;

• **Legality**: the national laws and regulations of the country where the research is conducted must be respected.

This research was conducted in accordance with the University of Cape Town *UCT Code for Research Involving Human Subjects* and *The Commerce Faculty Policy on Ethics in Research* (University of Cape Town, 2005). Informed consent was sought from all participants prior to the meetings. Consent was confirmed at the meetings, and consent was also sought to make electronic recordings of the interviews. The confidentiality of all participants has been maintained, and all data used has been anonymised.
3. LITERATURE REVIEW

3.1 INTRODUCTION

Pine and Gilmore (1998) as cited in Sutherland and Jordaan (2004) advance that the world economy has progressed from an industrial economy to a knowledge economy, and with the rise of knowledge workers, the notion that ‘people are an organisation’s greatest asset’ has never rung more true. This relatively new type of employee, particularly those in management levels, is intricately related to the success of companies, and Drucker in 1997, already identified that the productivity of knowledge workers will be the only competitive factor in the world economy (Drucker, 1997). Knowledge workers in middle and senior management are closely associated with strategy formulation and implementation, research and development, and service optimisation; areas that are necessary for any company’s growth prospects (Birt, Wallis, & Winternitz, 2004).

3.2 THE KNOWLEDGE WORKER

The “knowledge worker”, first coined by Drucker in 1959, has been variously described over the years as one who utilises intellectual capacity to execute work tasks, to whom the knowledge capital belongs, and who creates intangible value-adding assets, transporting those assets in his / her head when they change employer (Harrigan & Dalmia, 1991).

Despres and Hiltop (1995) describe the knowledge worker as having the following attributes:

- Have developed careers independently of their organisations through education, rather than through company training and career development programs. This results in them being highly specialised, and able to apply their specialisation in issue-resolving in a number of areas, rather than being operations focused in a particular function;
- Have a greater commitment to their profession than to their organisation, and would sooner leave a company if their professional integrity is compromised;
- Are integral to the long-term success of the organisation;
- Are problem, rather than task orientated.
Another useful definition of knowledge workers is that they are employees who create intangible assets that they transport in their heads, and take with them when they leave their organisations (Harrigan & Dalmia, 1991).

There is a variety of other definitions of knowledge workers, some of which are contrary to the Drucker’s relatively broad definition. Mosco & McKerchener (2008), for instance, propose a narrow and specific definition with knowledge workers being individuals who create original knowledge products, or those who add obvious value to an existing knowledge product. Nonaka (1991) shares this perspective, describing knowledge work as being about new ideas that fuel innovation. This view, although useful, limits knowledge work to the realm of the creative.

For the purposes of this study, a knowledge worker is defined as a middle or senior manager in the pharmaceutical industry, who uses knowledge as a tool to provide their organisation with a competitive advantage and to provide strategic direction.

Growth industries, such as the pharmaceutical industry, tend to be the sectors that have the highest proportion of knowledge workers, and the highest profit margins (Davenport, 2005), and are thus the most adversely affected when there is high employee turnover.

3.3 EMPLOYEE TURNOVER

Samuel and Chipunza (2009) describe employee turnover as occurring when employees leave their jobs, and must be replaced. Turnover is defined as voluntary, where the employee initiates the move out of the organisation for better prospects elsewhere, or involuntary, which is employer initiated, and results in dismissal, retrenchment or retirement (Sutherland & Jordaan, 2004).

Voluntary turnover is further classified as functional or dysfunctional. Functional turnover refers to the voluntary departure of poor performers with the retention of good performers,
and is considered good for organisations, while in dysfunctional turnover is when good performers leave and poor performers stay, and can have detrimental effects, including decreased productivity and customer service, decreased innovation and reduced competitiveness (Abassi & Hollman, 2000) (Figure 1).

Figure 1: Classification of turnover (adapted from Phillips & Edwards, 2008)

Phillips and Edwards (2008) go further to differentiate functional and dysfunctional turnover into avoidable and unavoidable turnover from the perspective of the organisation, as well as into voluntary and involuntary turnover from the view of the individual. This highlights an important area of overlap that can be addressed to reduce turnover – avoidable dysfunctional voluntary turnover (Figure 2).
Knowledge workers of the 21st century display occupational, rather than organisational commitment, possess skills which are in high demand, and are characterised by high mobility (Horwitz, Heng, & Quazi, 2003). Horwitz et al. further argue that because of the attributes of the knowledge worker, this category of employee tends to have a higher turnover than non-knowledge workers. In fact, Friedman, Hatch, & Walker (1998) opine that the idea of ‘a job for life’ has become an “oxymoron”. The situation has changed so much in recent years, that Capelli (2000) has likened this change in retention as moving from tending a dam to managing a river: “the aim is not to prevent water from flowing, but to control its direction and speed” (Capelli, 2000, p. 104).

This mobility is of great concern to organisations, as tangible and intangible knowledge and assets walk out the door with the worker when he or she leaves (Kinnear & Sutherland, 2001). Turnover of knowledge workers, regardless of how it is classified, can thus affect the prosperity and competitiveness of an organisation (Samuel & Chipunza, 2009).

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**Figure 2**: Examples of turnover (adapted from Phillips & Edwards, 2008)
3.4 DETERMINANTS OF TURNOVER

Many commentators have described a variety of determinants of employee turnover. In their paper, Kim, Price, Mueller and Watson (1996) propose that turnover is related to the individual characteristics of the employee, and the workplace environment. Organisational environment is defined as an enduring characteristic of an organisation which embodies the members’ collective perceptions about their organisation with respect to dimensions such as trust, cohesiveness, support, recognition, innovation and fairness (Moran & Volkwein, 1992). This model stresses that employee fit into the culture of the organisation as well as other environmental factors such as the temperament of the manager, and the diversity of the team, play an important role in determining the rate of turnover of an organisation. Other authors have associated employee turnover with organisational climate. Hay (2002), and Samuel & Chipunza (2009) highlight that employees are more likely to leave organisations if they perceive a low level of control over their environment or there is a general lack of commitment and support.

According to Veldman’s model (2003) as cited in Kotze and Roodt (2005), all individuals have particular views about their organisation, which determine their initial propensity to stay or leave. This is further influenced by organisational climate, employee well-being and job satisfaction. In this model (Figure 3), the organisational climate is the macro-environment of the employee, and also reflects the organisational culture and values. Job satisfaction refers to the immediate micro-environment and engagement level of the employee, while employee well-being pertains to how the employee relates to both the macro- and micro environments, which may be positive or negative.
The view of Meuller, Boyer, Price, and Iverson (1994) supports the Veldman model, highlighting job satisfaction as a critical determinant of employee turnover: when one is satisfied, they would rather stay than leave. Job satisfaction is a result of how the employee perceives their job as providing those qualities that they value as important (Luthans, 1998), and is a complex conglomerate of stress, job stimulation, engagement, social relationships, relationship with the manager, remuneration and career opportunities (Kerr-Phillips & Thomas, 2009). Roland, Rust, Stewart, and Pielack (1996) have reported a causal relationship between job satisfaction, and employee commitment, retention and turnover.

In a model by Meyer and Allen (1991) (Figure 4), three components of commitment which can result in various work behaviours such as turnover or employee well-being, are described. These components are affective commitment which refers to an emotional attachment to, identification with, and involvement in the organisation; continuance commitment, which describes a form of psychological attachment where the perceived costs associated with leaving the organisation are compared with the benefits of staying; and normative commitment, which describes a perceived obligation to remain in the organisation (Meyer & Allen, 1991).
These components of commitment are linked to employee-relevant outcomes, and depending on whether the relationship is positive or negative, may result in employee turnover, absenteeism, or employee well-being (Meyer & Allen, 1991). This model is supported by those of Veldman (Figure 3) and Meuller et al. with similar drivers – job satisfaction, organisational culture etc – having the same result of employee turnover.

However, the propensity to stay or leave as described by Veldman is tempered by any given individual’s mobility and the prevailing conditions in the job market (cited in Kotze & Roodt, 2005). Mobility refers to the ability to pursue alternative job opportunities, and is dependent on experience and qualification, while the prevailing conditions in the job market are determined by the economic climate. The view of prevailing market conditions is supported by the work of Morrell, Loan-Clarke, and Wilkinson (2001), who identify an economic school of turnover research, which focuses on issues such as labour supply and demand, job search theory, and objective opportunities.
As illustrated in Figure 5, when both mobility and market conditions are favourable, the propensity to leave is high. This was seen during the economic boom of the early 21st century, when the turnover rate of knowledge workers increased by 25% (Hay, 2001). The opposite was seen during the recent economic recession of 2007 (CH2MHiIl, 2011).

Figure 5: Effect of mobility and market conditions on the propensity to stay or leave (Kotze & Roodt, 2005, p. 49)

This model is supported by other literature which suggests that both internal and external antecedents impact on employee motivation, and by extension, employee turnover, with a greater reliance on the intrinsic values (Basset-Jones & Lloyd, 2005). These intrinsic and extrinsic factors are described by Lee and Mitchell (1994) as psychological push factors and market-related pull factors.

Abassi and Hollman (2000), and Birt, Wallis and Winternitz (2004) explore the reasons employees leave organisations. These reasons include those intrinsic to the organisation such as hiring practices, management style, lack of recognition, uncompetitive remuneration, ‘toxic’ workplace environments, lack of empowerment; and some intrinsic to the job, like uninteresting work, job insecurity, poor promotion prospects and inadequate training and development opportunities.
Figure 6: Factors that affect employee turnover (Grobler & Warnich, 2006, p. 127)

The model as proposed by Grobler and Warnich (2006) (Figure 6) integrates general environmental conditions, organisational factors and personal reasons that have an impact on turnover. Similar to Kotze and Roodt (2005), Grobler and Warnich (2006) have determined that during economic upswings, the availability of jobs is high due to the prevailing conditions. These factors form the backdrop against which personal and organisational factors such as personal mobility, demographic factors and job security, impact turnover.

Figure 7: A model of employee turnover as a function of job satisfaction (Spector, 1997, p. 64)
Intention to leave is highlighted by many authors as one of the most important predictors of turnover (Sutherland & Jordaan, 2004; and Morrell, Loan-Clarke, & Wilkinson, 2001). A high correlation has been described between intention to leave, turnover decision and actual turnover (Mobley, 1977) (Figure 7).

However, Kirschenbaum & Weisberg (1990) found intention to leave to be a poor predictor of turnover, arguing that intent and turnover are influenced by completely separate factors with very low predictability and causality relationship. Age, tenure, wage level and perceived career growth prospects were found to be greater predictors of turnover than intention to leave, whereas unstimulating work and the intention to leave of co-workers, had a higher correlation with employee intention to leave (Kirschenbaum & Weisberg, 1990).

It was therefore important to not only explore intention to leave among knowledge workers in the pharmaceutical industry in order to understand the factors that affect intent, and gauge future turnover, but to also consider other predictors of turnover as identified by other researchers.

### 3.5 COST OF TURNOVER

The cost of employee turnover is difficult to quantify, though researchers unanimously agree that the cost to the organisation when an individual leaves is high (Chiboiwa, Samuel, & Chipunza, 2010; Abassi & Hollman, 2000; Kinnear & Sutherland, 2001).

Table 1 highlights some of the quantifiable costs associated with the departure of an employee. The obvious costs are items such as leave allocations, recruitment costs, reference checks, security clearance, temporary worker wages, relocation costs, and training and induction costs (Hay, 2001). Costs that may not be as apparent include increased human resource administration, loss of productivity, while other costs are truly incalculable and include things like missed deadlines, loss of organisational knowledge, lower staff morale due to a break in social ties, loss of clients, and chain-reaction turnover (Hay, 2002; Samuel & Chipunza, 2009). Kinnear and Sutherland (2000) add that the cost of loss of competitive advantage with the turnover of knowledge workers in immeasurable.
### Turnover-cost categories

<table>
<thead>
<tr>
<th>Separation costs</th>
<th>Recruiting and attracting costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exit interviewer</td>
<td>Advertising</td>
</tr>
<tr>
<td>Employee exit interview</td>
<td>Search and agency fees</td>
</tr>
<tr>
<td>Paperwork processing</td>
<td>Internal referral fees</td>
</tr>
<tr>
<td>Severance pay</td>
<td>Managerial pre-employment administrative functions</td>
</tr>
<tr>
<td></td>
<td>Applicant travel</td>
</tr>
<tr>
<td></td>
<td>Recruiter time and travel</td>
</tr>
<tr>
<td></td>
<td>Miscellaneous (correspondence, telephone, couriers)</td>
</tr>
<tr>
<td></td>
<td>HR pre-employment administrative functions</td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Selection costs</td>
<td>Hiring costs</td>
</tr>
<tr>
<td>HR interview</td>
<td>HR administrative functions</td>
</tr>
<tr>
<td>Managerial interview</td>
<td>Managerial administrative functions</td>
</tr>
<tr>
<td>Applicant travel</td>
<td>Relocation costs</td>
</tr>
<tr>
<td>Background and reference checks</td>
<td>Signing bonus</td>
</tr>
<tr>
<td>Medical exam</td>
<td>Orientation</td>
</tr>
<tr>
<td>HR administrative functions</td>
<td>Formal training</td>
</tr>
<tr>
<td>Managerial administrative functions</td>
<td>On-the-job training</td>
</tr>
<tr>
<td></td>
<td>Uniforms</td>
</tr>
<tr>
<td></td>
<td>Security</td>
</tr>
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<td></td>
<td>Informational literature</td>
</tr>
<tr>
<td>Lost-productivity costs</td>
<td></td>
</tr>
<tr>
<td>Vacancy cost</td>
<td></td>
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<tr>
<td>Pre-departure productivity loss</td>
<td></td>
</tr>
<tr>
<td>Learning curve (cost incurred and lost revenue)</td>
<td></td>
</tr>
<tr>
<td>Errors and waste</td>
<td></td>
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<tr>
<td>Supervisory disruption</td>
<td></td>
</tr>
<tr>
<td>Peer disruption</td>
<td></td>
</tr>
</tbody>
</table>

Table 1: Turnover cost categories (adapted from Hinkin & Tracey, 2000)

The American Management Association (1997), and Kaye & Jordan-Evans (1999) cited in Netswera, Rankhumise, and Mavundla (2005) estimate the cost of replacing an employee who has left the organisation at between 30% and 200% of the lost employee’s annual salary (Netswera, Rankhumise, & Mavundla, 2005), while locally, Cruz (2006) estimates that placement costs alone could be in excess of R 80’000.
3.6 EMPLOYEE TURNOVER IN SOUTH AFRICA

It is important to also examine what factors unique to the South African environment influence the turnover decision among employees. Wocke and Sutherland (2008) posit that employment equity legislation has had an impact on the psychological contract, particularly among white employees, while Khanyile and Maponga (2007), and Cruz (2006) have suggested that lack of development and hostile environments are crucial in driving black employees from corporate environments.

