A MODEL OF EMPLOYEE MOTIVATION AND JOB SATISFACTION FOR STAFF RETENTION PRACTICES WITHIN A SOUTH AFRICAN FOREIGN EXCHANGE BANKING ORGANISATION

by

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NOVEMBER 2016
DECLARATION

Student Number: 3472-541-5

I hereby declare that “A model of employee motivation and job satisfaction for staff retention practices within a South African foreign exchange banking organisation” is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

________________________  _______________________
SIGNATURE                DATE
Michelle Fontainha de Sousa Sabbagha
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SUMMARY

A MODEL OF EMPLOYEE MOTIVATION AND JOB SATISFACTION FOR STAFF RETENTION PRACTICES WITHIN A SOUTH AFRICAN FOREIGN EXCHANGE BANKING ORGANISATION

by

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SUPERVISORS: PROF. NICO MARTINS AND PROF. OPHILLIA LEDIMO
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Foreign exchange banking organisations afford individuals great career opportunities, and therefore endeavour to attract high-caliber employees who are self-motivated and create the dynamic, innovative and professional culture characteristic of the organisation. Retaining key talent characterised by skills shortages has become an imperative for sustaining competitive business performance in a fast-changing economic environment.

The general aim of this research was to develop a model of employee motivation and job satisfaction for staff retention practices in a foreign exchange banking organisation. The concepts of employee motivation, job satisfaction and employee retention were discussed with regard to their history, conceptual foundation, theoretical approaches, types, variables and consequences. The theoretical model was developed accordingly on the basis of the literature review, and revealed the factors that could influence employee retention.

The main purpose of the empirical research was to operationalise the theoretically derived motivation and job satisfaction concepts, statistically determine the underlying variables of motivation and job satisfaction that influence employee retention and develop a structural equation model to verify the theoretical model. A
quantitative empirical research paradigm using the survey method was followed. Explanatory and descriptive research was used in this study, with a sample of 341 foreign exchange banking individuals drawn from a financial institution. Three questionnaires and a biographical questionnaire were adapted and administered to employees. The Work Preference Inventory (WPI) measured employee motivation, the Job Satisfaction Survey (JSS) measured job satisfaction, and the Employee Retention Questionnaire (ERQ) measured employee retention intention.

A structural equation model development strategy produced a new best-fitting retention model based on the new constructs postulated in the factor analysis. The model indicated that job satisfaction explained the highest variance of retention when compared to motivation.

The research should contribute towards a comprehensive understanding of the factors that influence employee retention. The new model of employee motivation and job satisfaction for staff retention practices in a South African foreign exchange banking organisation could assist organisations in retaining skilled and talented staff.

The study should encourage practitioners to take cognisance of the fact that organisations are different and that the motivation and job satisfaction factors for employee retention need to be considered.

KEY TERMS: Employee motivation; job satisfaction; employee retention; intrinsic motivation; extrinsic motivation; intrinsic job satisfaction; extrinsic job satisfaction; foreign exchange; structural equation modelling.
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CHAPTER 1: SCIENTIFIC OVERVIEW

1.1 BACKGROUND TO AND RATIONALE FOR THE RESEARCH

The importance of employee motivation and job satisfaction has never been more significant than in today’s context, where a fierce war for talent is being waged, and skilled employees have a greater choice of employment, both locally and globally (De Villiers, 2006; Global competitiveness Report, 2015-2016). It has been proven that the retention of talented and skilled employees strengthens an organisation. Research by Du Toit, Erasmus, and Strydom (2008), has demonstrated that the quality of staff in an organisation has a direct influence on its organisational effectiveness. Tremendous pressure is put on organisations to improve their performance and increase their competitiveness in the continuously changing world of work (Ndlovu & Parumasur, 2005). Finck, Timmers, and Mennes (1998), stated that companies must recognise that the human factor is becoming more important for organisational survival, and that business excellence can only be achieved when employees are motivated by their work. According to Watson (1994), business has come to realise that a motivated and satisfied workforce can deliver to the organisation’s bottom line and therefore decrease staff turnover. Work plays a dominant role in our lives. It occupies more of our time than any other activity. According to Singh and Tiwari (2011), we define ourselves in part by our career or profession, it is extremely difficult to enjoy life without doing some productive work, and any activity, which has so much importance, must evoke strong positive or negative reactions. These reactions should tell how satisfied or dissatisfied one is with one’s work.

In the current business environment, organisations in all industries are experiencing rapidly accelerating change (Nair, 2006). Economies are in recession, and in South Africa, debt levels are rising along with inflation, while economic growth and consumer spending have slowed down (Furlonger, 2008). According to the Global Competitiveness Report (2011–2012), sub-Saharan Africa has grown impressively
over the last 15 years, by at least 5%. It has bounced back rapidly from the global economic crisis, and its growth rates continue to exceed the global average. Mauritius remains sub-Saharan Africa’s most competitive economy, ahead of South Africa (Global competitiveness Report, 2015-2016). The financial market is currently ranked fourth in the world, indicating high confidence in South Africa’s financial markets at a time when trust is slowly returning in many other parts of the world. The impact of this economic downturn poses challenges to organisations because of budget cuts and staff retention, even in banking organisations. In the financial industry, there is an increasing need for employees at different levels and in different subgroups in the organisation to possess the necessary skills and motivation to perform the core tasks associated with their jobs and acquire additional abilities in handling demands that accompany ever-increasing stress (Fenton-O’Creevy, Nicholson, Soane, & Willman, 2005).

The foreign exchange market represents one of four basic markets of an economy (the others being the commodities, interest-bearing and equity markets). All claims to foreign currency, whether comprising funds held (in foreign currency) with banks abroad, foreign trade bills or cheques, again in foreign currency and payable abroad, are termed “foreign exchange”. All these claims play a part in the relations between a bank and its customers (Potgieter, Falkena, Kok, & Van Ettinger, 1991).

The main task of a bank’s foreign exchange organisation is to enable its commercial or financial customers to convert assets held in one currency into funds of another currency. Only banks specialising in this kind of business have a foreign exchange department with qualified dealers. In order to manage the risks involved in foreign exchange, most South African banks split their foreign exchange department into the following five subdepartments: (1) the spot market trading desk; (2) the forward market desk; (3) the client service desk at corporate level; (4) the small client service desk that deals with walk-in clients and smaller companies; and (5) the desk dealing in third currencies (Potgieter et al., 1991).

Foreign exchange departments deal with large amounts of money of individuals and/or organisations wishing to invest locally or internationally (Potgieter et al., 1991). Foreign exchange provides great career opportunities and therefore aims to
attract high-calibre employees who are self-motivated and create the dynamic, innovative and professional culture characteristic of the organisation (Potgieter et al., 1991). However, working with foreign exchange is also considered a stressful occupation because the job is often characterised by high risks, which could potentially result in losses or profits in the market. In addition, the individual must ensure effective customer service, price accordingly to gain an advantage in the market and essentially achieve the budget. The pressures experienced by these individuals are part of the job and they therefore need to stay motivated and be aware of any changes or developments in the trading market (Potgieter et al., 1991).

Retaining key talent in a global market characterised by skills shortages has become an imperative for sustaining competitive business performance in a fast-changing economic environment (Brundage & Koziel, 2010). The loss of high-caliber human capital often results in financial losses because new employees have to be hired and trained (Walker, 2001). Also, losing an employee to a competitor may result in financial loss for the organisation. Another risk is that employees take their skills and expertise with them, which translates into the potential risk of losing confidential information to competitors (Brundage & Koziel, 2010). These types of risks are detrimental to the success of the organisation – hence the need for employees to be motivated, in order to experience job satisfaction so that the organisation can retain top-quality staff.

There are various definitions of job satisfaction. Arnold and Feldman (1986, p. 86) defined it as “the amount of overall affect that individuals have toward their job.” Judge and Watanabe (1993) described it as a pleasurable or positive emotional state, resulting from the appraisal of one's job experiences. According to Schultz and Shultz (1998), job satisfaction encompasses both positive and negative feelings and attitudes that people hold about their jobs, these depending on many work-related and personal characteristics. Brief and Weiss (2002) defined it as a cognitive and/or affective evaluation of one’s job because more or less positive or negative job satisfaction is a summation of a worker’s attitudes towards his or her job, which may vary from positive to negative. Organisations need to place more emphasis on recognising and emphasising all the components of work linked to higher levels of employee satisfaction (Ferguson, Aschcroft, & Hassell, 2011). In order to improve employee satisfaction, it is necessary to first measure and establish the existing
levels (Wright, Gardner, Moynihan, & Allen, 2005). However, because of its multi-faceted nature, the measurement of employee satisfaction varies from one organisation to the next.

A model was proposed by Walker (1980) in which the determinants of job performance, job satisfaction and motivation are indicated as work-related variables (the work context, task activity and job objectives), the individual (individual skills, abilities and knowledge) and rewards. A study of pharmaceutical companies by Parvin and Kabir (2011) revealed that working conditions, fairness, promotion and pay were the key factors affecting employee’s job satisfaction. A further study of educators by Paul (2012) indicated that job satisfaction is influenced by a variety of factors such as the quality of relationship with their supervisors, the quality of physical environment and the degree of fulfilment of expectations through the job.

Because theories on job satisfaction involve motivational and emotional components, they overlap with theories on motivation. The most common is Herzberg’s two-factor theory, which was categorised into two factors, namely motivators and hygiene factors (Herzberg, Mausner, & Snyderman, 1959a). Motivators or intrinsic factors, such as achievement and recognition, serve to motivate the individual to superior effort and performance in order to produce job satisfaction. The presence of hygiene or extrinsic factors, such as pay and job security, serves to prevent dissatisfaction.

Many contemporary authors have defined the concept of motivation as follows: the psychological process that gives behaviour purpose and direction (Kreitner, 1995); a predisposition towards behaving purposively in order to achieve specific, unmet needs (Buford, Bedeian, & Lindner, 1995); an internal drive to satisfy an unsatisfied need (Higgins, 1994); and the will to achieve (Bedeian, 1993). The concept of employee motivation is defined as the personal and workplace characteristics that explain why people behave the way they do on the job (Schultz & Schultz, 1998). Work characteristics in this regard refer to the specific characteristics of a person’s job, whereas personal characteristics include those determined by a person’s personality. Hence motivation is operationally defined as the inner force that drives individuals to accomplish personal and organisational goals.
Many researchers focus on understanding what motivates employees and how they are motivated (Terpstra, 1979). There are four major approaches that have led to our understanding of motivation, which include Maslow's need-hierarchy theory, Herzberg's two-factor theory, Vroom's expectancy theory and Adams' equity theory. According to Maslow, employees have five levels of needs (Maslow, 1943), namely physiological, safety, social, ego and self-actualising needs. Maslow argued that the lower-level needs need to be satisfied before the next higher-level need motivates employees. Herzberg's work categorised motivation into motivators and hygiene factors (Herzberg et al., 1959). Vroom's theory is based on the belief that employee effort will lead to performance, and performance will lead to rewards (Vroom, 1964). Rewards may be either positive or negative. The more positive the reward, the more likely the employee will be highly motivated. Conversely, the more negative the reward, the less likely the employee will be motivated. Adams' (1965) theory states that employees strive for equity between themselves and other workers. Equity is achieved when the ratio of employee outcomes over inputs is equal to other employee outcomes over inputs (Adams, 1965).

The work motivation of the middle managers in the banking sector largely depends on the social, economic, and cultural circumstances of the country (Ayub & Rafif, 2011). If the manager does not receive a competitive salary, he or she will face problems maintaining his or her family life status. The pressure of the family will not allow this individual to show his or her full potential. He or she will thus be stressed out and this will have a negative effect on the organisation's efficiency (Ayub & Rafif, 2011). It is therefore imperative to identify the variables that contribute to individuals' motivation at work and job satisfaction, which will assist organisations in retaining talented employees. This applies especially to managers, who fulfil a key role in organisations and whose performance affects the quality of the service rendered in organisations.

According to Maxwell (2004), staff retention entails preventing people from leaving an organisation or department to work elsewhere. Cascio (2003) defined staff retention as an initiative by management to keep employees from leaving the organisation, by rewarding them for performing their jobs effectively, ensuring harmonious working relations between employees and managers and maintaining a
safe and healthy work environment. Staff retention can simply be defined as the strategies an organisation put in place to retain its employees and reduce turnover.

Staff retention is a concept that is concerned not only with stemming the dysfunctional turnover of key employees, but also with the behaviours and attitudes that are evidenced if these employees stay (Flowers & Hughes, 1973). It is essential for those who stay to do so for the right reasons, and with the right attitudes and behaviours. A retention plan that does not attend to both runs the risk of retaining employees who may not want to be there, or even stay, despite feelings of frustration towards the organisation. Organisations are increasingly recognising the value of attracting and retaining staff from all demographic groups in order to improve workforce performance and thus promote their competitive position (Torrington, Hall, Taylor, & Atkinson, 2009). Productivity and retention rates generally decline further as employees become distracted, confused and preoccupied with potential outcomes following an organisational transition such as a major restructuring, downsizing, merger or even a rapid growth spurt (Bridges, 1991).

Research conducted on the state of the South African training industry indicated that management style is the most prominent employee retention factor in South Africa (Meyer, 2005). Research by the Hay Group showed that 30% of the variability in non-public business performance is due to work climate (Douglas & Kenmore, 2006). Compensation plays a key role in the attraction, retention and motivation of employees (Swanepoel, Erasmus, Van Wyk, & Schenk, 2003). While money may be the motivator for older employees, younger generations may have different goals, such as fulfilling their personal potential, promotion opportunities and challenging assignments to motivate them (Ngobeni & Bezuidenhout, 2011).

Several studies have been conducted to investigate the relationship between gender and job satisfaction (Roos, 2005), most of which concluded that there is a positive relationship between gender, including both male and female and job satisfaction. However, according to Paul (2012), these relationships are not significant. Research has also shown that among teachers, there is a decrease in overall job satisfaction after the age of 45 (Paul, 2012). Research by Hofstede (2001) suggested that there is a gender difference in work motivation, while men’s concerns are mostly about
earnings, promotion and responsibility, women value a friendly atmosphere and are usually concerned about prestige, challenges, task significance, job security, cooperation and their work environmental conditions. There do not appear to be any published studies that have examined gender differences in voluntary turnover rates in a private sector organisation. Sicherman (1996) suggested that some research findings showing higher turnover for female than male employees was because of a lack of comparability in the jobs held by women and men. Lyness’s (2001) research found no evidence of higher turnover for women than men. Contrary to predictions, female employees’ voluntary turnover rates were slightly lower than those of their male counterparts.

Employee motivation and job satisfaction cannot be isolated – they complement each other and respond to different organisational variables such as staff retention, productivity and working conditions. The relationship has long been ignored by researchers, although an extremely strong relationship exists, that can in fact be supported by previous literature. Hoole and Vermeulen (2003), for instance, found that the extent to which people are motivated by outward signs of position, status and due regard for rank, is positively related to their experience of job satisfaction. Hoole and Vermeulen (2003) also reported that certain motivational factors contribute to the prediction of job satisfaction, which may influence individuals to stay in their role and not seek alternative jobs.

1.2 PROBLEM STATEMENT

Banks are corporate structures and play a significant role in the economy worldwide. Although there is internal competition among retail banks in South Africa, the only competitive advantage they have is through their motivational personnel, who render quality service to their customers (Ayub & Rafif, 2011). Since employees are the key source of competitive advantage for organisations (Clark, 2008) and not merely an operational cost, leaders need to ensure that their workforce are engaged to manage the turbulent economic climate of today. Job market and the economic conditions
prevailing in a country also affect a person’s decision to stay with or leave an organisation (Cotton & Tuttle, 1986). Factors that contribute to employee retention are varied and have been verified to an extent by equally varied models and theories. The literature surveyed in this study mentions employee motivation and job satisfaction as the main factors that influence staff retention (Roos, 2005).

According to Springer (2011), bank employees face myriad concerns specific to their field including low pay, high turnover and problems with both job motivation and job satisfaction. Other researchers, such as Durkin and Bennett (1999), suggested similar conclusions. They found that bank employees demonstrate low levels of work commitment and the inability to embrace new change initiatives. Low salary is a contributing factor to the job satisfaction and motivation problems experienced among bank employees. According to Al-Hawary, Al-Qudah, Abutayeh, Abutayeh, and Al-Zyadat (2013), motivation is positively related to employees’ job satisfaction in the commercial banks in Jordan. In one of the few South African studies on the topic, monetary rewards were found to be an important motivator of the job performance of lower-level employees (Arnolds & Boshoff, 2000). However, a study by Barrier (1996) suggested that recognition is a significant and valued reward that motivates employees to perform in an emerging market and to stay with an organisation. According to Gouws (1995), the factors that motivate employees are the same ones that contribute towards their satisfaction in the workplace. One can therefore conclude that motivated employees are generally satisfied with their work, and therefore reduce staff turnover.

Although there is a wealth of information and research on employee motivation, job satisfaction and staff retention, there is a paucity of studies focusing on employee motivation and job satisfaction for staff retention among foreign exchange banking individuals, both locally and globally. One should bear in mind that employees at different organisations and organisational levels are motivated by different rewards. Friedlander (1964) supported this assumption when he stated that theories of job motivation could be predicted on needs and values, which are assumed to exist in all employees. Organisations and managers view money as the main motivator of employees, regardless of profession, despite the lack of conclusive evidence on the motivational impact of monetary rewards on the job satisfaction of the employees.
Hence there is still much confusion about which rewards really motivate employees in the foreign exchange environment to enable them to be satisfied in the workplace and to stay with the organisation. It would benefit foreign exchange banks to be equally confident that the same key factors discussed in other organisations, would contribute to employee satisfaction, employee motivation and the retention of key staff. The results of this research could be used by the organisation investigated in this study to identify the key factors contributing to employee motivation and job satisfaction in order to further develop policies and procedures for staff retention that are essential to the success of this organisation.

1.2.1 General research question

On the basis of the above discussion, the general research question was formulated as follows:

To what extent can a scientific model of employee motivation and job satisfaction for staff retention practices in a foreign exchange banking organisation be developed?

1.2.2 Research questions pertaining to the literature review

From the literature review, the following specific research questions emerged:

**Research question 1:** Based on the literature, how can employee motivation be conceptualised and what are its key components?

**Research question 2:** Based on the literature, how can job satisfaction be conceptualised and what are its key components?

**Research question 3:** Based on the literature, how can staff retention be
conceptualised and what are its key components?

**Research question 4:** Based on the literature, how can the relationship between employee motivation and job satisfaction be conceptualised and integrated in order to understand staff retention practices?

**Research question 5:** Based on the literature, how do individuals’ biographical characteristics influence employee motivation and job satisfaction for staff retention?

**Research question 6:** What are the implications of employee motivation and job satisfaction for staff retention practices in organisations?

**Research question 7:** Based on the literature review, would it be possible to develop a theoretical model of employee motivation and job satisfaction for staff retention practices?

### 1.2.3 Research questions pertaining to the empirical study

In terms of the empirical study, the following specific research questions were formulated:

**Research question 1:** How can employee motivation and its key components be measured in a foreign exchange banking organisation?

**Research question 2:** How can job satisfaction and its key components be measured in a foreign exchange banking organisation?

**Research question 3:** How can staff retention and its key components be measured in a foreign exchange banking organisation?

**Research question 4:** What is the empirical relationship between employee motivation and job satisfaction for staff retention practices?
**Research question 5:** Do biographical variables such as gender, age, race, number of dependants, marital status, educational level, job tenure, number of subordinates, level in the organisation, work schedule and geographical areas differ significantly regarding employee motivation and job satisfaction for staff retention practices in a sample of respondents in the foreign exchange banking organisation in South Africa?

**Research question 6:** Based on the empirical information, would it be possible to develop an empirical model of employee motivation and job satisfaction for staff retention practices?

**Research question 7:** What recommendations can be made for industrial and organisational psychologists, human resources practitioners, organisations and future researchers about employee motivation and job satisfaction for staff retention practices?

### 1.3 AIMS OF THE RESEARCH

Based on the above-mentioned problem statement, the following general and specific aims were formulated:

#### 1.3.1 General aim of the research

The general aim of this research was to develop a scientific model of employee motivation and job satisfaction for staff retention practices in a foreign exchange banking organisation.
1.3.2 Specific aims of the study

The following specific aims were formulated for the literature review and empirical study:

1.3.2.1 Literature review

In terms of the theoretical study, the following specific aims of the research were identified:

**Research aim 1:** To conceptualise the construct of employee motivation and determine its key components from a theoretical perspective

**Research aim 2:** To conceptualise the construct of job satisfaction and determine its key components from a theoretical perspective

**Research aim 3:** To conceptualise the construct of staff retention and determine its key components from a theoretical perspective

**Research aim 4:** To determine the theoretical relationships between employee motivation and job satisfaction in order to understand staff retention practices

**Research aim 5:** To conceptualise the influence of individuals’ biographical characteristics on employee motivation and job satisfaction for staff retention practices

**Research aim 6:** To outline the key implications of employee motivation and job satisfaction for staff retention practices for organisations

**Research aim 7:** To develop a theoretical model of employee motivation and job satisfaction for staff retention practices
In terms of the empirical study, the following specific aims of the research were formulated:

**Research aim 1:** To select and, or adapt a questionnaire measuring the independent variable of employee motivation with reference to the foreign exchange banking organisation

**Research aim 2:** To select and, or adapt a questionnaire measuring the independent variable of job satisfaction with specific reference to the foreign exchange banking organisation

**Research aim 3:** To select and, or adapt a questionnaire measuring the dependent variable of staff retention with specific reference to the foreign exchange banking organisation

**Research aim 4:** To determine the empirical relationship between employee motivation and job satisfaction for staff retention practices in the foreign exchange banking organisation

**Research aim 5:** To assess whether the biographical variables play a role in employee motivation and job satisfaction for staff retention practices among foreign exchange banking individuals

**Research aim 6:** To develop an empirical model for employee motivation and job satisfaction for staff retention

**Research aim 7:** To make recommendations for the discipline of industrial and organisational psychology and human resource management on employee motivation and job satisfaction for staff retention practices and future research
1.4 STATEMENT OF SIGNIFICANCE

The survival of all organisations, large or small, depends on their employees. Well-managed and successful organisations rely on their employees to be motivated and satisfied in their role in order to contribute to the organisation’s bottom line, and it is the responsibility of management and organisations to ensure staff retention. Organisations vary in size, structure, management styles and policies, which is why employee motivation, job satisfaction and staff retention policies differ among organisations and professions across the world – South Africa is no different.

The concepts of employee motivation and job satisfaction and staff retention are well-researched topics globally, but not in South Africa in a foreign exchange environment. This research should provide a starting point to investigate these relationship dynamics.

1.4.1 Potential contribution at a theoretical level

Theoretically, this study should prove useful because it identifies and discusses the relationships between employee motivation, job satisfaction and staff retention. If significant relationships do exist, then it should be useful in identifying the key motivators that might lead to job satisfaction for staff retention practices in a South African foreign exchange banking organisation.

Exploring the influence of individuals’ biographical characteristics on employee motivation and job satisfaction might be useful in understanding the differences and/or similarities between characteristics among foreign exchange individuals in an effort to understand what motivates employees and creates satisfaction to enable them to implement staff retention practices.
This study should be useful in the development of a theoretical model for employee motivation and job satisfaction for staff retention of individuals in a South African foreign exchange banking organisation.

1.4.2 Potential contribution at an empirical level

Empirically, this research should contribute to identifying key motivators for job satisfaction for staff retention specific to a foreign exchange banking organisation. However, if no significant relationships are identified in the study, then its usefulness will be limited to the exclusion that employee motivation is not related to job satisfaction in the foreign exchange environment and therefore will not assist in developing a model for staff retention. This should then enable future researchers to explore and engage in other research studies that could prove the role of motivation and job satisfaction for staff retention in a South African foreign exchange banking organisation.

The study should highlight whether individuals of different genders, age, race, marital status, job level, education, subdepartment and geographical area differ in terms of their motivation and job satisfaction for understanding staff retention. The results could prove valuable in the retention of valuable staff, increasing motivation and job satisfaction in order to reach targets by identifying the differences between biographical information that addresses a diverse workforce.

This study should be useful in the development and testing of an empirical model of employee motivation and job satisfaction for staff retention in a foreign exchange banking organisation in order to manage these variables.

1.4.3 Potential contribution at a practical level

Practically, this research should aid industrial and organisational psychologists and human resource practitioners to gain a better understanding of employee motivation
and job satisfaction for staff retention of foreign exchange individuals that could positively influence the motivation and satisfaction of these employees and, in turn, assist the organisation in retaining staff.

Positive outcomes of the proposed research could include discussions with management in order to create awareness of the key motivators in the various departments of foreign exchange in order to increase job satisfaction, which will then lead to retain high-calibre staff. Aligning the biographical differences accordingly in order to ensure foreign exchange individuals are motivated and satisfied and staff retention should be maximised.

In practical terms, significant relationships in the findings could be useful for future researchers in exploring the key motivators for job satisfaction, as well as contributing to the body of knowledge relating to employee motivation and job satisfaction for staff retention practices in a South African foreign exchange banking organisation.

In practical terms, the model developed on the basis of the theoretical and empirical model should be useful to organisations when dealing with employee motivation and job satisfaction for the staff retention of individuals in a South African foreign exchange banking organisation.

1.5 THE RESEARCH MODEL

The model of Mouton and Marais (1996) was used as the basis for this research. Social science research is a collaborative human activity in which social reality is studied objectively with the main aim of gaining a valid understanding. This definition highlights five dimensions of social research, namely sociological, ontological, teleological, epistemological and methodological. However, it is important to note that these five dimensions of research are five aspects of the same process (Mouton & Marais, 1996).
All individual research projects are conducted in a broader context of a particular discipline, each discipline in the social sciences comprising a variety of paradigms. Hence a model can be described as a systems theoretical design with three interrelated subsystems, which are also interrelated with the research domain of a specific discipline (Mouton & Marais, 1996). The subsystems represent the intellectual climate, the market of intellectual resources and the research process. The relevant discipline in this research was industrial and organisational psychology.

1.5.1 The intellectual climate

The intellectual climate refers to the variety of meta-theoretical values or beliefs and assumptions underlying the theories and models, which are held by those within a discipline (Mouton & Marais, 1996). The origin is usually traced to non-scientific contexts, which are not directly related to the theoretical goals of the scientific research. Because the intellectual climate of a discipline differs, the beliefs tend to display the qualities of assumptions. For the purpose of this research, the assumptions were formulated in the paradigms relating to industrial and organisational psychology and organisational behaviour.