Although employee turnover is a global phenomenon (Hay, 2001), the situation in South Africa is further compounded by:

1) the emigration of skilled people, the so called “brain drain”;  
2) the relative skills shortage of specialist and managerial employees, and an oversupply of unskilled labour;  
3) the government policy of employment equity, which is fuelling the war for talent for people from designated groups.


As previously discussed, the skills shortage in South Africa compounds the problem of employee turnover, resulting in open competition between companies for talent (Capelli, 2000). In their study of South African knowledge workers, Sutherland & Jordaan (2004) found that 67% of their sample was in the job market, either occasionally or continuously seeking other job opportunities, highlighting that turnover of knowledge workers is as big an issue for South African organisations, as it is for companies elsewhere in the world.

In South African literature, race is often raised as a factor for consideration when discussing employee turnover. This is reasonable, given the history of the country as an Apartheid state. During that period the state exercised policies that had substantive impact on the education and consequently, the skills development and employability, of black citizens. This led to the current situation where there is insufficient black talent.
However, the point of departure of most authors is that there is higher turnover among black knowledge workers as a result of employment equity legislation causing an imbalance in the demand for the ‘rare’ talent that is the black knowledge worker (Booysen, 2007; Heymann, 2010, and Development Policy Research Unit, 2007); this in turn causing the black talent to seek higher pay (Selome, 2008). Maisela (2001) and Biyela (2007) support this argument saying that equity regulations have resulted in bidding wars for black talent, and a turnover as high as 65% within 3 years.

In her paper, Booysen (2007) highlights that although money may play a role as a pull factor, there are some barriers intrinsic to organisations that prevent the retention of black managers, which include white fear, the lack of meaningful involvement by whites, and the maintenance of exclusionary organisational cultures. Griffeth, Hom, and Gaertner (2000) concur with this view, stating that pay and pay-related variables have a minimal effect on turnover.

In a 2003 survey of South African employees, it was found that fairness at work, company reputation, concern for employees, and job satisfaction ranked high in the determinants of turnover and retention (Kotze & Roodt, 2005). However, another survey reported the main reason for turnover to be the prospect of better pay, this being the case in 23% of skilled employees (Westcott, 2003). The study by Birt, Wallis and Winternitz (2004) supports this view, with the majority of respondents basing their decision to leave on availability of better external offers.

The South African pharmaceutical industry employs a large number of highly skilled individuals, that have had tertiary training in the basic sciences, health sciences, finance and accounting, and other fields (Pharmaceutical Task Group, 2010). South African education has been shown to be weak in mathematics and science (Muwanga-Zake, 2001), and is therefore unable to produce graduates in sufficient quantities in these fields, resulting in a shortage of these skills in the country in general, and in the pharmaceutical industry in particular. Further, the preponderance of multinational pharmaceutical companies has meant that the best and brightest of the knowledge workers in this industry are selected to further their careers in other parts of the world (Letsoalo, 2011).
As previously discussed, due to the systematic undermining of the education and training of blacks over a period of decades, only a few black individuals possess these qualifications, and fewer manage to breakthrough into the senior ranks of the pharmaceutical industry (Pharmaceutical Task Group, 2010). This in turn makes the black talent highly sought after in the ‘war for talent’ and to ensure that equity targets are met (Letsoalo, 2011).

3.7 CONCLUSION

From the literature reviewed, the turnover of knowledge workers is a worldwide problem that is receiving great attention from human resource managers. The ‘skills gap’ in South Africa is playing an important role in the turnover of this subset of employees. There is a perception that black knowledge workers have a higher turnover than their white counterparts due to employment equity legislation favouring their recruitment, as well as the higher premium that they are then able to command.

Although various authors have investigated the effects of internal and external antecedents of turnover, the literature search did not reveal any research that jointly considered individual, organisational and industry factors that impact on turnover. Further, although some local authors have considered group differences between black and white employees, not much data exists on knowledge workers, and in particular, those in the pharmaceutical industry. This study addresses these gaps in literature.

The majority of the literature reviewed utilised surveys for data collection and quantitative methods for analysis. This study was qualitative, and utilised in-depth, interviewing techniques to collect data to investigate whether the situation in the pharmaceutical industry in South Africa supports the findings in the literature (Table 2).
### Table 2: Consistency matrix

<table>
<thead>
<tr>
<th>Sub-problem</th>
<th>Literature Review</th>
<th>Hypothesis or Proposition</th>
<th>Source of data</th>
</tr>
</thead>
<tbody>
<tr>
<td>The industry factors that influence the turnover and retention rates of</td>
<td>Vass, 2010, Kotze &amp; Roodt (2005)</td>
<td>There are factors in the general pharmaceutical industry in South Africa (outside organisations) that play a role in the employee’s decision to leave an organisation</td>
<td>- interviews with employees</td>
</tr>
<tr>
<td>knowledge workers in middle and senior management positions.</td>
<td>Sanofi-Aventis (2010)</td>
<td></td>
<td>- interviews with HR managers</td>
</tr>
<tr>
<td></td>
<td>Mobscof Corporation (2011)</td>
<td></td>
<td>- review of company data</td>
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<td></td>
<td>Kinnear &amp; Sutherland (2001)</td>
<td></td>
<td>- review of industry data</td>
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<td></td>
<td>Mitchell, Holtom, &amp; Lee (2001)</td>
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<td></td>
<td>Doke (2008)</td>
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<td></td>
<td>Wocke &amp; Sutherland(2008)</td>
<td></td>
<td></td>
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<td></td>
<td>Bennet (2003)</td>
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<tr>
<td></td>
<td>Grobler and Warnich (2006)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organisational factors that influence the turnover and retention rates</td>
<td>Vass, 2010, Kotze &amp; Roodt (2005)</td>
<td>There are factors within organisations that play a role in the employee’s decision to leave the organisation</td>
<td>- interviews with employees</td>
</tr>
<tr>
<td>knowledge workers in middle and senior management positions.</td>
<td>Morrel &amp; Loan-Clark J (2004)</td>
<td></td>
<td>- interviews with HR managers</td>
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<tr>
<td></td>
<td>Shevchuk (2008)</td>
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<td>- review of company data</td>
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<td></td>
<td>Mobscof Corporation (2011)</td>
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<td></td>
<td>Booyesen (2007)</td>
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<td></td>
<td>Samuel &amp; Chipunza (2009)</td>
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<td></td>
<td>Kim, Price, Mueller &amp; Watson (1996)</td>
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<td></td>
<td>Grobler and Warnich (2006)</td>
<td></td>
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<tr>
<td>Sub-problem</td>
<td>Literature Review</td>
<td>Hypothesis or Proposition</td>
<td>Source of data</td>
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</tbody>
</table>
Research problem: Investigating the turnover of middle and senior managers in the pharmaceutical industry in South Africa

<table>
<thead>
<tr>
<th>Sub-problem</th>
<th>Literature Review</th>
<th>Hypothesis or Proposition</th>
<th>Source of data</th>
</tr>
</thead>
<tbody>
<tr>
<td>The factors that influence the turnover and retention rates of knowledge workers in middle and senior management positions, as perceived by human resource managers in the pharmaceutical industry.</td>
<td>Vass, 2010, Kotze &amp; Roodt (2005) Shevchuk (2008) Mobsicot Corporation (2011) Capelli (2000)</td>
<td>Human resource managers have a different perception of the factors that lead to employee turnover as compared to employees themselves.</td>
<td>- interviews with HR managers</td>
</tr>
<tr>
<td></td>
<td>- review of company data</td>
<td></td>
<td>- review of industry data</td>
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<td></td>
<td>- review of industry data</td>
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</tbody>
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4. METHODOLOGY

4.1 RESEARCH METHODOLOGY

Research methodology is typically qualitative, quantitative or a mix of both (Leedy & Omrod, 2005). Although difficult to define, qualitative research is used for exploratory or inductive inquiry in areas where data needs to be drawn from context, where there is a paucity of data, or where quantitative analysis would be inappropriate to apply to the subject in question (Taylor & Bogdan, 1998). Qualitative research is aimed at gathering emergent data, and is interpretive in nature (Marshal & Rossman, 2006). Glazier (1992) uses negative statements to describe what qualitative research is not, and assumes that by exclusion, the reader will define what it is:

It is not procedures that predominantly rely on statistical analysis for inferences. It is not a set of procedures that rely predominantly on quantitative measures as a means of data gathering. It is not a set of preliminary data-gathering procedures intended to be used as a device for determining what non-qualitative methods should be employed for a project.

Gorman & Clayton, 2005, p 3

Creswell (1998), on the other hand says that "qualitative research is an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. The researcher builds a complex, holistic picture, analyses words, reports detailed views of informants, and conducts the study in the natural setting" (Cresswell, 1998, p. 15).

This research aimed to study an area that has received little attention from South African researchers. Further, the nature of the subjective and detailed data collected did not lend itself to quantitative examination, though future studies may seek to use quantitative methods to validate the conclusions from this study. This study was therefore qualitative in nature.
Although questionnaires and a quantitative approach have been employed by other researchers with similar topics in the past (Booysen, 2007, & Lee & Mitchell, 1994), this methodology was considered inappropriate as it would not have produced the requisite granularity of data for a confirmatory study such as this.

It was expected that the qualitative methodology, by examining both the context and the content, will yield the necessary in-depth and detailed data, with the main cost being the time that will be required to conduct interviews.

This research was a cross-sectional study. Cross-sectional design allows for data to be collected at a single point in time (Lee & Lings, 2008). This design is commonly used in social, organisational and management research, as much of the research in these areas is not amenable to experimental design (Lee & Lings, 2008). Although this design has some drawbacks related to cause-and effect conclusions, cross-sectional studies are able to achieve higher levels of external validity, particularly if an appropriate sample size is selected (Lee & Lings, 2008). Based on this, the cross-sectional design was deemed appropriate for the current research. Further, the time and cost constraints under which the research was conducted precluded other recognised study designs.

A general inductive approach was employed. This approach allowed findings to emerge from the frequent, dominant or significant themes inherent in the raw data, without the constraints imposed by structured methodologies (Thomas D., 2003).

**4.2 RESEARCH DESIGN**

Six mid and large-sized pharmaceutical companies operating in South Africa were analysed. Data collection was through in-depth 1-on-1 interviews. Four human resource managers in these organisations were interviewed in order to understand the organisational climate, progress in employment equity, employee turnover, and middle and senior management turnover, as well as reasons advanced at exit interview for leaving the organisation. Company turnover reports, as well as employment equity reports were also examined.
Face-to-face interviews were conducted with 28 employees in the selected organisations in order to answer the research questions. These took the form of one-on-one in-depth, semi-structured interviews. Zikmund (2003) proposes that for in-depth interviews, the interviewer must undertake formal training on the technique, as this may impact on the quality of the data collected.

Interviews were undertaken with 18 individuals that had left organisations (“leavers”) and 10 that have remained with their organisations (“stayers”), to gain a better understanding of the factors that have led to their decision. In order to be better able to access the leavers, employees that had recently joined the organisations that were selected in the previous 18 months were approached to respond as leavers of their previous organisation. Data from human resource managers was collected via interview and examination of documentation.

The interviews were semi-structured and in-depth so as to be directed, yet allow the respondents scope to candidly express their views, without being led by the question (Zorn, 2003).

4.3 POPULATION AND SAMPLE

4.3.1 Population

Organisations: This research focused on 6 mid- and large-sized pharmaceutical companies operating in South Africa. These companies included local pharmaceutical companies, as well as South African operations of multinational companies. The companies were randomly selected from a predefined group of organisations that are part of the broader pharmaceutical industry of South Africa. Criteria for selection were size of organisation, geographic location of offices, availability and willingness of the organisation and employees to participate in the study.

---

7 Companies with 50 or more employees
Occupation and tenure: Employees that had been with the company for more than 3 years ("stayers"), and those that had recently joined the company within the previous 18 months ("leavers"), in various roles including those in human resources, sales, marketing, medical / scientific / regulatory, as well as those in the support functions, including finance, information technology, legal and supply chain at middle and senior management levels.

Human resource managers employed at the 6 pharmaceutical companies that were selected.

Occupation level: Middle and senior managers.\textsuperscript{8} 

Human resource managers.

Race and Gender: Black and white professionals of both genders were included in the research. Human resource managers of all races were interviewed in order to understand the organisational factors.

\textbf{4.3.2 Sample and sampling method}

Sampling is the process of selecting, and accessing respondents for a research study. There are two broad categories of sampling: probability sampling and non-probability sampling. This study utilised the snowball sub-type of non-probability sampling in order to answer the main problem identified in chapter 1. In non-probability sampling, the researcher selects the sample from the population using subjective judgement, rather than random selection (probability sampling) (Doherty, 1994).

Snow-ball sampling is a technique of non-probability sampling where a subject who is identified as meeting the criteria for inclusion in the study, is requested to identify and recommend others who may be eligible for inclusion (Doherty, 1994). This is a useful technique to use when subjects may be difficult to locate, for instance randomly finding recently appointed knowledge workers in the pharmaceutical industry, and when time and

\textsuperscript{8} Occupation level as defined by the job-grading system used by the company
cost are important considerations (Cooper & Schindler, 2011). The main drawbacks to this sampling technique are variability of the results, an increased possibility of sample bias, and representativity cannot be claimed. The snowball sampling technique was selected as the most appropriate given the difficulty that had been anticipated in identifying participants, as well as the time and cost constraints that this study was subjected to.

Mid-sized to large pharmaceutical companies were selected for participation. The companies that were included in the selection process are part of the South African pharmaceutical industry that employs over 6000 individuals (Pharmaceutical Task Group, 2010). Leedy and Ormrod (2005) state that any population of more than 5000 units requires a minimum sample size of 400 to ensure representativity of the sample, and ascertain that useful inferences about the population can be drawn. However, this study utilised non-probability sampling, and according to Zikmund (2003), in non-probability sampling, since the researcher uses his / her judgement to choose a sample, the researcher can similarly use their judgement to select an appropriate sample size. For this study, a sample size of 40 had been planned, and ultimately 32 respondents participated in the research. This sample size had been chosen based on past research with similar interest, design and subjects, having approximately the same sample size (Kashe, 2008; Khanyile & Maponga, 2007).

4.4 DEMOGRAPHICS OF SAMPLE

4.4.1 Company Profiles

Seven companies were approached for participation in this research. Six companies ultimately agreed to participate, with one company declining to consent to participation. All participating companies are pharmaceutical companies with major offices in Johannesburg. The companies have more than 50 employees (Table 3), well established human resource practices, and have been collecting internal employee turnover statistics since at least 2007.
Table 3: Company profiles

4.4.2 Respondent Demographics

Of the participants, 18 were leavers, 10 were stayers and the remaining 4 were human resource managers (two black and two white, all female). Employee turnover data from all 6 companies was received.

The average length of employment at the given organisation for stayers was 7.2 years, while on average, the leavers had changed jobs in the previous 11 months. A breakdown of the participant demographics is given in the Table 4 below.

Table 4: Participant demographics
The same proportion of leavers and stayers had a bachelor’s degree, approximately 60% in each cohort, while a considerably larger proportion of leavers had a master’s level qualification (40% vs. 20%). Both interviewees who had doctorates in the sample had remained with their companies for longer than 3 years (Table 5).

<table>
<thead>
<tr>
<th></th>
<th>Black</th>
<th>White</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stayers</td>
<td>2 PhD Level</td>
<td>1 Master’s Level</td>
</tr>
<tr>
<td>Leavers</td>
<td>3 Master’s Level</td>
<td>1 Master’s Level</td>
</tr>
<tr>
<td>Female</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stayers</td>
<td>1 Master’s Level</td>
<td></td>
</tr>
<tr>
<td>Leavers</td>
<td>2 Master’s Level</td>
<td>1 Master’s Level</td>
</tr>
</tbody>
</table>

*Table 5: Stayers and leavers by race, gender and postgraduate qualification*

4.4.3 Interviewee Demographics

The researcher set out to interview 42 middle and senior managers from 7 companies within the pharmaceutical industry in South Africa. A total of 7 companies were approached, with 6 of the approached companies providing consent for their employees to be requested for interviews. A request for interview was sent to 40 individuals in the identified companies. 32 of the 40 employees approached were willing to be interviewed, and provided signed informed consent forms (APPENDIX A). The findings are drawn from semi-structured 1-on-1 interviews as well as employee turnover data presented by the respective companies.

Of the people interviewed, 19 were males, 13 were females, and 22 were black (Table 4). There was an even spread between middle and senior managers (as defined by the respective companies), with 13 interviewees being viewed as middle managers, and 15 as senior managers (Table 13)

4.5 PROCEDURE FOR DATA COLLECTION

Human resource managers from the companies selected in the sample were interviewed. Where more than one human resource manager existed per company, the most senior manager was approached to identify the individual whose job role was most appropriate to addressing the research questions.
Respondents who participated in the interviews were identified after the companies had been selected. Names were selected from lists provided by companies, though the selection process was independent of company input to minimise bias. The employees selected had been with the company for more than 3 years, or had joined from another company within the previous 18 months. Preference was given to those that have most recently joined the organisations and those that had been with the companies the longest (recent joiners, and longest servers).

In total 32 semi-structured one-on-one interviews were conducted (Table 6) Most of the interviews were conducted at the respondents’ place of employment for convenience and practicality, and to provide an environment conducive to discussion. However, some interviews were conducted at neutral venues as some respondents did not feel comfortable for the interview to occur at their places of employment.

<table>
<thead>
<tr>
<th>Description of respondent type</th>
<th>Number sampled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resource Managers</td>
<td>4</td>
</tr>
<tr>
<td>White Middle and Senior Managers (Retained)</td>
<td>4</td>
</tr>
<tr>
<td>Black Middle and Senior Managers (Retained)</td>
<td>6</td>
</tr>
<tr>
<td>White Middle and Senior Managers (Exited)</td>
<td>4</td>
</tr>
<tr>
<td>Black Middle and Senior Managers (Exited)</td>
<td>14</td>
</tr>
</tbody>
</table>

Table 6: Profile of respondents

The data was collected using a digital voice recorder, and notes taken by the researcher during the interview, and full-length transcripts were transcribed.
4.6 THE RESEARCH INSTRUMENT

Although the interviews conducted were in-depth, a short interview guide with open-ended questions was used by the researcher to provide some structure to the interviews and allow for exploration and depth of questioning (Zorn, 2003) (see APPENDIX B, C, D). This type of interview guide is useful in ensuring that all salient points are covered, while allowing the interviewer and interviewee the flexibility to consider other issues of interest as they arise.

4.7 DATA ANALYSIS AND INTERPRETATION

As with the methodology, data analysis can be described as either qualitative or quantitative (Blanche, Durrheim, & Painter, 2006). Leedy & Omrod (2005) suggest that data analysis in qualitative research is complex, with many different ways of doing it. As the methodology in this study was qualitative, and data collection was through semi-structured interviews, the data analysis was also qualitative, and began with transcription of the collected data from written records and electronic voice recordings.

Qualitative research results in large amounts of data that is often detailed and contextual. The challenge is for the researcher to wade through this volume of data in order to describe and comment on what was being studied (Savenye & Robinson, 2002). This can be achieved through data reduction, in what is sometimes referred to as thematic analysis. Miles and Huberman (1994) describe three concurrent flows of activity during qualitative data analysis: data reduction, data display, and reaching a conclusion.

Data display refers to displaying data visually in order to make it easier to analyse. This is an important and underutilised part of the information flow described by Miles and Huberman (1994). Data display can take the form of charts and graphs, diagrams, tables and drawings.

Once the data has been displayed, it can be coded in order for it to be categorised and interpreted, and for conclusions to be drawn. Coding is a technique that aims to organise the
data in order to make comparisons of similarities and differences, interpretation of relationships and prevalence, and deductions easier (Miles & Huberman, 1994).

Miles and Huberman (1994) suggest that researchers begin by creating an initial start list that is refined as the data collection and analysis progresses. However, the inductive approach, which was utilised in this study, calls for data to be collected first prior to codes being induced (Savenye & Robinson, 2002).

This study followed the Miles and Huberman process of data collection, transcription and reduction, coding, and analysis. The software that was used in the analysis of the data is ATLAS.ti version 5.0.
5. RESEARCH FINDINGS

5.1 THE RATE OF EMPLOYEE TURNOVER AMONG KNOWLEDGE WORKERS IN THE SOUTH AFRICAN PHARMACEUTICAL INDUSTRY

The company data of employee turnover of knowledge workers in the period 2007 to 2010 that was reviewed indicates that among knowledge workers, the average employee turnover rate is almost 22%. Although this figure is showing a steady decline from 2007 onwards, the overall rate remains high, particularly among black knowledge workers.

<table>
<thead>
<tr>
<th>Company</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>Total Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Black</td>
<td>White</td>
<td>Average</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company 1</td>
<td>37%</td>
<td>39%</td>
<td>39%</td>
<td>18%</td>
<td>n = 2180</td>
</tr>
<tr>
<td></td>
<td>10%</td>
<td>48%</td>
<td>39%</td>
<td>24%</td>
<td></td>
</tr>
<tr>
<td>Company 2</td>
<td>19%</td>
<td>22%</td>
<td>21%</td>
<td>6%</td>
<td>n = 151</td>
</tr>
<tr>
<td></td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Company 3</td>
<td>60%</td>
<td>27%</td>
<td>35%</td>
<td>74%</td>
<td>n = 268</td>
</tr>
<tr>
<td></td>
<td>81%</td>
<td>18%</td>
<td>28%</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Company 4</td>
<td>13%</td>
<td>19%</td>
<td>17%</td>
<td>5%</td>
<td>n = 54</td>
</tr>
<tr>
<td></td>
<td>9%</td>
<td>15%</td>
<td>13%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Company 5</td>
<td>35%</td>
<td>33%</td>
<td>34%</td>
<td>25%</td>
<td>n = 127</td>
</tr>
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<td></td>
<td>51%</td>
<td>40%</td>
<td>45%</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Company 6</td>
<td>60%</td>
<td>52%</td>
<td>54%</td>
<td>69%</td>
<td>n = 96</td>
</tr>
<tr>
<td></td>
<td>72%</td>
<td>41%</td>
<td>46%</td>
<td>44%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>65%</td>
<td>45%</td>
<td>51%</td>
<td>52%</td>
<td></td>
</tr>
</tbody>
</table>

Table 7: Data of employee turnover of knowledge workers 2007-2010

Overall, black males emerged as the group with the highest turnover in the sample investigated, while white males were the group with the highest retention rate (Figure 8).
5.2 INDUSTRY FACTORS THAT INFLUENCE TURNOVER

Industry factors that affect employee turnover are those factors that are intrinsic to the operating environment of all the companies in the pharmaceutical industry which play a role in individuals wanting to stay with their organisations or move on to another.

When questioned about whether there were any industry factors that impacted on their decision to stay or leave their organisations, a number of factors were highlighted by the respondents.

The economic climate was raised as an important consideration when coming to a decision on whether to move or stay with the company. Three respondents stated that since the economic slowdown of 2008/2009, they have been reluctant to consider moving to another company as they feared for their job security. An interviewee mentioned that the only reason she would change jobs is if she was going to something better, and “currently, better jobs are very hard to come by” (female, white, 44). One respondent felt that he would need to “scrutinise the financial stability of a company prior to joining, more so now than in the past and even then, the decision to leave would not be an easy one” (male, white, 36). Another respondent mentioned that he would be uneasy changing jobs in the current economic climate, as the
laws governing retrenchments dictate that the last employee to come into an organisation must be the first to be given severance (last in, first out – ‘LIFO’) (male, black, 39).

In contrast, some respondents see the economic uncertainty as an opportunity. In one’s view, when companies are going through difficult times, they will turn to people who they can trust to deliver, and it is only those that perform well and deliver results that will survive (male, black, 41).

The skills shortage also emerged as an important industry factor that impacted on employee turnover. Some employees see the skills shortage as an opportunity. This “makes it easier to move around” (female, white, 41) even in harsh economic climates. It was also put forward that “people are more loyal to their careers” (male, black, 33) and so will do what is best for the individual rather than the organisation. It is recognised that the skills shortage is not limited to certain organisations, but is an industry-wide problem, and companies that are able to adequately address this issue will have a competitive advantage (male, white, 53).

This high mobility and individual-centric view was contrasted against the past era when a person would work “for a company for life, and through the company... buy a house... a car, put [their] kids through university” (male, black, 59). A key factor that was identified as assisting the mobility was increased networking within industry (male, black, 30) which has made it easier for individuals to take advantage of opportunities as they arise.

Many black respondents commented that the South African pharmaceutical industry remains mainly white and untransformed. This slow pace of transformation has resulted in the frustration voiced by one respondent who commented that “the environment was hostile” (black, male, 40), and another that “top-line management has not transformed across industry” (black, male, 59). There is also a view that certain jobs “are reserved for white people, particularly in finance, IT and marketing” (black, male, 59), and this leads to dissatisfaction that results in turnover, particularly of black workers.
There is also a perception that skilled black employees have a higher turnover than their white counterparts because of the equity laws that favour the recruitment of black candidates (female, black, 47). This view is supported by some respondents who reported that “there is a demand for black employees due to the employment equity laws” (female, white, 41), and that there is a higher turnover among black knowledge workers because “everyone in the industry is looking to fill their quota” (male, white, 53). A human resource manager concurs, proposing that the turnover of black knowledge workers is exacerbated by employment equity targets (Company 6, white, female, 52). There is an outlook among respondents that the high turnover can only be addressed through tackling education and training to ensure adequate numbers of capable people (female, black, 47).

5.3 ORGANISATIONAL FACTORS THAT INFLUENCE TURNOVER

Organisational factors that impact employee turnover are those factors that are unique to an individual company or subset of companies within the industry that through their presence or absence, have an effect on turnover and retention.

Organisational culture emerged as an important factor determining employee turnover in the sampled population. Five respondents reported that where they felt uncomfortable with the organisational culture, they were unlikely to remain. One individual said that in his current organisation, there is a disconnect between the culture as espoused by top management, and that experienced by lower level staff, and that this incongruence is creating a lack of trust within the organisation. He went on further to say “if I had to come into this company knowing this culture, I would not do it” (male, black, 39).

Another, a recent leaver, highlighted his reason for leaving the organisation as “a cultural mismatch” (male, black, 37) between him and the organisation. He felt that the organisation was not a “learning environment”, and what the management expected was that individuals “went in, did what they were supposed to do, and that was it”. He felt that he needed a more nurturing culture as he was developing his career, and believes he has found it in the new company which he had joined four months previously.
A culture that does not cultivate a positive interaction between employees surfaced as a reason that resulted in turnover. A respondent who said that he “couldn’t trust [his] colleagues”, became “unhappy with the environment”, and that resulted in him leaving the organisation (male, black, 33).

Respondents singled out an environment where they are “managed on outputs” (male, white, 32), that embraces change (male, white, 36), and where employees are respected (male, black, 59), as being one that is attractive to them, and that would encourage retention. Other attributes of an attractive culture included innovation, open communication, and support for work-life balance:

Life is hectic, and work-life balance has gone out the window, so you can’t impose on people working cultures while totally ignoring life-balance.

Female, black, 47

For many black respondents, both stayers and leavers, a culture that embraced diversity was very important. These individuals felt strongly that their cultures and religions needed to be affirmed and respected in the workplace if they were to consider a long-term commitment to the organisation. This was highlighted by the comment that “black professionals have difficulty finding a welcoming home in most organisations” (female, black, 38). It was noted by a respondent that diversity is important to providing a different perspective, and assisting with tolerance, not only for organisations, but also for the broader society (female, black, 38). Not only was the lack of diversity considered important in causing turnover, two respondents mentioned that they specifically look at the diversity profile of organisations as part of the recruitment process prior to joining companies (male, black, 30; female, black, 35).

The importance of transformation (or lack thereof) as a determinant of employee turnover was clearly demarcated along racial lines, with all the black respondents highlighting its central role, while only 5 of the 10 white respondents seeing it as a factor that would influence turnover. A respondent who was a leaver summarised his reasons for leaving his previous organisation as follows:
There was no interaction between the employees. There was no trust. I couldn’t trust my colleagues. There was also no integration between the different cultures. It was a segregated organisation, like the new South Africa hadn’t reached there. And that was primarily because management itself, which was entirely white, had not bought into the idea of an integrated society, so you couldn’t expect the employees to do so. Diversity was non-existent.