1.5.2 The market of intellectual resources

The market of intellectual resources is defined as the collection of beliefs, which has a direct bearing upon the epistemic status of scientific statement. There are two types, namely theoretical beliefs about social phenomena, and meta-theoretical beliefs about the nature of social science (Mouton & Marais, 1996).
1.5.2.1 Theoretical beliefs

According to Mouton and Marais (1996), theoretical beliefs are regarded as assertions about the what (descriptive in nature) and why (interpretive) aspects of human behaviour, which therefore includes all statements which form part of hypotheses, typologies, models and theories. This research focused on the central hypotheses and theories of employee motivation, job satisfaction and staff retention.

1.5.2.2 Meta-theoretical beliefs

Methodological beliefs are aligned to those beliefs, which form part of the intellectual climate because they frequently include aspects of postulates; they are methodological preferences and assumptions about what constitutes good research (Mouton & Marais, 1996). The quantitative research method was applied in this research.

1.5.3 The research process

The research process ensures that the researchers internalise specific inputs from the paradigm(s) to which they subscribe, to enable them to interact positively with the research domain and produce scientifically valid research (Mouton & Marais, 1996).

The next section focuses on the paradigm perspective of the research.

1.6 PARADIGM PERSPECTIVE OF THE RESEARCH

The paradigm perspective refers to the intellectual climate or a variety of meta-theoretical beliefs and assumptions underlying the theories and models that form the
context of this research. For the purpose of this research, Pollard (2002) defined a paradigm as a set of beliefs, procedures and working practices that inform the dominant worldview, which shapes the context of modern science.

A paradigm is therefore nothing more or less than a conceptual framework, providing a model for scientific research. The current study was conducted in the field of industrial and organisational psychology.

1.6.1 Research paradigm

In this research, the literature review is discussed from the perspective of the humanistic-existential and open-systems paradigm and the empirical study from the positivist research paradigm.

1.6.1.1 Literature review

The literature review is presented from the humanistic-existential and open-systems perspective, which is discussed below:

   (a) Humanistic-existential paradigm

Carl Rogers was a vital contributor to the theory of the humanistic theories and had several assumptions about human nature and the means by which we can try to understand it according to the humanistic approach (Rogers, 1951):

- People can only be understood from the vantage point of their own perceptions and feelings. In order to understand individuals, one should look at the way they experience events rather than at the events themselves.
- Healthy people are aware of their behaviour.
• Healthy people are innately good and effective.

• Healthy people are purposive, and goal and self-directed.

• Individuals experience self-actualisation.

Rogers believed that abnormal behaviour results from the development of a distorted concept of the self. According to him, anxiety may arise from the partial perception individuals have of feelings and ideas that are inconsistent with their distorted self-concept. Individuals may deny that these feelings and ideas even exist because anxiety is unpleasant – hence the actualisation of one’s authentic self is constrained by the denial of important ideas and emotions. Under such conditions, individuals are unable to perceive genuine values or personal talents, leading to frustration and possible abnormal behaviour (Nevid, Rathus, & Greene, 2000).

Existentialism focuses on the elemental problems of existence, such as death, meaning, choice and responsibility. They also believe that unhealthy anxiety reflects a loss of meaning in one’s life. One should therefore endeavour to show courage and responsibility in the choices made so that life can have meaning. According to Zimmerman and Strouse (2002), the existential approach focuses on the following:

• Humans are aware of themselves and their existence, as well as the past, present and future. This implies that they are free and able to make decisions.

• The individual and his or her world are inseparable.

• The individual knows that he or she will eventually die – this is a natural and normal source of anxiety.

• Each person has inherent uniqueness apart from cultural influences.

• Humans are increasingly alienated from the world and community, which creates problems in living, resulting in detachment.
According to Coon and Mitterer (2007), the humanistic-existential approach is concerned with defining the needs that are central to human functioning, and includes the following assumptions:

- It is necessary to provide a more balanced and realistic view of the human condition by recognising ongoing conflicts.
- This approach is capable of explaining both the best and worst of human behaviours.
- It is necessary to clarify and operationalise important existential and humanistic concepts.
- It is necessary to reframe the crucial issues of existential, humanistic psychology in terms of the human struggle for survival and fulfilment in a chaotic and difficult world.
- It is necessary to facilitate rapprochement between qualitative and quantitative research traditions.
- It is necessary to bridge the gaps between existential, humanistic and transpersonal psychology by making goal striving for meaning and significance the common foundation.

The humanistic-existential paradigm relates to the construct of employee motivation and job satisfaction.

(b) *Open-systems paradigm*

In order to understand an organisation, it should be viewed as a system. According to Cherrington (1994), a system is defined as a set of interrelated elements that acquires inputs from the environment, transforms them into some form of useful output, and then discharges the outputs into the external environment. The open-systems theory states that the organisation continually interacts with the broader
external environment of which it is part. The simplest open system consists of input, the transformation process and output.

A system cannot survive without continuous inputs, transformation processes and outputs (Cherrington, 1994). At the heart of the open system are the processes, operations or channels that transform the inputs into the outputs. The transformation process consists of a logical network of subsystems which lead to the output. The subsystems are translated into complex system network that transforms the inputs into the desired output. The output is represented by the product, result, outcome or accomplishment of that system (Kaila, 2006). Specific examples of the outputs of a business organisational system that correspond to the inputs of money and material are profits, losses and product sales.

1.6.1.2 Empirical study

The empirical study is discussed from the positivist research paradigm. The research purpose should determine the mode of inquiry, and hence the paradigm. According to Hall (1982), the main assumptions of the positivist paradigm are as follows:

- The positivist research perspective sees reality as objective.
- It believes that reality can be divided into component parts, and knowledge of the whole gained by looking at the parts.
- It believes that all human beings are basically similar and looks for general categories to summarise their behaviour and feelings.
- The main aim is to generate general laws of behaviour and explain many things across many settings.

The positivist paradigm is the oldest and most commonly used paradigm. According to the positivists, there is a reality in the world that exists irrespective of people. The world is rational and makes sense, and given sufficient time and effort, it should be
possible for it to be understood through research. Since the data collected by the positivists is numerical and suitable for statistical analysis, the methodology is described as quantitative (Pollard, 2002).

1.6.2 The market of intellectual resources

For the purpose of this research, the methodological statements and theoretical models relating to employee motivation, job satisfaction and staff retention are discussed.

1.6.2.1 Meta-theoretical statements

(a) Industrial and organisational psychology

This study was conducted in the context of industrial and organisational psychology, which is described as a specialised field within the larger discipline of psychology that focuses on the workplace (van Vuuren, 2010). According to Dipboye, Smith, and Howell (1994), the aim is to increase our understanding of how people relate to work settings for the purpose of effecting improvements. This field is part science, contributing to the general knowledge base of psychology, and part application using that knowledge to solve work-related problems. The aim of this study was to examine the relationship between employee motivation and job satisfaction for staff retention. The relevant subfields of industrial and organisational psychology included in this study were personnel psychology and organisational psychology.

(b) Personnel psychology

The field of personnel psychology is concerned with the issues of efficient job design, employee selection, employee training, performance appraisals and staff
retention (Spector, 2012). Industrial psychology is also known as personnel psychology (Anderson, Ones, Sinangil, & Viswesvaran, 2001). It is more practically oriented, and much of the research is concerned with development techniques that can be used to improve the fit between employees and organisations.

(c) Organisational psychology

The field of organisational psychology was developed from the human relations movement of an organisation. It is concerned with understanding behaviour and enhancing the well-being of employees in the workplace. It includes employee attitudes, employee behaviour, job stress and supervisory practices (Spector, 2012). According to Cherrington (1994), there are three goals of organisational psychology, namely description, explanation and control of behaviour in organisations. Since individuals, groups or organisations do not exist in isolation, it is imperative to consider the external environment. External forces may exert a powerful influence on what is observed at each of these three levels.

1.6.2.2 Theoretical models

In this research, the theoretical models are discussed in the literature review. Theoretical beliefs include all statements that form part of hypotheses, typologies, model, theories and conceptual descriptions (Mouton & Marais, 1996). The literature review focuses on the following theories and models: Maslow’s hierarchy of needs theory; Alderfer’s ERG theory; Herzberg’s two-factor theory; McClelland’s theory of needs; McGregor’s Theory X and theory Y; the self-determination theory; goal-setting theory; self-efficacy theory; Adams’ equity theory; Vroom’s expectancy theory; the social information processing model; the job characteristics model; the dispositional approaches theories, ; the Cornell model; the value-percept theory; the intermediate linkages model; the unfolding model of voluntary turnover; socialisation models; the expanded model of turnover; a model of turnover; and a model of turnover determinants.
1.6.2.3 Conceptual descriptions

The following conceptual descriptions served as the point of departure for discussion in this research:

(a) Employee motivation

In the context of this study, the concept of employee motivation is defined as the personal and workplace characteristics that explain why people behave the way they do on the job (Schultz & Schultz, 1998). Work characteristics in this regard refer to the specific characteristics of a person’s job, whereas personal characteristics include those determined by a person’s personality.

(b) Job satisfaction

In the context of this study, the concept of job satisfaction is defined as a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experience (Luthans, 2005). Job satisfaction is a summation of a worker’s attitude towards his or her job, which may vary from positive to negative.

(c) Staff retention

Staff retention is defined as an initiative by management to keep employees from leaving the organisation, by rewarding them for performing their jobs effectively, ensuring harmonious working relations between employees and managers and maintaining a safe and healthy work environment (Cascio, 2003).
1.6.2.4 Central hypothesis

The central hypothesis of this research was formulated as follows:

There is an acceptable goodness-of-fit between the theoretical and empirical model of employee motivation and job satisfaction for staff retention practices in a foreign exchange banking organisation.

1.6.2.5 Methodological assumptions

Methodological assumptions are beliefs concerning the nature of social science and scientific research. There is a direct link between methodological beliefs and the epistemic status of research findings (Mouton & Marais, 1996). The main epistemological assumptions are the methodological assumptions that affect the nature and structure of the research domain and these relate to the methodological assumptions that make for sound research, as discussed below.

(a) Sociological dimension

The sociological dimension highlights the social nature of the research as a typical human behaviour (Mouton & Marais, 1996). This implies that researchers operate within a clearly defined community linked in research networks that form the basis for future research. For this study, a range of psychology journals and publications were examined and the relevant variables were quantitatively analysed.

(b) Ontological dimension

The ontological dimension emphasises that research always has an objective. It refers to the various ways in which research domains can be investigated (Mouton &
Marais, 1996). This study focused on the individual level, and measured employee motivation, job satisfaction and employee intention to remain in the organisation, in order to develop staff retention practices in a South African foreign exchange banking organisation.

(c) The teleological dimension

The teleological dimension suggests that research is goal driven and the aim is therefore to gain insight into and explain phenomena (Mouton & Marais, 1996). As stated previously, the goal of this research was to develop a scientific model of employee motivation and job satisfaction for staff retention in a South African foreign exchange banking organisation, in order to provide the organisation and individual with information on the key contributors to employee motivation and job satisfaction for successful staff retention. This information should contribute to the field of industrial and organisational psychology.

(d) The epistemological dimension

The epistemological dimension refers to clarification, understanding and truth (Mouton & Marais, 1996). The goal of any research in the social sciences is to generate valid and reliable findings that are as close as possible to the truth. This study attempted to achieve this through an effective research design, to ensure reliable and valid results.

(e) The methodological dimension

The methodological dimension refers to the ways in which these ideals may be attained (Mouton & Marais, 1996). It refers to the logical implementation of scientific methods in the research of social sciences. Quantitative analysis was used in this study. The research methods chosen for this study were data collection through
participant questionnaires, data analysis through statistical techniques and inference through inductive reasoning.

1.7 RESEARCH DESIGN

The purpose of the research design is to provide a strategic framework for action that serves as a bridge between research questions and the execution of the research (Terre Blanche & Durrheim, 1999). Research designs are plans that guide the arrangement of conditions for the collection and analysis of data in a manner that aims to attach relevance to the research purpose. For the purpose of this study, explanatory and descriptive research is outlined, followed by a discussion on reliability and validity, research variables and unit of analysis.

1.7.1 Explanatory research

The research design for this study was explanatory because it indicated the direction of the relationship in a causal relationship (Mouton & Marais, 1996). The researcher endeavoured to explain the relationships between employee motivation, job satisfaction and staff retention, in order to develop a model for successful staff retention. This form of research was applicable to the empirical study of the development of an empirical model of employee motivation and job satisfaction for staff retention. The ultimate goal of the study was to develop a scientific model of employee motivation and job satisfaction for staff retention practices.

1.7.2 Descriptive research

Descriptive studies describe phenomena accurately either through narrative-type descriptions, classification or the measurement of relationships. These studies seek accurate observations, and the research design should focus on the validity and reliability of the observations. These studies may be quantitative or qualitative (Terre
A descriptive study was chosen for this research project because the aim of this study was to describe the relationships between the three constructs in the literature review and the empirical study, namely employee motivation, job satisfaction and staff retention among foreign exchange banking individuals.

The literature review in this study discusses and conceptualises employee motivation, job satisfaction and staff retention and develops a theoretical model. The empirical study includes descriptive statistics such as means, standard deviations and Cronbach alphas in terms of the constructs of employee motivation, job satisfaction and staff retention.

1.7.3 Reliability

According to Mouton and Marais (1996), reliability refers to the dependability of a measurement instrument, that is, the extent to which the instrument yields the same results in repeated trials. The reliability of observations or data is influenced by four variables, which include the researcher, the individual, the measuring instrument and the research context. The reliability of the literature review is ensured through the use of existing literature sources, theories and models that are available.

The reliability of the empirical study in this research was ensured through the use of a reliable and valid instrument and a representative sample. The data-gathering techniques used ensured the anonymity of participants, by creating a web link for participants to access and complete the questionnaire. The data gathered was used to test the reliability and validity of the instrument developed and/or adjusted to the needs of the study.

1.7.4 Validity

The central consideration of validity is the degree to which the tool measures what it
claims to measure (Mouton & Marais, 1996). It is the extent to which a concept, conclusion or measurement is well founded and corresponds accurately to the real world. Research needs to be both internally and externally valid. Internal validity emphasises the theoretical validity of a study to ensure that the concepts discussed are clear, unambiguous and articulated logically. The term "external validity" is a synonym for “generalisability”.

Internal validity can be illustrated as follows:

\[
\begin{array}{|c|c|}
\hline
\text{Conceptualisation} & \text{Theoretical validity} \\
\hline
\text{Constructs} & \text{Construct validity} \\
\hline
\text{Operationalisation} & \text{Measurement validity} \\
\hline
\text{Data collection} & \text{Reliability} \\
\hline
\text{Analysis and interpretation} & \text{Inferential validity} \\
\hline
\end{array}
\]

1.7.4.1 Validity of the literature review

The validity of the literature used in this study was ensured by making use of resources and literature relating to the nature, problems and aims of the research. Most of the constructs, concepts and dimensions that form part of employee motivation, job satisfaction and staff retention could be found in the relevant literature. The researcher ensured that the concepts and constructs were discussed systematically, and the choice of these concepts and constructs was objective. A number of traditional and mainstream research literature resources were used in this study because of their relevance to the conceptualisation of the constructs relevant to this research. That being said the researcher, also consulted the most recent literature sources applicable to the study.
1.7.4.2 Validity of the empirical review

The validity of the empirical study was ensured through the use of appropriate and standardised measuring instruments. The instruments were investigated and discussed, and adapted to meet the specifications of the organisation involved in the study. Hence criterion-related validity, content validity and construct validity were statistically tested. Owing to the specialised field of foreign exchange, the researcher reviewed and adapted current questionnaires to reflect the specific needs and expectations of employees in the foreign exchange banking pertaining to employee motivation, job satisfaction and staff retention. The following typical questionnaires were reviewed: the Work Preference Inventory (WPI) (Amabile, Hill, Hennessey, & Tighe, 1994); the Job Satisfaction Survey (JSS) (Spector, 1985); the Organisational Assessment Questionnaire (OAQ) (Cammann, Fichman, Jenkins, & Klesh, 1983); the Retention Factor Scale (RFS) (Döckel, 2003); and the Employee Retention Questionnaire (Mobley, Horner, & Hollingsworth, 1978). The questionnaires were adapted where necessary.

1.7.5 Research variables

Variables refer to the characteristics of the object being researched. Independent variables are typically the antecedent phenomenon, under the control of the researcher, while dependent variables are the consequent phenomenon (Mouton & Marais, 1996). In this research, the variables being measured were employee motivation (independent variable), job satisfaction (independent variable) and staff retention (dependent variable) for each of the biographical subgroups, namely gender, age, race, seniority level, business subunit and area.

1.7.6 Unit of analysis

Unit of analysis refers to the “what” of the study, that is, what object, phenomenon, entity, process or event will be investigated (Mouton, 2001). The unit of analysis for
this research was individuals, namely current employees in a foreign exchange banking organisation. These individuals included male and female managers and non-managers of various ages, races, departments and geographical areas.

1.8 RESEARCH METHOD

In an attempt to obtain scientific and objective findings, the research method comprised two phases, namely the literature review and the empirical study, as depicted in figure 1.1.
PHASE 1: LITERATURE REVIEW

Step 1: Conceptualisation of employee motivation
Step 2: Conceptualisation of job satisfaction
Step 3: Conceptualisation of staff retention
Step 4: Determining the theoretical relationships between employee motivation and job satisfaction for staff retention
Step 5: Developing a theoretical model

PHASE 2: EMPIRICAL STUDY

Step 1: Population and sample
Step 2: Selection and/or adaptation of questionnaires:
- select potential questionnaires
- compile final questionnaire
Step 3: Data collection
Step 4: Data analysis
Step 5: Research hypothesis formulation
Step 6: Reporting and interpretation of results
Step 7: Integration of research
Step 8: Conclusions, limitations and recommendations

Figure 1.1: Overview of the research methodology
1.8.1 Phase 1: Literature review

The literature review consisted of a review of employee motivation, job satisfaction and staff retention.

1.8.1.1 Step 1: Conceptualisation of employee motivation

The first specific aim of the research was to conceptualise employee motivation and determine its key components. This involved a critical review and examination of the existing literature on employee motivation, focusing on the following:

- conceptualising and defining employee motivation
- examining and conceptualising various aspects of employee motivation, including
  - various theoretical models
  - the factors and influences of employee motivation
  - the consequences of employee motivation
- determining the ways in which employee motivation can be measured

Employee motivation was evaluated in the context of recent and classic literature, with a view to determining the most appropriate employee motivation model and measurement technique for the purpose of this study.

1.8.1.2 Step 2: Conceptualisation of job satisfaction

The second specific aim of the research was to conceptualise job satisfaction and determine its key components. This involved a critical review and examination of the existing literature on job satisfaction, focusing on the following:
• conceptualising and defining job satisfaction clearly

• examining and conceptualising various aspects of job satisfaction, including
  o various theoretical models
  o the factors and influences of job satisfaction
  o the consequences of job satisfaction

• determining the ways in which job satisfaction can be measured

Job satisfaction was evaluated in the context of recent and classic literature, with a view to determining the most appropriate job satisfaction model and measurement technique for the purpose of this study.

1.8.1.3 Step 3: Conceptualisation of staff retention

The third specific aim of the research was to conceptualise staff retention and determine its key components. This involved a critical review and examination of the existing literature on employee motivation, focusing on the following:

• conceptualising and defining staff retention

• examining and conceptualising various aspects of staff retention, including
  o various theoretical models
  o the factors and influences of staff retention
  o the consequences of staff retention

• determining the ways in which staff retention can be measured
1.8.1.4  **Step 4: Determine the theoretical relationships between employee motivation and job satisfaction for staff retention practices**

The fourth specific aim of the research was a theoretical integration of the variables. Once the literature had been examined and the concepts and their components had been clearly defined for employee motivation and job satisfaction, the researcher integrated all the information in order to gain a better understanding of staff retention. The primary aim of this step was to establish links between employee motivation and job satisfaction for staff retention.

1.8.1.5  **Step 5: Development of a theoretical model**

Once the theoretical relationships between employee motivation and job satisfaction for staff retention practices had been identified and discussed, the researcher developed a theoretical model. In so doing so, she sought to examine the conditions under which the effectiveness of strategies for employee motivation and job satisfaction could be maximised in order to initiate staff retention practices.

1.8.2  **Phase 2: Empirical study**

The empirical study was conducted in a South African foreign exchange banking organisation.

1.8.2.1  **Step 1: Population and sample**

Availability and convenient sampling were used in this research.
1.8.2.2  Step 2: Selection and/or adaptation of questionnaires

The process involved reviewing and adapting measuring instruments that measure the three variables, and then discussing them.

1.8.2.3  Step 3: Data collection

Data from the questionnaire was collected from the individuals. These individuals were required to complete the questionnaire online, via a web link that was distributed via e-mail. Consent for participation was obtained before the respondents completed the questionnaires. Ethical clearance was obtained prior to the commencement of the research.

1.8.2.4  Step 4: Data analysis

The statistical procedure relevant to this research included descriptive statistical analysis, correlation analysis, inferential analysis and multivariate statistics. The statistical analyses were conducted using the SPSS program, and included descriptive and inferential statistics.

According to Terre Blanche and Durrheim, (1999) descriptive statistics involves statistical procedures that are used to describe the population of the study, and include the following:

- A mean is the average of all the values in the data set.
- The standard deviation shows how much variation or dispersion exists from the average (mean) or expected value.
- Frequency and skewness are a measure of a distribution's deviation from symmetry.
According to Terre Blanche and Durrheim (1999), inferential statistics is concerned with making predictions about a population from observations and analyses of a sample, and includes the following:

- Factor analysis is a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables referred to as factors. There are two types of factor analysis, exploratory and confirmatory. Exploratory factor analysis is used to identify complex interrelationships between items and group items that are part of unified concepts about relationships between factors. Confirmatory factor analysis is a more complex approach that tests the hypothesis that the items are associated with specific factors. It uses structural equation modelling to test a measurement model, whereby loading on the factors allows for an evaluation of relationships between observed variables and unobserved variables (Kaplan, 2004).

- Cronbach alpha coefficients are considered an index of reliability associated with the variation accounted for the true score of the underlying construct (Santos, 1999). This test is applied to help determine the reliability of the questionnaire.

- Pearson’s correlation coefficient is a measure of the linear correlation (dependence) between two variables $X$ and $Y$, giving a value between $+1$ and $−1$ inclusively.

- T-test refers to a statistical technique used to compare the means of two groups to determine if a significant difference exists (Muchinsky, 1993). A typical example of the use of t-tests is for comparisons between groups of only two categories, such as males or females (gender). This type of test is used to determine the construct validity of a questionnaire.

- Analysis of variance (ANOVA) is a collection of statistical models used to analyse the differences between group means and their associated procedures. In simple terms, ANOVA tests the significance of a difference between several conditions in an experiment by making two different
estimates of the variability that one would expect to find in the data (McBurney, 2001).

- Structural equation modelling (SEM) allows both confirmatory and exploratory modelling, meaning it is suited to both theory testing and theory development. It is a statistical technique for testing and estimating causal relations using a combination of statistical data and qualitative causal assumptions (Kaplan, 2004). The steps in structural equation modelling are illustrated in figure 1.2 below.

Figure 1.2: Overview of structural equation modelling process
1.8.2.5 Step 5: Research hypothesis formulation

In order to operationalise the research, research hypotheses were formulated from the central hypothesis in order to be empirically tested.

1.8.2.6 Step 6: Reporting and interpretation of the results

The results were discussed on the basis of statistical data retrieved, in the form of tables and graphs to describe the quantitative results. The data was interpreted clearly and logically in terms of the existing literature on employee motivation, job satisfaction and staff retention. The theoretical model developed was tested by using structural equation modelling.

1.8.2.7 Step 7: Integration of the research

A number of deductions were made on the basis of the findings of the research, relating it back to the initial problem statement and hypotheses. The findings relating to the literature review were thus integrated with the findings of the empirical research.

1.8.2.8 Step 8: Conclusions, limitations and recommendations pertaining to the research

The last step reported the extent to which the general and specific aims of the study were met. Conclusions of the research were discussed. The limitations of the research were discussed, based on the problems faced during the two phases of the research (the literature review and empirical study), to better equip future researchers. The recommendations of the research were discussed, and involved answering the research questions and solving the research problem.
Recommendations were made for the industrial psychologists, human resource practitioners, and the organisation and future researchers.

1.9 CHAPTER LAYOUT

The layout of the chapters is as follows:

Chapter 1: Scientific overview

This chapter clarified the aim of the research, the problem statement, the research objectives and the purpose of the study.

Chapter 2: Employee motivation

This chapter provides a critical review of employee motivation, including various definitions, appropriate models and theories. The impact of demographic variables on employee motivation are also investigated and the importance of employee motivation in an organisation considered.

Chapter 3: Job satisfaction

This chapter involves a critical review of job satisfaction, including various definitions, appropriate models and theories. The impact of demographic variables on job satisfaction is also investigated and the importance of job satisfaction in an organisation considered.

Chapter 4: Staff retention

This chapter provides a critical review of staff retention including various definitions, appropriate models and theories. The impact of demographic variables on staff
retention is also investigated and the importance of staff retention in an organisation considered. The chapter concludes with the integration of the concepts of employee motivation and job satisfaction for staff retention in a theoretical model.

Chapter 5: Research methodology

The research design and methodology used to conduct the field research are outlined. The chapter begins by highlighting the aims of the empirical research and then explains the research population and sample, the measuring instruments used, the administration of the questionnaire, data processing, statistical methods and strategies and the formulation of the research hypotheses.

Chapter 6: Research results

In this chapter, the results emanating from the field research are presented and discussed.

Chapter 7: Conclusions, recommendations and limitations

In this chapter, the outcome of the research is compared with the literature reviewed in chapters 2, 3 and 4, which were discussed in order to formulate appropriate conclusions and recommendations and limitations.

1.10 CHAPTER SUMMARY

The purpose of this chapter was to provide an overview of the research. The foreign exchange working environment and the research that has been conducted in the area of employee motivation, job satisfaction and employee retention was outlined. The researcher was unable to find a study that investigates employee motivation and
job satisfaction for staff retention among foreign exchange banking individuals. The research problem was formulated as determining the key factors contributing to employee motivation and job satisfaction that organisations could consider in order to develop policies and procedures for staff retention.