Male, black, 33

One white respondent who was interviewed as a leaver mentioned his reason for leaving the organisation as “too much transformation” (male, white, 32). He acknowledged the role and necessity of transformation of the South African economy in general, and the pharmaceutical industry in particular, but went on to say that when the transformation process started to impinge on his career growth and prospects, he had no option but to move to another organisation. This negative view of transformation was shared by the other white respondents who commented that whites “have no chance” due to the employment equity laws giving preference to blacks (female, white, 41), and companies “looking to fill their quota” of black employees (male, white, 53).

The organisational factor that emerged as the most important determinant of staying with, or leaving an organisation among respondents was the individual’s relationship with their direct line manager. The impact of the relationship with the manager was described variously as “absolutely very important” (female, white, 41), “critical” (male, black, 29), and “core and very crucial” (male, white, 53). The concept that ‘people do not leave organisations; they leave managers’ was raised by several interviewees in an attempt to illustrate the importance of a good working relationship with the manager.

The significance of this factor in causing employee turnover was highlighted by a leaver who resigned the job that was “perfect” for him (male, white, 44) because of his boss. A respondent, who recently changed jobs, mentioned that he resigned from his previous position because he “hated [his] boss” (male, black, 30). This was echoed by another who said
There [was] no way I could stay [there] any longer. [My manager] was killing me.
There was no support from my employer at all. Not even for the obvious things.

Male, black, 37

One individual who had a good relationship with her manager stated that during a difficult time for her previous company, the only reason she remained with the organisation was because she knew that she had her manager’s support, and so she reciprocated with her loyalty. 18 months later, when the manager moved to another company, she moved with him.

The significance of a good manager relationship on career development was emphasised by a young respondent who stressed the need for a caring manager that will take an interest in his future (male, black, 33).

5.4 PERSONAL FACTORS THAT INFLUENCE TURNOVER

Personal factors that influence turnover are those determinants that are specific to an individual, and may relate to non-work aspects. These may include dynamics such as career growth and progression, remuneration and distance from home to work.

In the interviews conducted, it seemed that although industry and organisational factors were important, personal factors were the critical determinants of turnover. Individuals reported being able to tolerate some negative organisational factors, but if the personal factors were not adequately addressed, they would leave the organisation even in unfavourable market conditions.

The main factor that has led to some respondents leaving and others staying with their respective organisations is personal and career growth opportunities. These opportunities, in spite of other negative aspects of the work environment were cited as the reason for retention in three cases, and the lack thereof as reason to leave in a further ten instances. Leavers cited that “organisations must be willing to get people to the level that [the individuals] want to get to” (male, white, 44), and “if [they] are not given those opportunities, [they] will move on”
(male, black, 37). An interviewee who stayed mentioned that “despite all the other [problems they] were going through, the experience and the development was good” (male, black, 59).

Some interviewees also raised the fact that they considered career growth opportunities at prospective companies prior to joining, avoiding those companies where growth would be limited. Some respondents interviewed had positive career development experiences at their organisations. One such individual who subsequently stayed with his company through 3 restructures in the last 5 years said:

It was one of the reasons I stuck around. My perspective, people have two choices: when they work for a company, they can either stay within their cocoon and develop and excel by whatever means they have at their disposal, or you grow and develop beyond that. But that is a personal motivator. I have been here for six years, it has been a long part, like I said in the beginning, if I wasn’t allowed to grow and explore another side of things, which I did tend to be interested in, I would have left a long time ago.

Male, white, 32

Other respondents noted that having studied and worked hard, and after sacrificing time with their families, it was a fair expectation that the organisation will take care of career development. However, organisations are not always aware of this need. One respondent mentioned that she left her organisation because her expectation for growth was not met, despite the fact that this expectation was never communicated to her line manager (female, black, 38). Another felt that although progress was being made, he felt that it was not fast enough, and so sought other employment (male, black, 30).

All respondents were probed directly whether money played any role in their decision to continue or terminate their employment. Of the 28 respondents, only 4 said that money would determine whether they changed jobs, with the remaining 24 mentioning that although money is important in their career decision, it is not the primary element of that decision. All four respondents who viewed money as a key factor were leavers, with one stating that he has “to make as much money as [he] can while [he is] young” (male, white, 32). Another from a
previously disadvantaged background complained that the burden of student loan repayments meant that remuneration took on greater significance for him than he thinks it would have if he didn’t have the additional financial burden (male, black, 28).

Other respondents commented that although money was not important for them, in their view, it was important for many young black employees as they had been deprived of many things in the past (male, black, 35).

Congruence of organisational and personal values also emerged as playing a key role in causing people to stay in their jobs. The respondents who mentioned this felt that if the company values or ways of doing business were counter to their own outlook, the conflict would make it very difficult to be motivated. An individual who had been with her company for 7 years said “I like the decisions that get made, in terms of ethical behaviour and putting patients’ safety first. I feel the company values are aligned to mine. The company has shown that it can take care of its employees. I feel like I matter. And I feel like I’m making a difference” (female, white, 38). Another respondent mentioned that if the company values had to change to an extent that he found them disagreeable, that would be a push factor for him to leave the organisation (female, black, 49).

Other personal factors that emerged were an opportunity to travel, and flexible working hours.

5.5 DIFFERENCES IN PERCEPTIONS BETWEEN BLACK AND WHITE KNOWLEDGE WORKERS

Although not many, some differences in perception and opinion were identified between black and white knowledge workers. These include the opinion on transformation, where black respondents felt quite strongly that it was a matter that was not being addressed in the pharmaceutical industry, while for the majority of white respondents, it was a non-issue. Similarly, there was a difference in emphasis on a culture that embraced diversity between the two groups.
5.6 FACTORS AS PERCEIVED BY HUMAN RESOURCE MANAGERS

The human resource managers that were polled were in agreement that the expected turnover of knowledge workers in the pharmaceutical industry in South Africa is higher than that of other workers in the same industry, other knowledge workers in other sectors in South Africa, and also higher than that of knowledge workers in the pharmaceutical industries of developed markets. One human resource manager whose company also has a presence in India noted that the situation in India is even worse, with turnover rates among knowledge workers averaging over 50%.

Interestingly, human resource managers were unanimous in their perception that the main factor causing employee turnover, particularly among Generation X\(^9\) knowledge workers, was money. In their view, the materialism that is prevalent in the South African society is fuelling the constant demand for higher salaries, and this situation is exacerbated by the skills shortage. Consequently, companies are cornered into paying top-dollar for the talent. They did not see race or gender as a factor as the rarity of the skilled talent makes selectivity a luxury.

Also of note, all the human resource managers interviewed were happy with the progress of transformation that their respective companies had made. Although some conceded that there was still a lot to be done, they were of the view that great change had already taken place, and that those that are complaining about lack of progress are impatient and unappreciative of the improvement. Only one of the four human resource manager respondents was open to the possibility that in their organisation, the state of transformation may be a factor that is pushing employees to other companies:

> We get it from the top that black people may be leaving because we’re not transformed enough, and I throw it back at the executives that they are not committed enough to transformation to stop the talent from leaving.

Company 3, female, black, 44

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\(^9\) Generation X (or Gen X) is generally considered to refer to people born from 1965 through to the early 1980’s
Another industry-level factor which emerged as having an impact on employee turnover is the skills shortage in the pharmaceutical industry. The shortage of suitably qualified individuals to fill all open vacancies in organisations was implicated by human resource managers as a driver for turnover due to poaching of talent by competitor companies. The managers admit to openly “shopping” for talent on their competitors’ employee lists because “there is just not enough [talent] to go around” (Company 3, female, black, 44). Another manager finds it difficult to believe that despite this skills shortage, “there is no concerted effort by industry” to tackle the problem, with the likelihood that the skills shortage will still be an issue in 10 years time (Company 4, female, black, 47).

Unsurprisingly, these human resource managers were happy with the culture and environments within their organisations, and believed that they had good human resource practices that were competitive with other companies and other sectors. However, when quizzed about the higher rate of turnover of knowledge workers in their organisations as compared to other industries, reasons such as “poaching”, “work-life balance” and “lack of commitment and loyalty” by the employees are advanced. This speaks to the mismatch in what employees want and what employers give outlined by Taylor (2002).

The human resource managers that were involved in this research believed that their companies provided good development programs that accelerated the career prospects of high potential individuals. They also highlighted the need to comply with skills development legislation as a motivator to have good development programs.
5.7 DATA FROM EXIT INTERVIEWS

From the review of exit interview reports and aggregated analyses, five areas emerged as being important determinants of turnover in the companies reviewed (Table 8).

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Money</td>
<td>61%</td>
</tr>
<tr>
<td>2 Relocation / immigration</td>
<td>3%</td>
</tr>
<tr>
<td>3 Personal reasons e.g. to start a family</td>
<td>5%</td>
</tr>
<tr>
<td>4 Relationship with manager</td>
<td>7%</td>
</tr>
<tr>
<td>5 Lack of future prospects</td>
<td>9%</td>
</tr>
<tr>
<td>6 Other e.g. avoidance of disciplinary hearing</td>
<td>15%</td>
</tr>
</tbody>
</table>

Table 8: Determinants of turnover from exit interview reports

In the majority of the reports examined, leavers cited money as the primary reason for leaving their organisation for another company. A composite of other variables such as avoidance of disciplinary hearings, restructure or acquisition, and discontentment with strategy, values or environment made up 15% of the determinants in the data reviewed. Lack of future prospects and relationship with the direct manager were also important reason why people left.
6. DISCUSSION

6.1 RATE OF TURNOVER OF MIDDLE AND SENIOR MANAGERS IN THE SOUTH AFRICAN PHARMACEUTICAL INDUSTRY

The turnover of middle and senior managers in the South African pharmaceutical industry is high. The sample turnover rate of 22% among knowledge workers (Table 7) is significantly higher than the industry average of 15% in the Deloitte study (Aspen Pharmacare, 2011). This observation is corroborated by Horwitz et al. (2002) who argue that knowledge workers tend to have a higher turnover rate than non-knowledge workers because of their unique attributes. The turnover rate is higher than that of other workers within the pharmaceutical industry, and also more that other workers in other industries. Reasons advanced for this anomaly include industry, organisational and personal factors, and these have been coded based on the discussions with respondents (APPENDIX J).

Although average employee turnover of knowledge workers in the pharmaceutical industry has been on a downward trend, the rate remains high, particularly among black knowledge workers. Horwitz et al. (2002) have advanced reasons, so too have human resource managers from the studied organisations. The views of the respondents have been reported and will be discussed below. However, what should be of concern to organisations and labour authorities alike is the very high – and increasing – rate of turnover among black knowledge workers in this sector, albeit from a small base – blacks make up less than 38% of the management levels in the pharmaceutical industry (Table 10). The very fact that in 2010 this base was still considered ‘small’ should be of concern in itself, particularly in light of the comments made by the respondents with respect to transformation in the sector.

The underrepresentation of blacks and women in these organisations is a factor that affects the turnover rate of these groups, as illustrated by the comment, “I’d say that it is relatively important for me not to be the only black person in the group. I don’t want to be the odd one out” (male, black, 28). Wocke and Sutherland (2008) describe social identities in the workplace, through which people identify and group themselves and others in the work
setting. They propose that if one finds themselves in an extreme minority, this has a significant disruptive effect on the psychological contract, with the outcome being employee turnover.

There was a notable difference in perception and thinking between respondents who were younger than 40 years, and those who were older than 40 years, particularly in their attitude to employee turnover. The younger cohort was more focused on their career and ensuring that there is career development and growth, and so were not afraid to change jobs to guarantee this, while the older cohort was concerned with job security and pension funding, and thus had extended tenure in their companies. This difference is illustrated in the variation in the age demographic between the two groups: the average age of the total sample was 38.3 years (range 28 – 59), the leavers’ cohort has a mean age of 34.5 years as opposed to the 45.2 years of the stayers’ cohort (Table 4). Although in their paper, Healy, Lehman, & McDaniel (1995) found no correlation between age and turnover, Werbel & Bedeion (1989), and Price (1977) as cited by Gupta (2003) found that age has a powerful independent effect on retention and turnover, with older employees tending to stay while younger ones moved.

There also seems to be a relationship between tenure and propensity to stay within the organisation. The longer that an individual was with an organisation, the more likely he or she was to remain, while the leavers also had shorter tenures at previous employers. Findings by Gupta (2003), Gerhart (1990) and Price (1977) illustrate a direct positive relationship between tenure and intentions to stay. This is important for employers to note as they should expect and plan for shorter tenures from individuals who have a history of changing jobs. However, Gupta (2003) recommends exposure to areas of specialisation in order to retain individuals for longer periods. This will also support the desire of individuals for career development as highlighted in the findings of this research.

Seniority within the organisation does not seem to be a factor that influences whether an individual stays or leaves an organisation. This is evidenced by similar proportions of stayers and leavers in middle and senior management (Table 4). However, there is a clear race and
gender predisposition, when these are considered as sub-variables of seniority, towards a higher rate of turnover of black male senior managers (Table 13).

6.2 INDUSTRY FACTORS THAT IMPACT ON TURNOVER

6.2.1 Economic Climate
The economics of the labour market dictate that when demand is low, as in the recent economic downturn, employee turnover is also low. However, when the economic environment is juxtaposed with the skills shortage prevalent in South Africa, the picture that is seen is one of decreased, but not low staff turnover. This is illustrated by the data collected from the 6 participating companies. In the pharmaceutical sector, the economic climate does play a role in the individual’s decision to remain with or move from their organisation, but to a lesser extent than in industries where there is a greater supply of talent.

When looking at the statistics in Table 7, it is clear that during the period of economic slowdown in South Africa, people tended to hold on to their jobs, with the resultant reduction in turnover of knowledge workers from a mean of 33.3% in 2007 to just under 22% in 2010 for the investigated organisations. This finding is supported by the work of Kotze & Roodt (2005), and Morrell, Loan-Clarke, & Wilkinson (2001) who posit that labour supply and demand, job search theory, and job mobility are a function of the prevailing market conditions.

6.2.2 Skills Shortage
South Africa is experiencing a general skills crisis, especially in relation to the retention of ‘knowledge workers’ (Kerr-Phillips & Thomas, 2009). “Skilled resource is a major challenge” (male, white, 53), and the Minister of Finance, Pravin Gordhan concurs, stating that it presents serious constraints to the country’s economic growth (Hamlyn, 2010). The shortage of skills has an equally profound impact on the pharmaceutical industry (Contogiannis, 2007; Pharmaceutical Task Group, 2010). Scarcity of skills stimulates the open competition for talent (Capelli, 2000), and drives turnover higher. Without the right talent in the market, companies have a choice to either poach from competitors or go without,
with resultant constraint on growth (Capelli, 2000). In order to entice knowledge workers from other organisations, companies are required to present meaningful proposals to the would-be targets, which usually includes a high salary package and other non-financial benefits.