The theoretical and empirical aims were formulated to address the issue. The literature review was presented from the humanistic-existential and open-systems perspective. Employee motivation, job satisfaction and retention were approached from an interdisciplinary perspective drawing from the fields of industrial and organisational psychology, personnel psychology and organisational psychology. These three disciplines were discussed in relation to the problem being addressed in this research.

The research design used was a quantitative study using the survey method to collect the data. Explanatory and descriptive research was applied and discussed. The methodology was discussed explaining the theoretical study, questionnaire design, data collection and statistical analysis phases of the empirical research process to be followed.

Finally, the layout of the chapters was presented.

Chapter 2 deals with the conceptualisation and contextualisation of the South African financial institution. The construct of employee motivation is considered in order to address the first literature research question relating to the conceptualisation of employee motivation and to determine its key components from a theoretical perspective.
CHAPTER 2: EMPLOYEE MOTIVATION

2.1 INTRODUCTION

The aim of this chapter is to outline the theoretical context that forms the definitive borders of this study. This chapter includes research of the literature review on the construct of employee motivation. It also focuses on step 1 of the literature review, namely to conceptualise the construct of employee motivation and determine its key components. The chapter begins with an overview of South African financial institutions, followed by a discussion of the unique work context of foreign exchange. The conceptual foundations and definitions of employee motivation are explained, the various theoretical models explored and the factors and influences of employee motivation elucidated. The chapter concludes with a discussion of the consequences of employee motivation for the organisation.

2.2 WORK IN FINANCIAL INSTITUTIONS

In this section, the focus is on the concepts relating to general banking in South Africa. The concepts of foreign exchange, the role players in foreign exchange and the process flow of foreign exchange are explored.

2.2.1 Overview of the South African financial banking environment

Banks are considered the most important financial institutions in a country’s economy (Rose, 2002). Retail and corporate banking is firmly grounded in the financial industry and economic sector of any country. It is part of a world of constant change, where competition is fierce, new technologies are ever present and changing expectations lead to new customer demands. The world of business is
changing rapidly because of advances in technology – communications, electronics and the use of data have contributed to the globalisation of industries (Rose, 2002).

The banking industry in South Africa is a complex and highly competitive environment dominated by the four big banks, namely Amalgamated Banks of South Africa (ABSA), First National Bank (FNB), Nedbank and Standard Bank (Metcalfe, 2003). Operating in such a dynamic environment requires bank employees to fully understand all the necessary factors associated with customer service that affect their success and market share (Levitt, 1983). One of the most common challenges for banks is how to differentiate themselves from their competitors. Differentiation based on price and cost strategies is normally short-lived, and the only real way to differentiate is through relationships and customer service (Ghemawat, 1999).

Banks are profit-generating organisations that must recognise customers’ wants, needs, desires, expectations and problems, while satisfying these needs at a profit to the bank (Gibbs, 1985). The profitable growth of a bank can be constrained by external factors such as the economic environment, target markets and industry structure, as well as internal factors such as branch network, technology and managerial capability for innovation and differentiation, marketing and customer relationships (Roy, 2011).

2.2.2 Unique work context of foreign exchange

The foreign exchange market is a global decentralised market for the trading of currencies. The main participants in this market are the larger international and local banks. The foreign exchange market assists international trade and investments by enabling currency conversion. In a typical foreign exchange transaction, a party purchases some quantity of one currency by paying for some quantity of another currency (Foreign Exchange Committee, 2001). According to the Foreign Exchange Committee (2001), the foreign exchange market is unique because of the following characteristics:
- its huge trading volume representing the largest asset class in the world leading to high liquidity
- its geographical dispersion
- its continuous operation: 24 hours a day excluding weekends
- the variety of factors that affect exchange rates
- the low margins of relative profit compared with other markets of fixed income
- the use of leverage to enhance profit and loss margins and with respect to account size

According to the Bank for International Settlements (2002), the preliminary global results from the 2013 Triennial Central Bank Survey of foreign exchange showed that trading in foreign exchange markets averaged US$5.3 trillion per day in April 2013. The foreign exchange markets affect output and employment through exchange rates. They also influence inflation through the cost of imports and commodity prices and they affect international capital flows through the risks and returns of different assets. Exchange rates are justifiably a major focus for policy makers, the public and of course the media (Lyons, 2001).

Despite the electronic revolution, many aspects of the foreign exchange markets remain constant; the markets remain decentralised with high liquidity and continuous trading (Lyons, 2001). The trading day begins when a dealer arrives for work in Australia and Asia. The activity then moves to Europe when the markets open in Frankfurt, London and Paris, and finishes late in the afternoon in New York (Osler, 2009). Since most countries have their own currencies, international trade in goods requires trade in currencies. According to King, Olser, and Rime (2011), the motives for currency exchange have expanded over the centuries to include speculation, hedging and arbitrage, with a list of key players expanding.

Various terms are used specifically in the foreign exchange market, which the Foreign Exchange Committee (2010) identified and defined as follows:
- **Foreign exchange dealer:** The foreign exchange dealer refers to all market makers in the foreign exchange environment, whether commercial or investment banks.

- **Counterparty:** A counterparty refers to the entity with which a foreign exchange dealer has transacted. It can be a bank, a corporate company, or an institutional or retail client (individual or small company).

- **Trading:** Trading refers to the employees who execute customer foreign exchange orders and take positions; they may act as a market maker or dealer.

- **Salespersons:** A salesperson refers to the employee who receives price quotes from the foreign exchange dealers and or trading staff and presents market opportunities to current and potential clients.

- **Operations:** Operations refer to the processing, settlement, back-office or middle-office areas of the bank with specific focus on foreign exchange. Specifically, operations provide support service to the sales, dealers and trading staff of the bank.

- **Nostro bank:** Nostro bank also refers to a correspondent bank, agent bank and clearing bank. A foreign exchange dealer may use the services of one or more affiliated or unaffiliated nostro banks to make and receive payments. Generally, the dealers use a different nostro account for each currency they trade.

### 2.2.3 Foreign exchange process

In order to understand how foreign exchange works and how all the role players are involved, it is best to describe and discuss the foreign exchange process flow (Foreign Exchange Committee, 2010). Figure 2.1 illustrates the essential role players and process flow involved in a foreign exchange transaction.
2.2.3.1 Step 1: Pre-trade preparation and documentation

The process begins with the pre-trade preparation and documentation, and the business relationship between the two parties is established and analysed. The pre-trade preparation involves coordination with the salesperson, dealer, trading employee and operations staff as well as other support areas such as systems, credit, legal and compliance in order to establish trade capture parameters and requirements that should be in place prior to trading or dealing with the counterparty.

2.2.3.2 Step 2: Trade capture

The trade capture function is the second phase of the foreign exchange processing flow. Deals may be transacted by various means such as the telephone, a broker, an electronic matching system or internet-based systems. After the deal has been
executed, the trader inputs the trade data into a foreign exchange dealer operations system. The trade information typically includes trade date, time of trade, settlement date, counterparty, financial instrument traded, currency pair, amount transacted, price or rate, and may include settlement instructions.

The foreign exchange dealer system used by the dealers can provide the “real-time” position and profit and loss updates. Trade information captured in the foreign exchange dealers system flows to the rest of the bank systems to update credit risk settlement risk and mark-to-market credit risk. Inaccurate or untimely trade capture can have implications for profit and loss statements and risk management for a foreign exchange dealer. If a foreign exchange dealer does not capture the correct transaction, then its positions, profits and losses and reported credit exposure will be incorrect. Operational staff should be responsible for ensuring that appropriate settlement instructions are captured so that the required confirmation message can be issued.

2.2.3.3 Step 3: Confirmation

Once the trade has been captured, the foreign exchange transaction needs to be confirmed in writing by way of a “confirmation,” either by traditional means such as mail, or via electronic communication. It is the responsibility of each party to actively match and validate its own transaction records with incoming confirmations from its counterparty. Operations staff should be responsible for reporting all unconfirmed trades and unmatched incoming confirmations to the salesperson, dealer and trading employee.

2.2.3.4 Step 4: Settlement

Settlement is the exchange of payments between counterparties on the value date of the foreign exchange transaction that was captured by the dealer. When a foreign exchange dealer enters into a contract on behalf of a client to buy US dollars (USD)
and sell Japanese yen (JPY), for example, it will credit its JPY nostro account and debit its USD nostro account. The counterparty credits its USD nostro account and debits its JPY nostro account in Japan. The settlement process is complete when both counterparties have been paid the appropriate amounts.

If settlement error occurs in the process, it can be quite costly for both the bank and the counterparty involved. In addition, settlement risk has large repercussions for both the bank and the counterparty, if a party makes its payment but does not receive the counter currency expected, it can cause a huge loss. Any disputes should be investigated and resolved between a foreign exchange dealer and counterparty’s operations units.

2.2.3.5 Step 5: Nostro reconciliation

Nostro reconciliation occurs at the end of the trade settlement process to ensure that a trade has settled properly and that all expected cash flows have occurred, specifically comparing expected cash movements with actual cash movements both paid out and received by the nostro bank. Early reconciliation enables a foreign exchange dealer to detect any problems in cash settlement. However, a foreign exchange dealer does not receive notification from its nostro banks until one day after settlement.

2.2.3.6 Step 6: Accounting or financial control

The accounting function ensures that foreign exchange transactions are properly recorded on the bank’s balance sheet and income statement. If transaction information is not recorded correctly, a foreign exchange dealer’s reputation may be impaired and questioned by the bank’s operational risk team. According to the Bank for International Settlements (2002), operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal procedures, people and systems, or from external events. Operational risk for foreign exchange in particular involves
problems with processing, product pricing and valuation. According to the Foreign Exchange Committee (2001), failure to adequately manage operational risk, in turn, can decrease a firm’s profitability. At the end of each trade day, all subledger accounts flow through to the general ledger. The bank’s trading system compiles all of this data and develops a profit and loss figure for each day. Each morning, the profit and loss of the prior day’s business is verified by the financial management function and analysed by senior management.

The employees are the most important asset in all organisations, whether large or small, local or international. According to research by Elnaga (2013), an effective working environment reduces sick leave, lowers turnover rates and increases efficiency and turnover in an organisation. Work environment therefore means that the physical aspects of a workplace environment can have a direct impact on the productivity, health and safety, comfort, concentration, job satisfaction and motivation of the employees. When employees are working in situations that suit their physical and mental abilities, the correct fit between the person and the work task is achieved. Individuals are then in the optimum situation for learning, working and achieving goals, without adverse health consequences (e.g. injury, illness or stress). Evidence suggests that bank employees’ stress affects their job satisfaction and motivation, while there is no significant difference between male and female employees or even bank type in terms of the level of stress experienced (Kakkos, Trivellas, & Fillipou, 2010).

Given the fact that many countries have been subjected to the effects of the recent economic crisis (both locally and internationally), employees in general may be required to meet more demanding performance standards and company goals in order to remain competitive while faced with feelings of job insecurity for the future and/or forced to watch their own income shrink owing to the harsh economic measures taken in a period of economic recession and uncertainty (Kakkos et al., 2010). Having acknowledged that employers would rather maintain an amount of pressure or stress at “optimal” levels to boost employee performance (Certo, 2003), it is not easy to maintain a fine line between stress levels, motivation and one’s well-being.
The next section focuses on the construct of employee motivation.

2.3 EMPLOYEE MOTIVATION

Firstly, the concept of employee motivation is conceptualised, followed by the discussion of the theoretical models, variables and implications of employee motivation.

2.3.1 Conceptual foundation of employee motivation

The South African work environment has changed dramatically in recent years resulting in downsizing in order to save costs, expanding owing to business progress and international interest in terms of imports and exports, and becoming increasingly diverse because of political changes. There have also been changes in technology and the structuring of work – all of these influence individuals and how they are motivated. In order for an organisation to be efficient and successful, it needs to take cognisance of motivational challenges to encourage employees to participate and to stimulate their decision to reach their full potential at work (Denison, 1996). Motivating staff may be a critical factor in ensuring that an organisation thrives and succeeds in an increasingly competitive environment (Govender & Parumasur, 2010).

In today’s rapidly changing corporate environment, organisations from all around the world want to use the maximum potential of their human resources to stay ahead of the fierce competition and survive during this quest. Great organisations are built on the inherent value of their human resources because motivated and committed employees almost always allow an organisation to grow faster than similar competitive organisations. When a well-motivated and committed workforce feel that an organisation values them and realises that they fulfil an essential role in the organisation, this significantly enhances both the employees and the organisation’s
performance (Meyer, Paunonen, Gellaty, Goffin, & Jackson, 1989; Pride, Hughes, & Kapoor, 2012; Shore & Martin, 1989). Motivated employees with high levels of job involvement are considered an asset to an organisation, and keeping employee motivation and job satisfaction high is always rewarding to a business as motivated employees are more productive. Hence higher productivity usually results in higher profits (Denton, 1987).

In a service industry such as the banking sector, employees who are highly motivated provide excellent quality customer services. Employee motivation is a widely practised exercise today across all corporate sectors, regardless of their size. In the same way as the psychological need for any individual is to be appreciated for his or her efforts, the same idea or thought gives rise to the need for rewards and recognition in order to increase the work drive of an employee and increase his or her efficiency in and seriousness about work. Nowadays, organisations worldwide strive to motivate their employees in order to survive and compete successfully in the dynamic corporate environment. Motivation energises human resources, improves employees’ levels of efficiency, enables organisations to gain a sustainable competitive advantage over their rivals, and ultimately leads to the achievement of organisational goals (Mohsan, Nawaz, Khan, Shaukat, & Aslam, 2011). In an exploratory study by Kubo and Saka (2002), factors such as monetary incentive, human resource development and job autonomy were identified as motivators to the employees working in the Japanese financial sector.