The human resource managers interviewed during the research process stressed that growth of the industry was being hamstrung by the lack of appropriately skilled individuals. However, it also emerged that the organisations involved in the research were doing very little to address this issue, and instead resort to stealing each other’s high potential candidates.

6.2.3 Transformation

On the journey towards transformation a number of Law Reform efforts and Employment Equity legislation have been initiated in South Africa to achieve social justice and equality and to redress past unfair discrimination. (Booysen 2005, p. 9)

The uniqueness of investigating employee turnover in the South African context is in the history of the country, and the various pieces of legislation that have been enacted in an attempt at redress. Apartheid era labour laws disrupted the market dynamics in favour of the white minority, while the current equity laws (taken in totality) aim to do the same to advantage the black majority (Thomas & Jain, 2004). This pendular change in legislation to favour blacks came through very strongly from white respondents, one of whom said, “There is a demand for black employees because of equity laws. The rest of us have no chance, even if I am a woman” (female, white, 41).

Employment equity has impacted the different race groups differentially (Wocke & Sutherland, 2008): it has instilled fear of discrimination and limited career prospects in whites, and stirred the anger of blacks at the slow pace of change, resulting in increased employee turnover, defeating the purpose that the laws were intended to achieve. The differences in views between blacks and whites can lead to latent discontent and tension (Thomas A., 2003). This can then lead to misguided assumptions, poor working relations,
underperformance and discrimination (Kerr-Phillips & Thomas, 2009). The legislation has also weakened the perceived link between job satisfaction and turnover for blacks, although not necessarily so for whites (Wocke & Sutherland, 2008).

The consequences of the frustration with the rate of transformation is two-fold: it results in ‘poaching’ of talent by competitor companies to ensure that BBBEE scorecard targets are met in order to be able to conduct business with government, increasing the rate of employee turnover; and secondly, discouraged black talent leaves organisations and the industry as a result of a perceived glass ceiling. In their papers, Khanyile and Maponga (2007), and Cruz (2006) also highlight hostile environments as a key driver of employee turnover, while Frost (2002) puts forward the idea that employment equity legislation is causing an imbalance in the economics of the labour market by inflating the demand for people from designated groups, fueling the war for talent and the turnover rate.

The effects of these laws on employee turnover are appreciated by the human resource managers and employee respondents alike as demonstrated in the research findings. However, it seems that organisations are not doing enough to educate their employees on the necessity and benefits to industry and society of addressing the past imbalances, and that could be an important starting point to ensuring that fears and anger are not factors that unduly influence turnover.

6.3 ORGANISATIONAL FACTORS

Organisational factors that impact employee turnover have been the focus of many researchers. As the organisation is where the employee has the work experiences it is crucial that organisational factors that may lead to employee turnover are treated as priority, and solutions are found with the input from workers.

6.3.1 Culture

Organisational culture is defined as a pattern of shared basic assumptions that are learnt by the group, that work when applied in problem solving, and are taught to new members as the
correct way to interact and solve problems (Schein, 1992). Positive organisational culture has been found to have a significant positive correlation to commitment and decreased turnover (Lok & Crawford, 1999). This supports the findings of the study where a respondent noted that “if I didn’t like the culture, I’d duck” (male, white, 32). Company culture has been found to be as important, if not more so, than money in improving retention and decreasing turnover (Logan, 2000).

The effect of organisational culture on turnover is well illustrated in Veldman’s model (2003) (Figure 3) where culture is described as the macro-environment in which the employee is expected to conduct his or her daily tasks. If this is found to be lacking, there can’t be a long-lasting employer-employee relationship.

While it is important to have a culture that is conducive to retaining talent, equally important is to ensure that the culture is aligned to the company values, and that there is shared meaning and experience of the organisation’s culture from the top to the very bottom. This can only occur if the company culture involves open and candid communication. Where this is not the case, it comes across as “a great divide between what management says and what actually happens” (male, black, 39). The lack of open communication, shared meaning and common experience of company culture is implicated by Burton (2006) in over 80% of turnover decisions. Similarly, Deal & Kennedy (1982) claim that a strong culture is based on, among other things, shared meaning and experiences.

With the advent of the knowledge economy, and electronic advancement, the line between work and personal life has been blurred (Spira & Feintuch, 2005). Glynn, Steinberg, & McCartney (2002) report on a William M. Mercer study in which 71% of the companies polled highlighted work-life balance as a primary driver for employee turnover. Although Covey (2004) considers work-life balance as the most significant struggle faced by modern man, this does not seem to be the case for the sample involved in this research. Both male and female respondents of all races gave mention to a culture that supports work-life balance as an important aspect that determines turnover. It was interesting to note no gender differences in the desire for work-life balance in this study, supporting Glyn et al. (2002) who found that
men are increasingly voicing their desire to spend time with their families. However, when pressed further, all respondents who raised work-life balance conceded that work-life balance was an aspiration, and although they did not currently have the balance, they were not contemplating a change of job.

### 6.3.2 Diversity

Transformation of organisations and of the South African pharmaceutical industry is based on legislation that is aimed at addressing the imbalances of an unjust past, and is closely related to organisational culture and diversity (Booysen, 2007). Diversity of an organisation is important in sustaining the momentum of transformation. In the study by Ng and Burke (2005) they found that the lack of ‘similar’ individuals in positions of authority resulted in their continued exclusion in organisations. Also high potential candidates from under-represented groups are more likely to join companies that are known to embrace diversity than those that don’t, increasing the pool of talent in diverse organisations. More and more, individuals are choosing which organisation to work for “partly for their diversity” (female, black, 35). As the team becomes more diverse, the management becomes more diverse, resulting in a well functioning, diverse and transformed organisation (Robinson & Dechant, 1997). This is of particular importance in the South African context as local business leaders will need to develop skills to effectively manage a multicultural and multi-ethnic workplace, divorcing it from the Eurocentric environment that is perceived as hostile by black employees (Prime, 1999).

Over and above the benefits of supporting transformation, diversity can have the following advantages:

- Cost savings from reduced turnover and absenteeism
- Winning the war for talent
- Business growth

Robinson & Dechant (1997)

Many black respondents reported the lack of diversity and transformation as an important factor that led them to leave their organisations. The Commission for Employment Equity
annual reports have, for a number of consecutive years, shown a decline in the retention rate for black recruits and that many South African companies are losing black employees almost as fast as they recruit them (Commission for Employment Equity, 2011; Commission for Employment Equity, 2010; Commission for Employment Equity, 2009). The lack of progress in achieving diversity and employment equity was also reported in the Careers24 Annual Salary and Work Environment Survey 2009. Some of the reasons for this include:

- Slow EE progress at management level and inconsistent progress across departments in organisations.
- Low commitment to EE from top management, with lip service by leadership about the need for EE.
- Ineffective consultation and communication around EE progress and implementation.
- A lack of cultural sensitivity where new recruits are expected to assimilate into the current organisational culture.
- A lack of cultural awareness programmes and of an organisational culture that values diversity.
- A white male dominant organisational culture that continues to exclude (formally or informally through exclusionary network practices) black recruits.
- Black people are selected as tokens and not fully integrated into companies because of little delegation of real responsibility or decision-making authority, owing to the persistence of stereotypes.
- Black staff is not systematically developed and trained – no effective talent management.
- Lack of black mentors and role models.
6.3.3 Manager relationship

Employees leave managers and supervisors more often than they leave organisations or jobs.

Heathfield (2008)

Employee relationship with the manager surfaced during the interviews as an important variable that determines turnover. In the discussions, it came out clearly that ultimately, it is the managers that determine whether an employee has a pleasant experience in the organisation, or leaves for another organisation. Dobbs (2001) asserts that a knowledge worker’s length of stay in an organisation is determined by their relationship with their manager. Mayo (1933) takes this further, positing that not only do they impact on turnover and retention, friendly teams and supportive supervisors result in employees outperforming their peers with less supportive manager environments.

The important role of the manager relationship is supported by Moran & Volkwein (1992). They highlight manager temperament as being central to job satisfaction, while Roland, Rust, Stewart, and Pielack (1996) suggest that there is a causal link between the relationship with the manager, and turnover and retention. This causal relationship was demonstrated by a respondent who commented, “I hated my boss. That’s why I left” (male, black, 30).

Respondents that have changed jobs as a result of a poor relationship with their manager, reported poor communication, lack of direction and feedback and lack of agreement on development goals. These are in line with what Heathfield (2008) found as frequent employee complaints regarding their managers:

- Poor of clarity about expectations.
- Poor of clarity about earning potential.
- Lack of feedback about performance.
- Failure to hold scheduled meetings, and
- Failure to provide a framework within which the employee perceives she/he can succeed.
Hildebrand (2008) contends that the reason that the employee-manager relationship has such profound impact is that a manager has control over the ‘CORE’ elements that create job satisfaction i.e. Compensation, Opportunity, Recognition and Environment. It is therefore incumbent on the managers to ensure that they fulfil their obligations to their direct reports, and in so doing, secure the ongoing services of their employees.

6.3.4 Role of Social Networks

Another factor that was highlighted as having a direct impact on turnover in the pharmaceutical industry, particularly in recent years, is the increased level of networking and social media. Smith (2006) cited in Berger (2009) proposes that social media has increased the volume, speed and flow of communication, connecting people and allowing them to discuss topics of common interest. Respondents, who noted the increased role that social networking has played in recent years, state that the number of industry forums and networking events that are arranged make it easier not only for individuals to know each other within the industry, but also to know what opportunities are available for those that are looking. One interviewee mentioned that “it is very easy for me to hook up to LinkedIn and find a job as soon as today” (female, black, 39). This is an emergent factor in staff turnover that employers need to be aware of and actively manage.

6.4 PERSONAL FACTORS

During the interview process, personal factors were noted as the most important aspects that individuals consider in their decision to remain with their organisation or move on to another. After coding, career opportunities, personal values and remuneration emerged as areas that require consideration.

6.4.1 Career opportunities

Opportunities to advance their careers emerged as an important factor to stay for those that have stayed, or to leave, if the opportunities were absent. It is well documented in literature that a work environment that fosters growth and development is critical to reducing turnover rates (Benson, 2006; Jamrog, 2004). Many of the respondents that have remained with their
companies quoted experience, ahead of anything else, as a key motivator to continue employment at a particular organisation. In their paper, Birt et al. (2004) noted that advancement opportunities are one of the 5 most important intrinsic factors for retention. This is supported by other local research which demonstrated that in South Africa, development of a long-term career is a major driver of employee loyalty (Markinor South Africa, 2003). Kinnear and Sutherland (2000) concur, proposing that a lack of career advancement is a leading cause of employee turnover, with Hay’s report (2002) revealing that only 22% of employees planning to leave were satisfied with their advancement opportunities. All respondents in this study considered career development and advancement as key, as exemplified in this comment:

For me the move was a career-motivated decision. Staying there any longer did not make much sense, especially as there was no benefit to my career to stay there much longer.

Female, black, 37

Knowledge workers are continually searching for knowledge and new skills, and they want opportunities to advance within their organisations in order to apply and develop these skills. The advancement may be upward or lateral, but what has been made clear from this research, is that if knowledge workers cannot advance within their organisations, they will move to one where their expectations will be met. Kerr-Phillips & Thomas (2009) have identified a complex relationship between intention to resign and unmet career expectations. As highlighted by some of the respondents, failure of the organisation to fulfil promises that were made at recruitment, particularly pertaining to advancement can have a deleterious impact on the employer-employee relationship. Individuals will not seek new challenges and opportunities for advancement if their organisation plays an active and participatory role in their career development (Rosenwald, 2000).

This is particularly true for high-potential employees who do not leave their jobs for money, but will seek opportunities to rapidly develop their careers (Brocksmith, 1997; Glen, 2006). They need their jobs to be aligned to their goals, and to things that make them happy. It is
only when work has meaning and purpose, and provides personal and professional growth, that knowledge workers will experience job satisfaction (Wagner, 2000).

One of the defining characteristics of knowledge workers is that they develop their careers independently of their organisations through education, rather than through company training and career development programs (Despres and Hiltop, 1995). So when the organisation does not support efforts to study further, these individuals do not hesitate to change employment:

I was also promised that I can pursue further studies, and when the time came, there were issues, so I couldn’t do that. Also, I was not happy with the environment at the time, and opportunities came up, and I left.

Male, black, 33

6.4.2 Money

The reason that most people engage in employment, is to earn a living so as to support their lifestyles and/or families. However, literature indicates that despite this, money is not a key factor for many knowledge workers (Brooksmith, 1997; Glen, 2006; Griffeth, Hom, & Gaertner, 2000). This has been substantiated by respondents in this survey, who consider money important – “I won’t work for nothing” (male, black, 37) – but not primary to the engagement with their employer.

Although some local literature has proposed that high turnover, particularly among black professionals, is fuelled by a desire for better pay (Selome, 2008; Maisela, 2001; Biyela, 2007), this has not been borne out in this research. In fact, the findings from this study show overwhelmingly that money does not have a decisive role in the retention and turnover of knowledge workers in the pharmaceutical industry. However, data from exit interviews indicates that leavers single out money as a reason to leave in over 60% of cases. When one respondent was questioned about this, he stated that he is guilty of reporting money as the primary reason for his departure, as he was uncomfortable informing his previous employers that he was leaving due to the lack of transformation and the open hostility that he felt (male, black, 40).
6.4.3 Purpose and Meaning

The pharmaceutical industry is involved in the healthcare value chain. Unsurprisingly, the people employed within the industry feel that their work must have purpose and meaning, and should be directed towards the betterment of human life. This was highlighted by a number of the respondents, even those that were not directly involved with patients or product. The importance of this desire for meaning is emphasised by Moses (2000) as a critical factor in retention and turnover as people want to feel that their work has a purpose, and that their activities are adding value to the company.

Further to meaning and purpose, an individual’s values are of importance in determining employee turnover. In what has been termed ‘Person-Organisation Fit’, the congruence of the values and expected behaviours at an organisation with those of the individual is essential to ensuring a lasting relationship. Cited in Ng and Burke (2005), Murray (1938) makes note that where there is a disconnect between the organisational and personal values, personal fulfilment will be stifled, resulting in a decision to exit the organisation.

The process of defining Person-Organisation Fit begins during the course of application and recruitment, a point that is often lost on both the applicant and the employer (Ng & Burke, 2005). There should be at least as much concern about ensuring the right Person-Organisation Fit, as there is about ensuring the right job-skills fit (Ng & Burke, 2005). This awareness seems to be increasing with a number of respondents reporting that value congruence is on the checklist of non-negotiable items when they seek out new organisations:

I wouldn’t say I am deep or anything, but the company vision, mission and values have to talk to me.

Male, black, 35

I also look at the company values, to see if they are in line with mine.

Male, black, 30
6.5 DIFFERENCES IN PERCEPTIONS BETWEEN BLACK AND WHITE KNOWLEDGE WORKERS

The main differences between perceptions of the two groups centred on transformation and diversity, and their relative importance in employee turnover. These differences are discussed in a previous section and highlight the organisational barriers that Booysen (2007) identified, which lead to poor retention of black managers, much to the surprise of their white counterparts, who do not understand the reasons for their departure.

6.6 LIMITATIONS OF THE STUDY

The limitations of this study were the following:

- The sampling methodology that was followed is non-probability sampling. The representivity of the population using this sampling technique cannot be claimed with certainty.
- Subjective judgement, rather than statistical techniques, was used to select the sample size.
- The researcher has not had any formal training in in-depth interview techniques.
- Qualitative research by its nature depends on subjective interpretation either of the questions asked and / or the answers given. This may limit the vigour of the findings of this study.

6.7 VALIDITY AND RELIABILITY

6.7.1 Validity

In qualitative research, researcher bias is a serious threat to the validity of the study. Researcher bias occurs when there is selective noting of only those findings that are consistent with what the researcher expects to find (AQR.Org, 2011). Validity can be described as the extent to which the conclusion, inference or proposition is true (Leedy & Omrod, 2005).
Saunders, Lewis, and Thornhill, (2009) describe validity as:

1) The extent to which the data collection method accurately measures what was intended to be measured; and
2) The extent to which the findings of the research accurately reflect what they profess.

Internal validity is the degree to which the research can conclude that observed relationships are causal, and not attributable to flaws in the design (Saunders, Lewis, & Thornhill, 2009). This is particularly important when research is aimed at making statements about cause and effect. External validity refers to the extent to which the results from a particular research are generalisable (Saunders, Lewis, & Thornhill, 2009).

Various other forms of validity are described, such as descriptive validity (the factual accuracy of what the researcher reports), interpretive validity (the accuracy of the meaning of participants that is conveyed by the researcher), and theoretical validity (the degree to which the theoretical explanation fits the data) (Saunders, Lewis, & Thornhill, 2009).

6.7.2 Reliability

Reliability is the extent to which the data collection method will yield consistent findings or result in other researchers making similar observations or reaching similar conclusions (Saunders, Lewis, & Thornhill, 2009). It is the consistency of measurement by the researcher or instrument when used under the same conditions with the same subjects (Golafshani, 2003).

Leedy and Omrod (2010) suggest that reliability can enhanced by using the research instrument in a consistent manner from participant to participant, and criteria should be set for researcher inputs and judgements so that they are not variable.
Validity and reliability was enhanced in this study through the use of triangulation of data between the employee respondent, human resource manager respondent and data from reports (such as company turnover reports and employee exit interview reports).

Another useful tool that was used in this research to reduce the impact of bias on validity and reliability is reflexivity. Reflexivity refers to self-reflection by the researcher on his or her own biases, in order to minimise their influence on the data collected (Investopedia, 2011).

Respondent validation, where respondents are given an opportunity to review the researcher’s account of the interaction, has been described by Bryman and Bell (2007) as important in validating the research findings. This method was also be used in this research.
7. CONCLUSION

This research set out to investigate the rate and reasons for the turnover of knowledge workers in middle and senior management positions in the pharmaceutical industry in South Africa. After initial literature review, some data seemed to suggest black knowledge workers had a higher turnover than their white counterparts, that money played a central role in the turnover decision, and that employment equity legislation had a major influence on the economics of the labour market, and consequently, on employee turnover.

This study found that many of the factors that influence turnover in South Africa are similar to those found in other parts of the world. These include prevailing economic conditions, organisational culture, manager relationship, personal values and career growth. However, other uniquely South African factors such as transformation and skills shortage emerged as important determinants of turnover.

From the study, there is a difference in perceptions with regard to transformation as a factor causing turnover between black, white, and human resource respondents. This difference itself can lead to increased turnover if not appropriately managed.

Unlike other local studies, this study did not find money to play a major role in the turnover decision of the respondents. Although exit interview reports suggested that money was a primary factor in over 60% of employee turnover, responses from interviews indicated overwhelmingly that although important, money was not a key driver of turnover.

The study revealed a higher turnover rate among black employees, although this is from a low base, and as a consequence smaller numbers of leavers have a larger impact on turnover rate.

From this research, it can be concluded that there is a complex relationship between industry, organisational and personal factors, and how these come to play to cause an individual knowledge worker to reach a decision to leave or remain with their organisation. However, of these, personal factors seem to be the most important.
8. RECOMMENDATIONS

Considering the research findings discussed in chapter 4, the following recommendations are proposed:

With the advent of knowledge workers, assets that are valuable to organisations are embodied in the employee. It is therefore important that organisations recognise this and put the employee at the centre of all activities (Drucker, The Essential Drucker, 2001).

It is critical that the turnover rate of knowledge workers in the South African pharmaceutical industry is reduced. Other than addressing the short-term cost implications of losing employees, reducing the rate of turnover can improve long-term competitive performance through the retention of knowledge; what Nelson and McCann (2009) describe as the knowing what, knowing-how, knowing-why, and knowing-who. This can be done by addressing the personal, organisational and industry factors that the workers themselves view as important, rather giving consideration to only what human resource managers perceive as imperative. In particular, sufficient significance must be placed on personal factors as these are the most important determinants considered by employees in the turnover decision.

Efforts at transformation must be more aggressive. The attraction, recruitment and retention of black knowledge workers is as important for addressing historical inequities in the local industry, as it is for ensuring the diversity that the companies need to develop strategies that will enable them to reach a bigger market and gain a competitive edge. As government is a significant purchaser of pharmaceutical goods and services, particularly with the National Health Insurance in the immediate horizon, companies must ensure that the required BEE rating level is achieved so as to continue to be able to win government business.

There is currently little or no interaction with tertiary institutions to develop the right talent that is required by industry, and there are very few bursaries and scholarships offered to individuals who could then fill the talent pipeline. It is imperative, if the industry is to remain viable, that coordinated efforts are made by the industry to tackle the skills issue.
The organisations must engage in higher levels of skills development in order to ensure the continued viability and competitiveness of the local pharmaceutical industry. South Africa faces stiff competition for attracting pharmaceutical manufacturing from other developing countries, many of which have lower input and labour costs, and an abundance of skilled young people. By ensuring there is an availability of suitable skilled individuals, local industry can ensure that competitiveness of the South African manufacturers is maintained going into the future. Support for skills development can take the form of collaborating with tertiary institutions to develop industry appropriate training programs, provision of bursaries and scholarships, and the establishment of vocational training programs.

8.1 FUTURE RESEARCH

This study has identified areas of concern that will require further investigation. Future research could look into using larger sample sizes and quantitative methodologies in order to measure and compare the effects of these factors on employee turnover in the pharmaceutical industry. Future research could also explore the relationships of the factors identified in this study. There is also scope to expand this type of research into other sectors that depend on knowledge workers, as well as looking at smaller organisations where issues of personal growth and culture are very poignant.
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http://www.eiu.com/index.asp?layout=ib3Article&article_id=87377993&pubtypeid=1152462500&country_id=1660000166&category_id=775133077&rf=0


APPENDIX A: Informed consent form

Informed Consent Form

Principal Researcher/s: Abofele Khoele

cell number: 079 502 3802

Project Title: Investigating the turnover of middle and senior managers in the pharmaceutical industry in South Africa

Overview of the project:
The researcher is a Master of Business Administration student at UCT’s Graduate School of Business. As part of the degree requirements, a research report must be completed. This research aims to investigate the factors that lead some middle and senior managers to leave their organisations (employee turnover). As part of this investigation, the reasons why other managers chose to stay will also be examined.

To fully understand these reasons, information will be collected through one-on-one interviews. These interviews will be recorded using an electronic voice recorder, as well as notes taken by the interviewer during the interview process. The interview will last approximately one hour.

Should you agree to participate in this research, your data will be aggregated with the data of other respondents. Although there will be a full transcription of the interview, all personal and company identifiers will be removed, and data will be anonimised. Your confidentiality is assured. The researcher will not attempt to identify you with the responses to the questionnaire, or to name you as a participant in the study, nor will he facilitate anyone else's doing so. There are no known risks or dangers to you associated with this study.

If at any stage you feel uncomfortable, you are free to decline to answer any question. Also, at any point during the interview, it is your right to withdraw consent for continuing with the interview. After the interview, you are also entitled to withdraw consent to have your data used in the research.

I acknowledge that I am participating in this study of my own free will. I understand that I may refuse to participate or stop participating at any time without penalty. If I wish, I will be given a copy of this consent form.

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APPENDIX B: Semi-structured interview guide for leavers

Initials:       Age:
Gender:      Race:
Highest educational qualification:
Period with current company:

I heard that you have recently left ABC Company? Could you please tell me what motivated that decision?

(If not mentioned above): People often have personal motivations for leaving their organisations. Are there personal reasons that caused you to change jobs? If so, what are they? If more than one, rank in order of importance.

(If not mentioned above): What factors within the organisation resulted in you reaching this decision? If more than one, rank in order of importance.

(If not mentioned above): Do you think factors within the broader industry had an impact on your decision? If so, what are the factors that played a role? If more than one, rank in order of importance.

(If not mentioned above): Do you think there are other drivers in the general economy that played a role? If so, what are they? If more than one, rank in order of importance.

(If not mentioned above): Did the fact that you are black / white / coloured / Indian / Asian play any role in either the factors that led to your move, or the decision to move?

(If not mentioned above): Do you think EE / BEE legislation played a role in your decision? (ask only if appropriate).

(If not mentioned above): Did money play a (major / minor / no) role in your decision to move? If not already mentioned as a factor above.
What are the important factors that you look for to cause you to stay with an organisation?
APPENDIX C: Semi-structured interview guide for stayers

Initials: Age:
Gender: Race:

Highest educational qualification: Period with current company:

You have been with ABC Company for a while? Could you please tell me what motivated you to stay during this time?

(If not mentioned above): People often have personal motivations for staying with their organisations. What are your personal reasons? *If more than one, rank in order of importance.*

(If not mentioned above): What factors within the organisation resulted in you reaching this decision? *If more than one, rank in order of importance.*

(If not mentioned above): Do you think factors within the broader industry had an impact on your decision? If so, what are the factors that played a role? *If more than one, rank in order of importance.*

(If not mentioned above): Do you think there are other drivers in the general economy that played a role? If so, what are they? *If more than one, rank in order of importance*

(If not mentioned above): Did the fact that you are black / white / coloured / Indian / Asian play any role in either the factors that led to your decision, or the actual decision to stay?

(If not mentioned above): Do you think EE / BEE legislation has played a role in your decision? (ask only if appropriate).

(If not mentioned above): Did money play a (major / minor / no) role in your decision to stay? *If not already mentioned as a factor above.*
What are the important factors that you look for to cause you to stay with an organisation?
APPENDIX D: Semi-structured interview guide for human resource managers

(Interview to be conducted after reviewing turnover and staff exit interview data)

Please tell me about the recruitment policy, as well as the employment equity and affirmative action practices at your company.

Please tell me about the development programs that you have in your company.

Your employee turnover is XX. Which factors impact on this to make it higher / lower than the industry average of XX?

In your company, is there a higher turnover of white or black managers? What motivates these employees to leave?

Is the situation the same in the rest of the industry?
### APPENDIX E: Demographics of respondents

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</table>
## Human Resource Managers

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>HR1</td>
<td>White female, 55</td>
</tr>
<tr>
<td>HR2</td>
<td>Black female, 44</td>
</tr>
<tr>
<td>HR3</td>
<td>Black female, 47</td>
</tr>
<tr>
<td>HR4</td>
<td>White female, 52</td>
</tr>
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</table>
APPENDIX F: Turnover rates by company for the period 2007-2010

Company 1

Company 2
APPENDIX G: Company turnover rates by race 2007-2010
### APPENDIX H: Labour averages by race, gender and management level

<table>
<thead>
<tr>
<th>Management Level</th>
<th>African Male</th>
<th>African Female</th>
<th>Coloured Male</th>
<th>Coloured Female</th>
<th>Indian Male</th>
<th>Indian Female</th>
<th>White Male</th>
<th>White Female</th>
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</thead>
<tbody>
<tr>
<td>Executive management</td>
<td>9.8%</td>
<td>3.8%</td>
<td>3.5%</td>
<td>1.2%</td>
<td>4.8%</td>
<td>1.1%</td>
<td>61.1%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Senior management</td>
<td>11.9%</td>
<td>5.4%</td>
<td>4.6%</td>
<td>2.3%</td>
<td>6.0%</td>
<td>2.3%</td>
<td>47.4%</td>
<td>17.8%</td>
</tr>
<tr>
<td>Middle management</td>
<td>16.5%</td>
<td>11.5%</td>
<td>4.9%</td>
<td>4.5%</td>
<td>5.6%</td>
<td>3.3%</td>
<td>33.2%</td>
<td>18.4%</td>
</tr>
</tbody>
</table>

Table 9: National labour averages -- race and gender demographics by management level (Pharmaceutical Task Group, 2010)

<table>
<thead>
<tr>
<th>Management Level</th>
<th>African Male</th>
<th>African Female</th>
<th>Coloured Male</th>
<th>Coloured Female</th>
<th>Indian Male</th>
<th>Indian Female</th>
<th>White Male</th>
<th>White Female</th>
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</thead>
<tbody>
<tr>
<td>Executive management</td>
<td>3.32%</td>
<td>3.13%</td>
<td>2.49%</td>
<td>1.58%</td>
<td>6.45%</td>
<td>2.49%</td>
<td>55.42%</td>
<td>13.65%</td>
</tr>
<tr>
<td>Senior management</td>
<td>5.67%</td>
<td>5.64%</td>
<td>2.48%</td>
<td>2.80%</td>
<td>5.03%</td>
<td>6.03%</td>
<td>40.14%</td>
<td>29.96%</td>
</tr>
<tr>
<td>Middle management</td>
<td>6.3%</td>
<td>7.46%</td>
<td>4.56%</td>
<td>3.06%</td>
<td>6.93%</td>
<td>5.76%</td>
<td>32.06%</td>
<td>33.15%</td>
</tr>
</tbody>
</table>

Table 10: Pharmaceutical industry labour averages -- race and gender demographics by management level (Pharmaceutical Task Group, 2010)
APPENDIX I: Demographics of respondents

<table>
<thead>
<tr>
<th></th>
<th>Black</th>
<th>White</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>14</td>
<td>5</td>
</tr>
<tr>
<td>Female</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>8</td>
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Table 11: Interviewees by race and gender

<table>
<thead>
<tr>
<th></th>
<th>Black</th>
<th>White</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Female</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 12: Senior managers by race and gender

Figure 9: Educational qualification of respondents by gender and race
<table>
<thead>
<tr>
<th></th>
<th>Black</th>
<th>White</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>Stayers</td>
<td>1 senior manager</td>
</tr>
<tr>
<td></td>
<td>Leavers</td>
<td>4 senior managers</td>
</tr>
<tr>
<td>Female</td>
<td>Stayers</td>
<td>0 senior manager</td>
</tr>
<tr>
<td></td>
<td>Leavers</td>
<td>3 senior managers</td>
</tr>
</tbody>
</table>

**Table 13:** Stayers and leavers by race, gender and seniority of position in company
APPENDIX J: Codes and Themes

THEME: INDUSTRY FACTORS

Code: Economic Climate

R 15: I see it as an opportunity for me. I’ve got a rare skill that everyone wants!