From 1924 to 1932, Elton Mayo conducted a study referred to as Hawthorne Studies (Dickson, 1973). This study found that employees are not motivated solely by money, and employee behaviour is linked to their attitudes. The Hawthorne Studies heralded the start of the human relations approach to management, whereby the needs and motivation of employees become the primary focus (Bedeian, 1993). According to Bernardin and Russel (1993), compensation has a huge influence on the recruitment of employees, motivation, productivity and employee turnover. Compensation includes the financial returns to the services rendered by employees as part of employment relationships. According to Bernardin and Russel’s (1993) research, the employees were satisfied and more intrinsically motivated to give a
high-quality performance. However, as long as non-monetary rewards were absent, high motivation did not translate into actual high-quality performance.

2.3.1.1 Definition of motive

In most cases, employees enter an organisation and/or department voluntarily. Maslow (1943) argued that people work to survive and live through financial compensation to make new friends, to have job security, to experience achievement and to feel important in society, in order to have a sense of identity. This implies that employees’ participation decision depends on the degree to which an organisation aids them in the pursuit of their personal aims. Hence an employee’s work behaviour is always directed at the aims he or she wishes to achieve. The term “motive” is used to explain the "why" of employee work behaviour. According to Jost (2014), motive is defined as a class of aims that occur in the form of persisting and stable evaluative dispositions, and the inclination of a person to react in a specific way to a given situation. By associating each motive with a certain goal, the employee’s aims can be related to his or her individual behavioural inclinations.

2.3.1.2 Definition of a need

A need is defined as a person’s want or feeling of deficiency, caused by a physiological and psychological imbalance (Jost, 2014). There are two types of needs, namely physiological and psychological needs. Physiological needs refer to the primary or basic needs of an individual. They are considered biological prerequisites, unavoidable from birth and requirements for human survival (Jost, 2014). Examples of these needs are the need for air, water and sustenance, as well as the need for avoiding pain. Individuals must meet these physiological needs in order to survive (Rathus, 2011). Psychological needs are not innate, but have to be learnt by an individual. They are described as an individual’s secondary needs (Jost, 2014). Examples of psychological needs are the need for money or approval. Psychological needs may arise from experience or be learnt, whereas physiological
needs reside in the physical make-up of the organism. People share similar physiological needs, but are also influenced by social and cultural settings (Rathus, 2011).

According to Jost (2014), whenever higher needs are addressed, any list of needs may be arbitrary because of the individual nature of the structure of such needs. Whether needs are physiological or psychological, the greater the level of need, the greater the expectancy of need satisfying behaviour will be (Carley, 2012). Below is a list of types of needs which empirical and theoretical studies have found to be of importance in the context of the work environment (Jost, 2014):

- the need for money
- the need for security
- the need for status
- the need to belong
- the need for achievement
- the need for power
- the need for self-actualisation

2.3.1.3 Definition of employee motivation

The effort level the employee chooses for pursuing his or her goals is determined by his or her motivation. The individual will form expectations about whether and to what extent his or her actions contribute to accomplishing his or her goals. As a consequence, the level of effort not only depends on the strength of the individual's motives, but also on his or her perception of the work situation (Jost, 2014).

The concept of motivation is derived from a Latin word “movere” which means “to move”. Early definitions of motivation include the following: Mitchell (1982) defined
motivation as those psychological processes that cause the arousal, direction and persistence of voluntary activities that are goal orientated. Westerman and Donoghue’s (1989, p. 79) definition refers to motivation as “a set of processes which energize a person’s behaviour and direct him or her towards attaining some goal, or put more simply getting people to do willingly and well those things which have to be done”. There are numerous motivation definitions in the literature. According to DeCenzo and Robbins (1996), motivation is the willingness or desire to do something, conditioned by the activity or action’s ability to satisfy some need. Analoui (2000) views motivation as a drive within the individual which is necessary to direct his or her actions and behaviour towards the achievement of some goals. Robbins and Judge (2008) defined it as the process that accounts for an individual’s intensity, direction and persistence of effort towards attaining a goal. A further definition of motivation is that it is a set of energetic forces that originate both within as well as beyond an individual’s being, to initiate work-related behaviour, and to determine its form, direction, intensity and duration (Pinder, 2008).

Motivation has been defined as the “drive or energy that compels people to act with energy and persistence towards some goal” (Berman, Bowman, West & Wart, 2010, p. 180). While general motivation refers to the effort towards any goal, employee motivation refers to the effort towards organisational goals. Robbins and Coulter (1996) described employee motivation as the willingness of an employee to exert some effort or action in order to achieve the organisational goals, conditioned by the action’s ability to satisfy the employee’s individual needs. Pinder (2008) added that employee motivation is a set of energetic forces that originate both within as well as beyond an individual’s being, to initiate work-related behaviour and to determine its form, direction, intensity and duration.

The effort level at which the employee chooses to achieve his or her goals can be interpreted as the motivational conditions of motivation. According to Jost (2014), an employee’s effort is characterised by the following three components:

- **The direction of efforts:** The employee can choose between different alternatives in order to achieve his or her goals. The direction of efforts relates to that alternative underlying his or her actual work behaviour.
• **The strength of efforts:** This component determines the degree of commitment with which the employee pursues the chosen alternative. The strength of effort can vary from a low to high level.

• **The persistency of efforts:** If the employee’s actions involve any obstacles, the question arises as to how much the employee adheres to his or her behaviour. The persistency of efforts reflects his or her attempts to ambitiously adhere to his or her behaviour over a given course of time.

According to Lord (2002), productivity is a function of employee motivation. Motivators such as accomplishment, pay, job responsibility, promotions and recognitions enhance the job satisfaction of employees, which creates confidence, loyalty and commitment, and improves the organisation’s productivity. Employee motivation is one of the policies of managers to increase effectual job performance among employees in organisations. A motivated employee is responsive to the definite goals and objectives he or she must achieve, and therefore steers his or her efforts in that direction (Manzoor, 2012). Employee performance is therefore a function of ability, job design and motivation. If the employee has adequate ability and the job is well designed, then performance is solely dependent on the level of motivation. Assuming that ability and job design are in order, high motivation becomes a necessary and sufficient condition for high performance (Grant, 1990). Ability, in turn, depends on education, experience and training, and improvement is a slow and long process. Performance is considered to be a function of ability and motivation (Prasad, 2011).

Almost all organisations use pay, promotion, bonuses or other types of rewards to motivate and encourage high-level performances among employees. Research conducted in Pakistan by Khan, Farooq, and Ullah (2010) examined the relationship between rewards and employee motivation, and the study focused on four types of rewards. The results of the study showed that recognition correlates significantly with employee motivation. According to Constant and Offodile (2001), employee participation and empowerment not only direct efficiency, effectiveness and innovation, but also boost employee gratification, work motivation and trust in the organisation.
In the next section the theoretical approaches to employee motivation are outlined.

2.4 THEORETICAL APPROACHES TO EMPLOYEE MOTIVATION

During the last 50 years or so, researchers have developed various theories of human motivation. Each has contributed to one facet or other of our understanding of human behaviour, but none can or should be considered absolute (Paul & Robertson, 1970). According to Kreitner and Kinicki (2008), managers cannot simply take one of the theories of motivation and apply it word for word, because of the dynamics in the organisation that interfere with applying motivation theories in a “pure” form. Fox (2007) explained that although all theories of motivation attempt to describe why people work and what increases their inclination to function efficiently and effectively, not all motivational theories view the motivational process in the same way. It is for these reasons that the researcher in this study deemed it important to provide an analytical overview of some of the more widely promoted theories of motivation, to gain an understanding of their commonalities and to identify the factors that each theory suggests improve employee motivation. According to Iguisi (2009), motivation theories are classified into two groups, namely content and process theories. These theories are aimed at helping managers to understand the needs and goals of employees and to help the manager to arouse, direct and sustain a particular course of action or to stop certain behaviours that are proving problematic in the organisation (Bagraim, Cunningham, Potgieter, & Viedge, 2007).

2.4.1 Content theories

Content theories are also referred to as needs-based theories since they explore what motivates people, that is, what arouses and energises an individual’s behaviour (Abbah, 2014). These theories focus on the particular factors that motivate individuals, and offer ways to profile or analyse individuals in order to identify their needs. The best-known models in this field are Maslow’s hierarchy of needs theory,
Alderfer’s existence-relatedness-growth (ERG) theory, Herzberg’s two-factor theory, McClelland’s theory of needs and McGregor’s Theory X and Theory Y. The main content theories of human behaviour are discussed below, because they are specific to this research study in that they apply to the humanistic-existential paradigm and the open-systems paradigm.

2.4.1.1 Maslow’s hierarchy of needs theory

The hierarchy of needs theory was developed by a psychologist, Abraham Maslow, in the 1940s. The crux of his theory is that there are at least five sets of goals that individuals possess that may be called needs. Maslow (1954) categorised individual needs into five general classes, which can be hierarchy ordered according to their relative influences. Figure 2.2 depicts the structure of the hierarchy of needs according to Maslow’s theory of motivation.

![Diagram of Maslow's hierarchy of needs]

Figure 2.2: The hierarchy of needs according to Maslow (Schultz & Schultz, 1998, p. 287)
The hierarchy of needs starts at the bottom of the pyramid with the lowest level of needs:

- **Physiological needs** refer to the basic needs of a person such as air, water sustenance or sex.

- **Safety needs** refer to the future satisfaction of physiological needs, such as protection against accidents, danger or infection.

- **Social needs** refer to the contact one has with other individuals in a certain group and also includes the pursuit of love, community and belonging.

- **Esteem** refers to the wish to be appreciated and respected and also relates to a person’s self-assessment. It includes striving for status, prestige or influence.

- **Self-actualisation needs** refer to the development of an individual’s personality and striving for independence.

As each level becomes substantially satisfied, the next one becomes dominant. Although no need is ever fully gratified, a substantially satisfied need no longer motivates the individual (Robbins & Judge, 2008). According to Maslow’s work, the physiological and safety needs relate to where individuals start, also known as lower-order needs, which are generally satisfied externally (such as pay). Social needs, esteem and self-actualisation are referred to as higher-order needs, which are satisfied internally.

The hierarchy of needs theory states that people are motivated by several needs at the same time, but the strongest source is the lowest unsatisfied need. As the person satisfies a lower-level need, the next higher need in the hierarchy becomes the primary motivator and remains so even if it is never satisfied. Physiological needs are initially the most important, and people are motivated to satisfy them first (Robbins & Judge, 2008). As they become gratified, safety needs emerge as the strongest motivator. As safety needs are satisfied, belongingness needs become most important. The exception to this fulfilment process is self-actualisation; as
people experience self-actualisation, they desire more rather than less of this gratification. Thus, while the bottom four groups are deficiency needs because they become activated when unfulfilled, self-actualisation is known as a growth need because it continues to develop even when fulfilled (Jost, 2014). Self–actualisation was one of the most important contributions that Maslow made in terms of the motivation theory. It is the process of developing one’s own potential and consistently striving to achieve one’s own unique capabilities (Robbins, 1998).

Maslow’s hierarchy has been applied in the workplace and is often used as a foundation in organisational development programmes. This theory supports the notion that employees should be motivated by using a variety of factors, because employees may be at different levels on the hierarchy (Cherrington, 1994).

Table 2.1 summarises Maslow’s hierarchy of needs as they relate to individuals in the workplace.

Table 2.1: Maslow’s hierarchy of needs as they relate to aspects of the workplace

<table>
<thead>
<tr>
<th>Maslow’s hierarchy of need</th>
<th>Related aspects of work</th>
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<tr>
<td>Self-actualisation</td>
<td>Challenging job</td>
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<td></td>
<td>Creative task demands</td>
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<td></td>
<td>Advancement opportunities</td>
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<td></td>
<td>Achievement in work</td>
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<tr>
<td>Self-esteem</td>
<td>Merit pay increase</td>
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<td></td>
<td>High status job title</td>
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<td>Social needs</td>
<td>Compatible work group</td>
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<td></td>
<td>Friendship at work</td>
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<td>Safety needs</td>
<td>Job security</td>
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<td></td>
<td>Fringe benefits</td>
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<td>Physiological needs</td>
<td>Basic salary</td>
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<td></td>
<td>Safe working conditions</td>
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</tbody>
</table>
Understanding Maslow’s theory has implications for the workplace, namely that the lower-level needs must be met before a person can satisfy the higher-level needs, and a manager or organisation is better positioned to meet those needs. According to Kreitner and Kinicki (2008), despite the fact that research does not clearly support Maslow’s theory, there is one key managerial implication of his theory that is worth noting; a satisfied need may lose its motivational potential and it is therefore essential for managers to devise programmes aimed at satisfying new and emerging needs that are unmet in order to motivate employees. Managers can apply Maslow’s theory by providing for the physiological and security needs of their employees by means of pay, service benefits and job security. According to Smit, Cronje, Brevis, and Vrba (2007), managers can include employees in groups or teams to satisfy their social needs, and they can create working environments where the higher-order needs of their employees can be satisfied. The manager can assist with satisfying esteem needs by rewarding high achievements with recognition and appreciation and linking pay to performance achievements. Smit et al. (2007) continued by suggesting that self-actualisation needs can be satisfied by providing employees with work that is challenging, affording them opportunities for promotion, providing creativity and skills development (training) and allowing them full control over their work (job responsibility).