R 21: In this economic climate, currently better jobs are very hard to come by.

R 23: There is no way I would move in this climate. I would have to scrutinise the financial stability of a company prior to joining, more so now than in the past and even then, the decision to leave would not be an easy one.

R 24: You never know. One minute the company is doing well, and the next minute, you are out on the pavement because you were the last one in!

R 28: When times are hard, managers hold on to people they can trust, and if you have a good reputation, companies will hunt you down, even in a recession.

Code: Skills shortage

R 1: I think nowadays, there are more opportunities for us. There are forums and networks that expand your social capital, and in that way, there are always opportunities to look for greener pastures, going back to my statement, that people a more loyal to their careers, which is not necessarily a bad thing.

R 10: We have a major resource shortage, regardless [of race], it is easier to move around in the pharmaceutical environment because of that shortage.

R 15: I see it as an opportunity for me. I’ve got a rare skill that everyone wants!
R 17: In terms of the networking within the pharmaceutical industry, it is somewhat easier now with more communication lines open. It has played a role, we don’t realise it, it is more a soft area, facilitated, happens on the side.

R 19: I think broadly all the companies in the pharmaceutical industry are facing the same challenges. Skilled resource is a major challenge, especially for your pharmacists. So the challenges are common, I think what is going to differentiate it in the next few years is how each company tackles it. So looking at the broad industry, you already see one or two companies taking the lead.

R 20: [On turnover difference between black and white employees] Black employees. Primarily because it is more difficult for white employees to move and find jobs. And there is a demand for black employees due to the employment equity laws. Definitely black employees, and there are other factors than EE regulations driving it. Such as Skills shortage, increasing numbers of black candidates from universities, more opportunities.

R 25: It is definitely not the same as it used to be. Those times of one person working for a company for life, and through the company you buy a house, you buy a car, put your kids through university - those days are gone.

HR 1: There is fierce competition between companies for good talent. Even mediocre talent. We have had to resort to underhanded tactics with agents to source people from our competitors.

HR 2: I think it is an open secret that we all go shopping in each other’s companies. There is just not enough to go around.

HR 3: It is incredible that even though there is a shortage, there is no coordinated effort by industry to solve it. In 10 years, we will still be in this situation, if not worse off.
HR4: It does exist, and it’s not isolated to the pharma industry though. It’s something we have been living with for some time, and will continue to live with, unless there are some fundamental changes.

The skills shortage is made worse by EE requirements.

**Code: Industry interactions**

R1: I enjoy the industry meetings. They increase my social capital, and let me know what’s out there, and lets the world know I’m here.

R 23: Maybe Facebook or LinkedIn. I get to meet a lot of industry people, and we compare notes. It’s actually quite funny!

R 22: Nothing is keeping me here. It is very easy for me to hook up to LinkedIn and find a job as soon as today.

**THEME: ORGANISATIONAL FACTORS**

**Code: Culture**

R1: There was no interaction between the employees. There was no trust. I couldn’t trust my colleagues. .... Also, I was not happy with the environment at the time, and opportunities came up, and I left.

[On work-life balance] I’m still single, but definitely, when I have a wife and kids, I don’t want to be working as hard as this.

R 3: So if I can come into a company and be managed on outputs, and go and do whatever I need to do, that is brilliant for me, that is the culture that I want to work in. I think if I didn’t like the culture, I’d duck
R 5: Even though the culture was perpetuated and expressed that we were one company, and not silo mentality, but it was evident. I think it was evident at the top level, and it filtered down whether we liked it or not, to the bottom level. And I think people at the ground roots didn’t really know what the other divisions were getting up to. They didn’t really interlink their contribution to the strategy. So those were gaps, and I think the style of management hindered the growth and innovation.

R 8: There was a cultural mismatch. The culture was not suited to the way I wanted to work. There was a cultural mismatch. You couldn’t measure you’re achievement, or see if you had any impact on the organisation. That was because it was not a learning environment. You had to go in, and do what you were supposed to do, and that was it.

R 9: The organisational culture was not exactly something that I would’ve liked to be in. It was not something I was comfortable in. And the signs were that it was not improving.

Well, I look for the success of the organisation, career opportunities within the organisation, and also the culture, including the diversity within the company, and the leadership. I also look at the company values, to see if they are in line with mine. And also, personally I joined this company for an opportunity to travel. I love travelling, and this job provides me with that opportunity. That is a big part for me.

R 10: I think they must be innovative. I think for me, being innovative all the time forces change in an organisation. Change is inevitable, but rather you initiate it, as opposed to being led by it out of necessity.

R 19: I think our culture is conservative by default.
R 20: Life is hectic, and the work-life balance has gone out the window, so you can’t impose on people working cultures while totally ignoring life-balance.

R 21: It is exciting to work for an innovative company, a company that is growing due to intrinsic innovation rather than purely market growth. I need to be excited all the time. There needs to be something new to do, think about, sell.

[On work-life balance] One day, I will have a nice balance between my life and my work.....one day when I win the lotto.

R 23: I think imposing a culture that isn’t right. Like where we impose a totally bureaucratic style of management and don’t embrace change.

[On innovation] Maybe if I was in marketing, there would be a case for that. They get to exercise their creativity. Us on the other hand, must just implement.

R 24: We have put out values that we live by, and there is also a sub-culture that is not talked about. And that sub-culture is like the great divide between what management says, and what actually happens. So, this culture is not something that I would choose. If I had to come into this company knowing this culture, I would not do it.

[On innovation culture] Doing the same thing over and over again, day in and day out drives me up the wall. I didn’t study so hard to be a routine worker.

[On work-life balance] I stopped gyming about 2 years ago. Work just got hectic.

R 25: respect your employees, and they will respect the company. Easier said than done, but often small things that go unnoticed by the company often have a big impact on the individual employee.
[On innovation culture] If that was a measure that we had to go by, then this company would be the last on the list. There is no creativity, no innovation. Everyone still talks of the ‘good old days’.

R 27: [on work-life balance] I wish I had more time in my day to do all that I wanted to do outside of work. My sons hardly ever see me.

R 28: I think being in the pharmaceutical industry, innovation is a key part of it. You don’t just innovate drug molecules, and new technologies, you’ve got to be in a position as a company to embrace innovation when it happens, and that’s not easy, but it is one of our biggest deficiencies in this company.

HR1: It has less to do with the organisation internally, and more to do with my colleagues in industry poaching my people.

HR2: I guess people want work-life integration. They will shift around until they find it.

HR4: There is a general lack of commitment and loyalty among young people nowadays. Up-ing and leaving comes very easy unfortunately.

**Code: Transformation and diversity**

R 1: There was also no integration between the different cultures. It was a segregated organisation, like the new South Africa hadn’t reached there. And that was primarily because management itself, which was entirely white, had not bought into the idea of an integrated society, so you couldn’t expect the employees to do so. Diversity was non-existent. Also, I was not happy with the environment at the time, and opportunities came up, and I left.
R 3: Sometimes I think we are taking it too far. There is too much transformation going on. As much as it is good for the country, it started impacting on my future career in that company, so I threw in the towel and moved on.

R 4: It’s lily white....There was no respect for me as a black person.

R 5: I moved from a small company where I was the only black person. The environment was hostile. I mean I couldn’t walk to the bathroom without feeling uncomfortable.

R 6: I must say, I was a bit shocked, coming from the banking industry..... Pharma is still in 1982! Though I’m not hung up on race, I’d say that it is relatively important for me not to be the only black person in the group. I don’t want to be the odd one out.

R 7: I think so, because when any opportunity opens up in a company, you first look internally. And as long as you are a decent candidate who has maintained a certain level of performance, then you will always be looked at for positions or promotions. I think I have been promoted about three times in the past six years, which in the scale of things is more than moving around between jobs. So, being a black South Africa, ja, it did help.

R 8: Compared to if I was a white male, it might not have been as easy. But I mean, once you are in the company, and you’re moving internally, I think it is pretty easy to move around, regardless of whether you are white or black. The challenge comes in when you’re moving externally between companies, then it is much harder if you’re a white male.

R 9: Well, I look for the success of the organisation, career opportunities within the organisation, and also the culture, including the diversity within the company, and the leadership. I also look at the company values, to see if they are in line with mine.
R 10: I recently changed jobs, but I really struggled because of my colour. There is a demand for black employees because of equity laws. The rest of us have no chance, even if I’m a woman.

R 11: I’m like a prodigal daughter...I’ve been wandering through this industry for close on 15 years. You see, black professionals have difficulty finding a welcoming home in most organisations.

R 12: Yes, I chose them partly for their diversity. But, I would hope that my abilities were what got me my job, what I can do for the organisation, and the value that I can add in the medium to long term!

[Lack of transformation] Some people can stomach it, I can’t.

R 13: There are only a handful of black executives in the whole of industry. At least they are doing us proud. Having people of different races in the team adds different perspective, and helps with tolerance. It doesn’t just help the organisation, but also helps society. You get to see that the other side is not bad.

R 15: It may be something like top management being totally white. If that was the case, it would be a push factor for me, as I would know there is a glass ceiling, I wouldn’t stick around.

R 16: There was a misunderstanding between myself and a white colleague, who happened to be close to the manager. At a subsequent departmental meeting, he used the ‘F-word’ when referring to me and the manager did nothing. I decided at that point, that that was not the organisation for me. There was a lot of racial discrimination. There was also bias in allocation of duties and leave in favour of the white employees close to the manager.
R 17: I worked in an organisation that was not as transformed as others, but this is not unusual in the pharmaceutical industry. This was not a strong reason for me to move, though.

[Lack of transformation] Maybe not a direct link, but it probably plays a role in many resignations.

R 18: Ja, it’s also referred to as the revolving door syndrome. I think, obviously it is true in some cases. But, look at the long term context of it. The long term context is that many people were not given the opportunities previously, so what they are trying to do now is shorten the path to get there, whereas other people have been getting, enjoying and exploiting those opportunities.

[On reduction in turnover of young black professionals] I think it will never happen until there is a critical mass within the industry. Then maybe the revolving door will stop revolving.

R 19: I don’t think I will ever leave this company, not because I’m enjoying it, but because I’m not black. Blacks have it easy now, everyone in industry is looking to fill their quota, so they are in high demand.

R 20: Black employees. Primarily because it is more difficult for white employees to move and find jobs. And there is a demand for black employees due to the employment equity laws. Definitely black employees, and there are other factors than EE regulations driving it. Such as Skills shortage, increasing numbers of black candidates from universities, more opportunities.

R 21: If I was not given a promotion because it was reserved for a black person, I would leave.

R 22: [transformation] No, I don’t think it is happening, but I can’t run to another company. Where could I go? They are all the same.
R 23: It makes it more difficult for me to move. It is a bit more difficult for me to get a job elsewhere because of my colour.

It’s difficult to admit it to you, but I have resigned because of affirmative action before.

R 24: Staying has been difficult because there is very little colour in the boardrooms, at meetings, and at conferences. Sometimes you want to speak Sesotho with someone.

I invited them to my traditional wedding..... none of them came.

R 25: No. I don’t think it is. Top-line management has not transformed across the industry, and there are also pockets of select skills. There are levels both in government and private where the demographic is almost complete white, such as the MCC, and IT and marketing in the private sector. It is one thing meeting your targets, but a completely different thing if there are still reserved jobs.

R 26: Well, it’s a bit of give and take. I understand and embrace your culture, you understand and embrace mine. We are in Africa after all.

[On transformation] It will take fifty years. That’s how long it will take to get it right.

R 28: [On transformation] It’s on everyone’s lips, but that’s all, nothing happens. And that makes me mad. That’s why I want to leave this company

HR1: In the last five years, we have done a lot to change the make-up of our employee complement. There has been a steady increase in the number of blacks although not to the extent that we would have wanted, because getting them is a problem, and keeping them is an even bigger problem.

HR2: It’s been good. We are starting to see the fruits of the early years starting to pay off now, with more senior people such as [XXXX] appearing in industry. [They] didn’t
just emerge out of nowhere, there have been bitter boardroom fights to make sure it happens. And I am glad, though sad at the same time. People look to us as human capital managers, and expect us to have the answers, but no! It is up to every manager in their own area to make a difference, make sure that their little space transforms. We will provide the tools and frameworks, but they must make it happen. We get it from the top that black people may be leaving because we’re not transformed enough, and I throw it back at the executives that they are not committed enough to transformation to stop the talent from leaving.

HR3: Compared to ten years ago, there has been a lot of progress. We did miss our targets for 2010, and we will probably miss the 2011 targets as well. Perhaps enforcement will have a better effect because the carrot is not working.

HR4: Of course there has been change. Those that say there hasn’t are either ignorant, or unappreciative of the work that has been done.

Code: Manager relationship

R 1: I am young. I am building a career. I need support; I need a manager that cares for me and my future.

R 2: Ha ha ha. If it was possible, I’d have fired my boss. The job was perfect for me.

R3: [On the importance of manager relationship] Very. It determines my happiness in the role, and my prospects for growth, and these factors would determine whether I stayed or left.

R 8: I thought to myself, there is no way I can stay here any longer. This guy was just killing me. There was no support from my employer at all. Not even for the obvious things.

R 10: It is absolutely very important to get on with your supervisor.
R 13: People do not leave organisations, they leave bosses.

R 14: I hated my job, but I really enjoyed working with my boss, who I still work with in the new company. He is inspirational, and a visionary and he will never let you hang out to dry. I stayed in the old company for as long as he was there, and when he came here, I followed him 4 months later.

R 15: [On the importance of manager relationship] Critical. If there was any word I could think of that was more severe, I would use that.

R 18: I loved the company. Hated my boss! That’s why I left. I think he was racist.

R 19: [On the importance of manager relationship] I’ve found it to be core and very crucial. A manager can make or break you in the organisation.

THEME: PERSONAL FACTORS

R 22: If my personal issues are not taken seriously, I walk.

R 19: I will tolerate so negatives, as long as I have the flexibility and stimulation that I want. You can never have everything 100% the way you want it. It’s got to be give and take.

Code: Career opportunities and growth

R 1: One of which was a promise of a senior position once I qualified with a DA(SA), that promotion didn’t happen. I was also promised that I can pursue further studies, and when the time came, there were issues, so I couldn’t do that... Also, I was not happy with the environment at the time, and opportunities came up, and I left.
R 2:  During my time there, I did learn a lot for the role I was performing, but nothing to support me going forward. The organisation must be willing to get people to the level that they want to get to.

R 3:  Experience was a motivator; personal benefit was not. At the time, they both were not satisfactory for me. I was with the organisation for 3 years. When I joined, I sat down with my manager to map out my career plan, and at the time, they seemed receptive of my goals, but there was actually nothing done. And I felt that any effort that I made, such as studying would not pay off in any way. I was also not allowed to study during that time. They were more focused on getting outputs, than developing me for future roles, or towards a future goal. To be more specific, I wanted to do an MBA, and the decision then was that my workload was heavy, and that it would not be of value for the role I was performing at that time.

There weren’t any opportunities. Alternatives would have been open positions due to promotions or attrition, and that wasn’t going to happen soon. Or to go work in another country. And besides, if the next role were to be available, I wouldn’t be considered because I wasn’t developed or qualified for it. Yet, they weren’t receptive to me studying. And the thing was I wasn’t even looking for the company to pay for my studies. But they would have made it difficult by not giving me study leave etc. There was no support from my employer.

R 4:  For me the move was a career motivated decision. Staying there any longer did not make much sense, especially as there was no benefit to my career to stay there much longer.

R 5:  For one, the opportunity to grow in my career, and reach my goal. Also, the company itself. I can focus on the bigger picture, and the difference I can make. I want personal growth. I should be able to see some progress in my career with time.
R 7: I think so, because when any opportunity opens up in a company, you first look internally. And as long as you are a decent candidate who has maintained a certain level of performance, then you will always be looked at for positions or promotions. I think I have been promoted about three times in the past six years, which in the scale of things is more than moving around between jobs. So, being a black South Africa, ja, it did help.

R 8: People will move to organisations that are willing to develop them, and give them more responsibilities and skills. At the end of the day, you want to grow as an individual, and as a career person, and if you are not given those opportunities, you will move on.

R 9: It was about my career goals, where I wanted to take my career, and what opportunities were available, or not, with my previous employer.

R 10: It became really difficult as it was clear my career was going nowhere slowly.

R 11: You study hard, you work hard. Sometimes even sacrificing things that are important to me and my family. So, yes, I want to earn more, I want to be promoted. There must be some reward whether its financial or its career growth, but the effort must pay off. The organisation did not see that, and I admit I didn’t tell them, but they are managers. They should know these things.

R 13: There was no development or training programs, so no hope for growth. Would you stay in that environment? No.

R 14: This company is diverse with a large portfolio, so there is a lot of potential to learn and interact with many functions that I would not ordinarily come across in other organisations.
R 18: I’m still young in my career, so I want to develop and grow within an organisation. There were things happening for me, but they were talking 10, 15 years. I can’t wait that long. I didn’t want to retire at 65 as a middle manager.

R 20: I think because I have moved and had different types of responsibilities in different departments, it’s been a change that ordinarily one would get from moving from one company to another, but I’ve had that internally, so that is the reason I have stuck around for six years.

R 21: I think also, to an extent I work for a large, complex organisation, it was somewhat easier to force my personal path of growth than it might have been in a small structured environment.

R 22: The experience was good. The example I generally give people is that if you compare working in a casualty ward in a private state-of-the-art hospital versus the casualty ward in Baragwanath Hospital, it is two very contrasting environments. On the one hand, you have a more soft and comfortable environment, with all your needs being catered to, but the experience that you get at Bara, and the knowledge and learning curve that you get is worth it. In some cases it outweighs the monetary value. And that is the example I use, that is how I see the contrast.

R 23: It was one of the reasons I stuck around. My perspective, people have two choices: when the work for a company, they can either stay within their cocoon and develop and excel by whatever means they have at their disposal, or you grow and develop beyond that. But that is a personal motivator. I have been here for six years, it has been a long part, like I said in the beginning, if I wasn’t allowed to grow and explore this project side of things, which I did tend to be interested in, I would have left a long time ago.

R 24: I joined this company at an entry level job, and have managed to make it to senior management over a period of 10 years. I was promoted every few years, and if your
company believes in you, and they show it, then it’s easy to show your loyalty to them.

R 25: Absolutely. Despite all the other cr*p we were going through, the experience and the development was good.

P 26: Looking at more like Maslow’s hierarchy of needs type of thing, and then I think I ignored that whole hierarchy. Purely because of the experience I was getting.

R 27: I was also provided with opportunity for growth.

R 28: I suppose the opportunities that fell in place for me to develop my knowledge and skills set, and also on some level, pursue studying that became relevant to my job. I was allowed to branch into a totally different sector from the one I was originally employed for and that sector was something that I was passionate about. So because those things fell in place, I did stay.

HR1: Development is ultimately the responsibility of the individual, but we provide an environment that supports them, which includes finance, time, and mentorship or coaching.

HR2: We have a very good development program. All high potential candidates have an accelerated career path.

HR3: As part of a global group, we have a very good program that can se associates going all over the world.

HR4: With legislation that supports skills development, it is important that we comply
Code: Money

R 1: Looking at my generation, I think people are more loyal to their careers than their companies, unlike what it was previously. These days people have more options, they are more aware of other opportunities that are open to them, and maybe money may be one of the issues that play a factor. I do agree that there is some level of job-hopping, but it is primarily about the psychological contract. One has expectations, which includes a salary, and if the expectations are not met, whether this is money, or job role, or work environment, this will result in employee turnover.

R 2: No.

R 3: It’s a bit of a no-brainer. I have to make as much money as I can while I’m young. I want to live a good life later. I have two young children, and I have to give them the best I can. Maybe if I was single I would think differently. I’m a family man. My kids are front of mind.

R 4: Not really. My decision was based on a lot more than money.

R 5: Not at all.

[On why the exit interview data is different to what leavers are reporting] I told them money. I couldn’t say because you’re racist. You can’t burn your bridges in this industry.

R 6: It’s a difficult topic to discuss with my manager. Money is controversial. But if someone had to make me a better offer, and my company can’t match or better it, I will not think twice. I don’t think anyone with half a brain would move without a better job.

R 7: Ha ha ha. I don’t need another A5 right now! No, it didn’t. I know that mentality may be present among many black people though. You see as black people, we were
previously disadvantaged, and any opportunity that presents itself as one that will improve our situation, will be one that we would probably go for. But what I am saying is that it shouldn’t be generalised, because some of us join organisations for career growth, and not money. I guess some young black people, see more money as more Audi A5’s!

R 8:  I won’t work for nothing. I think it is important. In my instance, I was willing to sacrifice money for the experience, for a certain period of time, but it was longer than I expected. I think had I known upfront that it was going to take this long I doubt I would have stuck around. But eventually it came to a point where it was settled.

R 9:  It was key. I won’t lie to you; it was an important consideration in my negotiations to come here. But it wasn’t a deal-breaker. Don’t tell my boss, but I would have come for a lot less than what they offered me.

R 10:  Yes and no. It is important, but there are more important things.

R 11:  In terms of my thinking, I believe that one needs to prove themselves. I do believe that one needs to make a living, but before demanding a high salary, I need to first prove my worth, not the other way around. Many people think that you first give them the money, and then they show you the work. Money and promotions come with time, once you have shown you can deliver. You need to earn the right to earn. It’s not a given, it must be earned.

You study hard, you work hard. Sometimes even sacrificing things that are important to me and my family. So, yes, I want to earn more, I want to be promoted. There must be some reward whether its financial or its career growth, but the effort must pay off. The organisation did not see that, and I admit I didn’t tell them, but they are managers. They should know these things.

R 12:  Money is important, but not primary. Yes. That’s my take on it.
R 13:  I have to say no, because I had a better package at the company that I recently left. The career prospects here are better, and it is closer to home.

R 14:  In many ways it is true, but not for me. I have turned down good offers before for other reasons.

R 15:  I felt I was underpaid relative to industry. Though I was able to afford my lifestyle, you want to be paid what you are worth, so when these guys put something on the table, I was like “see you later!”

R 16:  I’m still paying off my student loans, and my company is paying me peanuts. At the end of the day, it comes down to what you see at the ATM come month-end.

R 17:  Money will come and go. So I don’t take it too seriously.

R 18:  Ja, it’s also referred to as the revolving door syndrome. I think, obviously it is true in some cases, but not for me. But, look at the long term context of it. The long term context is that many people were not given the opportunities previously, so what they are trying to do now is shorten the path to get there, whereas other people have been getting, enjoying and exploiting those opportunities.

R 19:  It would be very minor. I would rather have a comfortable working environment, come to work with people I enjoy, and doing work that I enjoy, that would make me feel like I am contributing, as long as I am able to live, money does not play an important role.

R 20:  No. Not at all. If that was the case, I would have been long gone.

R 21:  I wouldn’t leave for money. My happiness is important to me, if I was no longer happy here, I would leave.
R 22:  We all need money... we have kids and bonds, so money will always be an issue. For instance, if you feel that the work that you do is recognised, and that you are acknowledged that is more important than money. For me it was not a motivating factor. I have a partner who earns quiet well, so it is not a major issue for me. Maybe if I was the breadwinner I would view it differently. But I wouldn’t move for less, but I would make a lateral move. The salary should be in line with what the company expects you to do. It is more about job satisfaction. Money is not a primary motivating factor.

R 23:  I think over the six years it played a minor role because the experience over-rote it. That being said, in my final year of 2011, it became a major role, because of my life changes, I’m newly married, and my wife is expecting. So all of a sudden my priorities shifted, and money has become a major factor. If that factor was not improved, I was seriously going to consider leaving the company.

R 24:  Not for me. It depends what you want out of life. I mean, at my age, with my experience and skin colour, I’m hot property in this industry, but I have opted to stay in this company because of my long-term plans. I want to be an executive, and I have a track record here, so it will be relatively easier than going to start again elsewhere. Besides, I don’t think I’m badly paid.

R 25:  It’s a bit of a philosophical question. I come to work to sell a service, and surely, my services should be sold to the highest bidder. The dilemma comes in that while selling my services, I have a number of expectations, like a good and safe working environment, friendly colleagues etc, and you suddenly have to prioritise what is more important. I guess depending on where you are emotionally and financially will determine what you put first. Right now, right here, you couldn’t pay me enough to move to a different company.
R 26: I think money is an issue for everyone, especially in these economic times, so companies have to be prepared to invest in the company, and sometimes that means remunerating your employees for what they are worth, especially in the pharmaceutical industry where there is a shortage of resources. If you want to be a player, but the ticket, and the ticket is paying your employees, otherwise you become a training ground to the benefit of the rest of the industry. But, for me personally, it not a big issue.

R 27: I don’t think so. Maybe offer me more money and test me!

R 28: There will always be someone willing to pay you a better salary. It all boils down to what you want, and if you’re enjoying what you do.

HR 1: I think it is a factor of being young, rather than it being about race. I wouldn’t generalise like that, it really depends on the person, and their circumstances.

HR 2: Everyone wants a better car, a nicer house and all the gadgets. So if the new job can secure that through better pay, they jump ship. I have seen that a lot in industry and it’s growing. People get themselves in a lot of debt because they want this and that, and so when a bigger pay cheque comes around, off they go.

HR 3: It’s a combination of scarce skills and greed. Because we don’t have the numbers to fill all vacant posts, we have to offer higher salaries, and people use that to earn more.

HR 4: Yes money plays a big role, more than anything else. And we see it across the board, from junior to executive positions.

**Code: Purpose and Meaning**

R 5: For one, the opportunity to grow in my career, and reach my goal. Also, the company itself. I can focus on the bigger picture, and the difference I can make.
R 7: I wouldn’t say I am deep or anything, but the company vision, mission and values have to talk to me.

R 9: Well, I look for the success of the organisation, career opportunities within the organisation, and also the culture, including the diversity within the company, and the leadership. I also look at the company values, to see if they are in line with mine.

R 10: There is no other company in South Africa that would have given me the scope to do the research that I am doing, and make a difference to so many lives. When I get a new product onto the market, I touch so many lives. I get personal fulfilment from helping so many people at once.

R 12: There must be respect and acknowledgement of my beliefs and values.

R 14: We make new products that save lives. That’s something to write home about, right? I like the decisions that get made, in terms of ethical behaviour and putting patients’ safety first. I feel the company values are aligned to mine. The company has shown that it can take care of its employees. I feel like I matter. And I feel like I’m making a difference.

R 18: I have values, right. That’s why I’m in the pharma industry, and not selling guns!

R 21: I’m not a scientist. I grew up in sales, and will probably die in sales. But it is important that I am able to hold my head up high when I’m out there selling. I’m proud to be with a company that is above board, and ethical, and that does so much for the community. Companies and people do silly, stupid things that cause trouble. So I’m glad that my children won’t be ashamed of their mother’s employer.
R 22: I think one would be if a policy in the company changed that went against my values; if it got to a point where I felt I wasn’t enjoying my job, or making a contribution; and if I was put in a position where I felt I couldn’t grow.

R 25: It is part of what I took an oath to do. I wouldn’t compromise my principles.