However, Barling (1986) identified two major concerns when applying Maslow’s theory in the workplace. Firstly, there is an assumption that employees can and want to satisfy their needs through the workplace. Secondly, there is the issue of whether the employees want their needs satisfied through their work environment. In today’s society, the organisation may not fulfil a central role in the person’s work-life space. Another limitation of Maslow’s needs hierarchy is its assumption that everyone has the same needs hierarchy. Research has revealed that this is a false assumption because people actually have different needs hierarchies tied to their personal values. According to Smit et al. (2007), contemporary managers realise that the needs of their employees cannot be confined to a simple five-step hierarchy. Needs are conscious deficiencies produced from innate drives, but strengthened or weakened through learning and social forces such as culture and childhood upbringing.
Furthermore, studies have reported that the general needs hierarchy in some cultures is different from the needs hierarchy in others. The needs hierarchy is based on US cultural values and therefore, although the needs that Maslow identified may be universal, the logic or sequence of the hierarchy differs from culture to culture (Oishi, Diener, Lucas, & Suh, 1999). When one views the needs hierarchy from a South Africa perspective, there are many aspects of South African society that the hierarchy does not help to understand. An individual with high political ideals (a self-actualisation need), for example, may pursue these ideals at the expense of his or her safety or social needs. Research has shown that the order of the hierarchy may not apply across all cultures (Smit et al., 2007). Regardless of the lack of support, practitioners continue to use the concept of needs satisfaction to motivate and improve individual performance. It simply makes sense that one may not be able to enjoy higher-order needs when one has no place to live and nothing to eat. While one might temporarily pursue a higher-level need, the desire for food and shelter would most assuredly become the primary focus again. These shortcomings have been addressed in Alderfer's ERG theory.

2.4.1.2 Alderfer’s ERG theory

Alderfer (1969) developed his own theory on needs called the ERG theory in order to align more with empirical research. This theory is an expansion of Maslow’s theory, and is based on three general categories of human needs. Each of the needs is seen as primary and innate to human nature rather than learnt, although learning may increase their strength (Pinder, 2008). The theory concerns itself with the subjective state of need satisfaction and desire and how the satisfaction of certain needs influences the strength of the desires for other needs.

The classes of needs, according to Alderfer’s ERG theory (Alderfer, 1969), are as follows: existence, relatedness and growth needs. Existence needs refer to the need for material security, such as striving for financial compensation or job security. Relatedness needs are described as an individual’s social needs in addition to stable interpersonal relationships. Growth needs refers to the need for self-actualisation
and for self-respect. According to the ERG theory, more than one need is in operation at the same time, and these needs do not occur in a hierarchy, but rather on a continuum (Spector, 2003). Figure 2.3 depicts Alderfer’s ERG theory.

Figure 2.3: Alderfer’s ERG theory

Maslow believed that a person will persevere in satisfying a need. Alderfer (1969), however, suggested that a person will forego such a need, improvise and focus attention on a more basic need. Alderfer’s ERG theory has intuitive appeal, and is more directly applicable to employee motivation than Maslow’s hierarchy of needs theory. It also has greater empirical support (Schultz & Schultz, 1998). Alderfer’s ERG needs theory was developed as an improvement on Maslow’s and has slightly more research support. The ERG theory is a relatively new concept compared to Maslow’s theory, and apart from Alderfer’s research, hardly any research has been done on the theory (Ivancevich & Matteson, 1999). The ERG theory, however, is regarded as a more valid version of Maslow’s need hierarchy (Robbins, 1998) and has elicited more support from contemporary researchers as far as motivation in the work situation is concerned (Luthans, 1998). One of the main strengths of the Alderfer theory is the job-specific nature of its focus. In the theory, specific reference is made to pay fringe benefits, relatedness needs from co-workers and superiors and growth need satisfaction at work. Much confusion and lack of conclusive evidence are still evident in the motivational impact of these variables on the job performance of employees and particularly the influence of pay, according to research by Luthans (1998).

According to research by Hong, Yang, Wang, Chiou, Sun, and Huang (1995), lower-level employees are more concerned about security (which includes fringe benefits) need satisfaction. Alfred’s (1991) research findings suggested that blue-collar employees are motivated to increase their job performance by satisfying higher-order needs (respect, recognition and personal development). The findings of the Arnolds
and Boshoff’s (2000) study contradicted certain general beliefs and prior research on motivation. For instance, the fact that lower-order need satisfaction (fringe benefits) does not influence the job performance of front-line employees is dissonant with Maslow’s theory, as lower-order needs are supposed to motivate lower-level employees. Borkowski (2009) stated that managers must recognise that an employee might have multiple needs to satisfy simultaneously; focusing exclusively on one need at a time will not effectively motivate an employee. Mukherjee (2009) explained that if a situation that occurred was because of the nature of a particular job and other situational constraints, the manager might realise that there are few opportunities to develop different skills, and therefore compensate by providing opportunities to satisfy other needs of the employees. The ERG theory recognises that people are different and there are variables that can affect the needs of an individual. ERG theory states that because an individual needs to satisfy several motivators at the same time, an employer who only tries to satisfy one need at a time will not be effective in motivating its employees.

According to Wanous and Zwany (1977), Alderfer’s theory is removed from reality and may add little value to day-to-day people management, because an individual’s behaviour may not be related simply to need fulfilment. This leads us to the next theory of motivation. The fact that the needs are not strictly demarcated goes against the theory. This is probably one of the main reasons for the lack of popularity of Alderfer’s theory. The term "relatedness" used in the theory is particularly confusing; and like other content theories, it fails to contribute effectively to human resources management (Bagraim et al., 2007).

2.4.1.3 Herzberg’s two-factor theory

In the 1960s, Frederick Herzberg developed a theory that states that motivation comes from the nature of the job itself, and not from external rewards or job conditions (Spector, 2003). Herzberg’s theory was further modified by Maslow’s hierarchy of needs theory and consolidated in two classes of needs (Herzberg, 1966), namely hygiene and motivational needs.
(a) **Hygiene needs**

Hygiene needs refer to an employee’s work context and the external work environment, whose underlying factors are referred to as extrinsic factors. These needs include the pursuit of pay, job security and good physical and social working conditions. These factors can only contribute to preventing employee dissatisfaction (Robbins & Judge, 2008). Examples of hygiene needs are quality of supervision, pay, company policies, physical working conditions, relationships with others and job security.

(b) **Motivational needs**

Motivational needs refer to the contents of the employee’s work, which means that these needs are not satisfied through the external work environment. They are associated with the need for self-fulfilment and striving for satisfaction (Robbins & Judge, 2008). Examples of motivational needs are yearning for performance, appreciation and career advancement. If these needs are fulfilled, they contribute to the employee’s satisfaction.

The absence of hygiene factors may cause job dissatisfaction. These factors are related to job context – they are concerned with the job environment and extrinsic to the job itself, whereas motivational factors serve to motivate the individual to superior effort and performance (Herzberg, 1966). These factors are related to the job content of work. Figure 2.4 summarises the hygiene factors and motivational factors of individuals in a work context.
Motivators have a positive effect on the work situation and lead to improved productivity. According to Herzberg (1966), employees who are satisfied at work attribute their satisfaction to internal factors, while dissatisfied employees ascribe their disconnect to external factors. Hygiene factors range on a continuum from a state of dissatisfaction to no dissatisfaction. These factors involve the circumstances surrounding the task which do not lead to job satisfaction but prevent dissatisfaction if they are adequately maintained (Herzberg, 1966).

According to Herzberg, the following are the four basic states that occur within an employee in relation to this theory (Yudhvir & Sunita, 2012):

- **high motivation/high hygiene** – perfect state of happy, motivated employees

- **high motivation/low hygiene** – motivated employees who love the work but have a lot of complaints
- **low motivation/high hygiene** – bored employees putting in the time sheets for a pay cheque

- **low motivation/low hygiene** – unhappy employees who are bored

Herzberg’s theory parallels Maslow’s hierarchy of needs theory, thus making it easier to apply to the work environment. However, the methodological bias that exists makes the theory questionable to some extent. Managers can apply the theory to motivate employees by identifying the hygiene and motivation factors, but the individual differences must still be taken into account when applying this theory. According to Nel, Van Dyk, Haasbroek, Schultz, Sono, and Werner (2004), Herzberg’s theory differs from Maslow’s hierarchy of needs in that he assumes that most employees have already satisfied their lower-order needs to such an extent that they are primarily motivated by Maslow’s higher-order needs.

According to Smit et al. (2007), Herzberg’s theory makes an important contribution to our understanding of motivation in the workplace by

- extending Maslow’s ideas and making them more applicable in the workplace
- focusing attention on the importance of job-centred factors in the motivation of employees
- offering an explanation about why more money, fringe benefits and working conditions have hardly any influence on motivation
- showing that by concentrating on hygiene factors alone, motivation will not occur

By identifying the hygiene factors, managers can fulfil the basic needs of employees and remove almost any element of dissatisfaction. When employees have no dissatisfaction arising from the job environment, they are in a better mood to be motivated. When employees are happy with their jobs, the general mood, as well as productivity, improves. According to Griffin and Moorhead (2009), less-educated employees do not have the need for achievement and self-actualisation. Basic
hygiene needs are all it takes to satisfy them. Instead of being motivated and having a sense of achievement, these employees would only be overwhelmed by the work content. Also, certain hygiene factors are motivators for some individuals. Money, for example, is a hygiene factor, but it is a motivation for many employees. It motivates them to work harder in order to gain recognition, which translates into a higher salary (Griffin & Moorhead, 2009). However, solely focusing on hygiene factors is not enough, and managers should enrich jobs by affording employees opportunities for challenging work, greater responsibilities, advancement opportunities and a job in which their subordinates can feel successful.

There are a few weaknesses in Herzberg’s theory, one of which is the standardised scales of satisfaction (Yew & Manap, 2012). Herzberg did not take into account the various job factors that might cause satisfaction or dissatisfaction. Some job factor scales are not purely motivation or hygiene factors. Herzberg used a general standardised scale, which may have caused errors in his findings. These unspecific job satisfaction scales are more likely to be general morale surveys, which means that they were not based on actual job experience or situations. When people are asked why they are satisfied, they may attribute the causes of satisfaction to themselves, whereas when explaining what dissatisfies them, they may blame the situation. Secondly, the validity of the deductions drawn by Herzberg is also questionable (Yew & Manap, 2012). Herzberg failed to recognise the existence of substantial individual differences, because different individuals might have different needs and thus different motivators.

2.4.1.4 McClelland’s learned theory of needs

A number of decades ago, David McClelland, a psychologist, expanded on Maslow’s idea that need strength is reinforced or weakened by personal values and social influences such as culture and norms (McClelland, 1961). McClelland specifically suggested that need strength is acquired or reinforced through childhood learning, parental style and social norms. He paid attention to three learned needs, namely achievement, power and affiliation (McClelland, 1961). The need for achievement
refers to the drive to excel, to achieve a set of standards. The need for power pertains to the need to make others behave in a way they would not have otherwise. The need for affiliation involves the desire for friendly and close interpersonal relationships (Robbins & Judge, 2008).

According to McClelland (1987), most people possess and exhibit a combination of these characteristics, while some exhibit a strong bias towards a particular motivational need. The characteristics and attitudes of achievement-motivated people are as follows (Hoy & Miskel, 1996):

- Achievement of an aim or task brings greater personal satisfaction than receiving recognition. Employees have a strong desire to assume personal responsibility for performing a task or solving a problem.

- Achievement-motivated employees constantly seek improvements and ways of doing things better. They place high value on achievement and have a strong desire for performance feedback.

- Achievement is more than material or financial rewards, and financial reward is regarded as a measurement of success.

Figure 2.5 depicts the behaviour of individuals according the McClelland’s theory of needs.
McClelland’s concept of achievement motivation can be related to Herzberg’s motivation hygiene theory. It provides an understanding for the managers on how to deal with different types of employees. Employees with a high level of achievement are suitable for the position of salesperson as they prefer challenging tasks, whereas people with a high need for affiliation are suitable for the position of customer service representative as they are good at maintaining interpersonal relationships. People with a high need for power are suitable for formal supervisory positions as they have an influence over other people in the organisation (Wood, Wallace, Zeffane, Chapman, Fromholtz, & Morrison, 2004). McClelland’s theory has shown research support, with an emphasis on the need for achievement. Value can be found in
McClelland’s theory, but determining the levels of individual needs and subsequently matching those needs to a job situation presents a challenge for practitioners (Redmond, 2010).

McClelland’s theory is regarded as being more useful than those of Maslow and Alderfer (McClelland, 1965). This is because there is far more empirical evidence to support McClelland's needs theory than the theories of Maslow or Alderfer. While other needs theories are more descriptive, McClelland offers a better mix of description and prescription enabling organisations to proactively encourage beneficial corporate behaviour through training programmes and matching motivational needs with job situations (Redmond, 2010).

According to Smit et al. (2007), McClelland’s learned needs theory can be applied in organisations aimed at improving employee work performance by placing employees in those jobs that suit their predominant needs. Employees with a high need for achievement are motivated by non-routine tasks that are challenging and have clear and attainable goals. Feedback on their performance should be meaningful and regular. Their accomplishments should be published and they should be held up as role models to other employees in the organisation. As mentioned previously, employees with a high need for achievement are not necessarily effective managers because of the fact that they are interested in how well they perform personally rather than their influence on others. Employees with a high need for affiliation will be motivated when they work in teams and are praised for their accomplishments. Their satisfaction is derived from the people they work with, rather than from the task they have to perform. Employees with a high need for power enjoy working in an environment in which they can influence other people’s actions – hence their preference for competitive and status-oriented situations.

The weakness of the McClelland’s needs theory is that it serves little purpose in the public sector. As stated in the research by Jurkiewicz, Massey, and Brown (1998), public sector employees are motivated by job security and stability, teamwork and worthwhile service to society, while eschewing monetary rewards, prestige and the desire for challenge and autonomy. Superiors find it hard to delegate tasks and
create a competitive environment for employees in public sector, because they do not like challenging task and that most of them are high in affiliation, which is suitable in providing customer service. McClelland's theory states that there are issues with the validity concerning the Thematic Apperception Test (TAT) projection used to determine the level of individual needs (Redmond, 2010).

2.4.1.5 Theory X and theory Y

Douglas McGregor developed Theory X and Theory Y in the 1960s, proposing two views of human beings, namely Theory X which relates to negative human beings, and Theory Y, which relates to positive human beings (McGregor, 1960).

According to Theory X, it is believed that employees inherently dislike work and must therefore be directed and coerced into performing the task. Theory X assumes that people are lazy, hate work to the extent that they avoid it, have no ambition, do not take any initiative and avoid taking any responsibility; all they want is security, and to persuade them to do any work, they must be rewarded, coerced and punished (Prasad, 2011). The following are the key elements of Theory X, according to Pinder (2008):

- Average human adults are by nature indolent – they work as little as possible.
- They lack ambition, dislike responsibility and prefer to be led by others.
- They are inherently selfish and indifferent to organisational needs and goals.
- They are resistant to change by their very nature.
- They are gullible, not very intelligent, and are easily duped by manipulation.

According to Theory Y, employees view work as natural, and the average person can therefore learn to accept and seek responsibility. Theory Y posits that people want to learn, work is their natural activity to the extent that they develop self-discipline and self-development, and they see their reward not so much in cash
payments as in the freedom to do difficult and challenging work (Prasad, 2011). The following are the key elements of Theory Y, according to Pinder (2008):

- They are not passive by nature. They have become a consequence of the way they are usually treated in organisations
- By nature, they possess the potential to develop, assume responsibility and behave in accordance with organisational goals

Employees experience various types of behaviours in the workplace. Figure 2.6 outlines the behaviours of employees according to Theory X and Theory Y of employee motivation.

Figure 2.6: Theory X versus theory Y (Mitra, 2012)
Theory X and Theory Y are easy to understand and can therefore help managers and organisations focus on the different ways in which individuals relate to and perform work. Although the theories are not used explicitly today, because of their disadvantages or weaknesses, they can provide a guiding principle of positive approaches to management. Owing to the fact that McGregor's methodology was flawed, the theory’s conclusions were not even representative of the material that was defective. While this theory suggests that most people fall into certain work attitude extremes, his samples did not provide the evidence to support it. Many argue that although the theories are easy to understand they are far too simplistic to be useful. Furthermore, there is almost no empirical research to support this theory (Hartman, 2014).

2.4.2 Process theories of motivation

Process theories, also referred to as cognitive theories, which researched the specifics of the motivation process, attempt to explain and describe how individuals sustain and direct behaviour aimed at the satisfaction of needs. The major variables in process theories are incentives, drive, reinforcement and expectancy (Abbah, 2014). The best-known models in this area are the self-determination theory, goal-setting theory, self-efficacy theory, Adams’ equity theory and Vroom’s expectancy theory. The main process theories of human behaviour are discussed below, and were specific to this research study because they apply to the humanistic-existential paradigm and the open-systems paradigm.

2.4.2.1 Self-determination theory

Edward Deci and Richard Ryan developed the self-determination theory in the mid-1980s. The self-determination theory posits the following: (1) people are inherently motivated to internalise the regulation of uninteresting through important activities; (2) there are two different processes through which such internalisation can occur, resulting in qualitatively different styles of self-regulation; and (3) the social context
influences which internalisation process and regulatory style occur (Deci & Ryan, 1985). This theory proposes that because individuals prefer to feel they have control over their actions, anything that makes previously enjoyed task feel more like an obligation than a freely chosen activity will undermine motivation. Hence when employees are paid for work, it feels less like something they want to do and more like something they have to do. Self-determination theory further proposes that in addition to being driven by a need for autonomy, employees seek ways to achieve competence and positive connections to others (Robbins & Judge, 2008).

There are two ways of internalisation: introjection, which entails taking in a value or regulatory process but not accepting it as one’s own, and integration, through which the regulation is assimilated with one’s core sense of self (Deci, Eghrari, Patrick, & Leone, 1994). Introjection thus results in internally controlling regulation, whereas integration results in self-determination. The self-determination theory assumes that people are inherently motivated to take on and integrate the regulation of activities that are useful for effectively negotiating the social milieu.

According to Deci and Ryan (1985), there are two general classes of motivated behaviours: those that are self-determined, governed by the process of choice and experienced as emanating from the self; and those that are controlled, governed by the process of compliance and experienced as if compelled by some interpersonal force. The theory further suggested that there is a vital and inherently motivated development process referred to as organismic integration, through which people elaborate and refine regulatory processes that allow them to be self-determined rather than controlled (Deci et al., 1994). Figure 2.7 outlines the basic assumptions of the self-determination theory.
Figure 2.7: Overview of the self-determination theory

A substantial amount of research has been conducted in the past 15 years, as presented in the work of Deci et al. (1994). Their research has provided both direct and indirect evidence that self-determined regulation is associated with more positive attributes than controlling regulation. It therefore seems desirable for socialising agents to present requests, limits and extrinsically motivating structures in a way that promotes integration and self-determination rather than introjection and internally controlling regulation.

The self-determination theory has a clear prescription for how to motivate other people to do well and thrive, that is, to support their autonomy. This general prescription has received considerable empirical support, the first in experimental studies by Deci, Koestner, and Ryan (1999), in many field studies in diverse domains such as education, business, sports, unemployment and parenting, focusing on many different positive outcomes, such as learning and knowledge integration, optimal performance, persistence, positive mood, adaptive personality change and cooperative behaviour (Deci & Ryan, 2000, 2002; Vallerand, 1997). The theory has more recently been applied to various health-related domains (Sheldon, Joiner, & Williams, 2003; Williams, 2002), as researchers have shown that patients who experience their practitioners as being autonomy supportive benefit the most from treatment. Although the theory’s theoretical premises have received much support, the theory has received the least application in the fields of clinical psychology and psychological counselling.
The self-determination theory has been criticised in a number of different areas. The theory tends to focus primarily on the positive, optimistic, “bright side” of life and tends to ignore the negative, pessimistic, “dark side” realities of most people’s actual lives. However, Deci and Ryan (2000) argued that the theory also focuses on the anxiety, grief and hostility that occur when basic needs are not met. According to Miles (2012), criticisms of the theory include the following: Firstly, the theory assumes that all people have an active, growth-oriented nature. It also assumes that people have a human tendency towards health and well-being and seek out necessary nutrients and nutriments. These assumptions may not apply to all people. Secondly, the theory has been criticised for positing only three basic needs and not others, such as the need for safety and security, growth, meaning and self-esteem. Critics have complained that the theory does not adequately define need satisfaction and does not examine when the three basic needs may conflict with one another. Also, the theory does not examine how the three basic needs change over time for an individual. Thirdly, the theory has been criticised for not examining need strength. It fails to explain how people prioritise their needs and focus on the costs and benefits of satisfying some needs to the detriment of other needs. Fourthly, the theory does not examine how people tend to be drawn towards situations in which needs are met, and move away from situations where needs are thwarted. The theory contends that there is no such thing as free will because there are no situations in which human behaviour is completely independent from external influences. Conversely, critics have argued that human behaviour can be caused solely by a person’s free will (Miles, 2012).

2.4.2.2 Goal-setting theory

The goal-setting theory was developed by Edwin Locke in 1968 and proposes that intentions to work towards a goal are a major source of work motivation. This theory is based on a situational and task-specific approach (Ivancevich & Matteson, 1996). Goals tell employees what needs to be done and how much effort is needed to perform the task. According to Robbins and Judge (2008), the more difficult the goal, the higher the level of performance will be for an employee. The reasons for this are
as follows: (1) Employees attention is heightened and ensures employee focus; (2) Difficult goals energise employees to work hard to attain the goal; (3) Employees will persist in trying to attain the goal; and (4) Employees develop and discover strategies that assist in performing the task or job more effectively. Goal-setting theory assumes an employee is committed to the goal and determined not to lower or abandon it. The employee believes that he or she can achieve the goal and wants to do so.

Locke (1991, p. 290) provided a summary that concludes that needs are the basic set of factors underlying human behaviour, including the following human work behaviour:

- Needs operate cyclically and are never satisfied permanently.
- Needs can only be partially satisfied habitually, either by choice or involuntarily.
- Need frustration is experienced as pain, discomfort or illness.
- Different needs signal different degrees of urgency.
- Needs exist whether or not we are aware of them.
- People can plan in advance to provide for their needs.
- A given need can instigate many different behaviours.
- Any particular act may satisfy more than a single need.
- Problems such as errors, irrationality and practical circumstances frequently prevent human acts from resulting in the need satisfaction intended.

The goal-setting theory is illustrated in figure 2.8 and is based on the assumption that people’s behaviour is motivated by their internal intentions, objectives and goals, that is, by what people consciously wish to achieve (Hoy & Miskel, 1996).
According to Schultz and Schultz (1998) and Spector (2003), the goal-setting theory is currently one of the most popular theories relating to organisational approaches to motivation. It has intuitive appeal, is well supported by empirical research and has clear relevance to the workplace. According to Daft and Marcic (2009), goal setting increases motivation because it enables people to focus their energies in the right direction. Because people know what to work towards, they can direct their efforts towards the most important activities in order to achieve their goals. Nel et al. (2004) supported this statement by arguing that a motivated person is always aware of the fact that he or she is working towards a specific goal, and continuously directs his or her efforts at achieving that goal, even in the face of adversity. According to Kreitner and Kinicki (2008), despite abundant goal-setting research and practice, goal-setting theories are surprisingly scarce. Goal setting influences behaviour in the following four different ways:

- Goals direct attention to what is most important – they direct attention and efforts towards goal-relevant activities and away from goal-irrelevant activities.
• Goals regulate effort – they prompt us into action and also motivate us to act.

• Goals increase persistence – they motivate us to persist in exerting effort over a long period of time in the appropriate direction.

• Goals direct strategies and action plans – they encourage us to develop strategies and action plans that enable us to achieve our goals.

Goal commitment and monetary incentives affect goal-setting outcomes. Difficult goals will only lead to higher performance if the employees are committed to their goals. Research has revealed that incentives should only be linked to goals if the performance goals are under the employee’s control, goals are quantitative and measurable and relatively large payments are frequently made for performance achievements. Research conducted by Kreitner and Kinicki (2008) indicated that difficult yet specific goals lead to higher performance than simple and complex goals or tasks.

Although early goal-setting theory research was often criticised for its focus on the effects of assigned, rather than self-set goals, and its reliance upon relatively simple tasks in demonstrating the impact of goals, more recent research has begun to assuage such criticisms (Ambrose & Kulik, 1999). No clear consensus exists on how goal difficulty should be operationalised. Given the centrality of this construct to goal-setting theory research, and the fact that the various operationalisations are likely to result in substantially divergent results (Wright, 1990), one should be cautious when evaluating the impact of "difficult" goals on performance across studies utilising distinct operationalisations of goal difficulty. Although Locke and Latham (1990) argued that the theory has limited focus on task performance, and this is actually an asset of the theory, a number of other researchers have criticised this model for its inability to predict or explain worker behaviours other than task performance (Austin & Bobko, 1985). In addition, the theory has also received criticism for its failure to incorporate goals other than quantity performance goals. The theory neglected to address issues such as the impact of conflicting quality and quantity goals on performance, and the impact of multiple task goals on performance, thus providing
only a limited perspective on how goals may operate in organisational settings (Anderson et al., 2001).

2.4.2.3 **Self-efficacy theory**

The self-efficacy theory was developed by Albert Bandura and is also known as the social cognitive theory or the social learning theory. The theory is a more recent theory and is fashioned along the principles of the expectancy theory (Spector, 2008). The theory refers to an individual’s belief that he or she is capable of performing a task. Hence the higher the individual's self-efficacy, the more confidence he or she will have in his or her ability to succeed (Robbins & Judge, 2008). Figure 2.9 provides an overview of the self-efficacy theory.

![Figure 2.9: Self-efficacy theory (Hoy & Miskel, 1996, p. 326)](image)

According to Bandura, the self-efficacy theory posits that motivation and performance are determined by how effective people believe they can be (Spector, 2008). In other words, people with high self-efficacy believe they are capable of accomplishing tasks and will be motivated to put in more effort to achieve their goals. Similarly, people with low self-efficacy do not believe they can accomplish tasks successfully. They will therefore not be motivated and will not put in the desired
effort. The effort that needs to be put in, however, is reliant on the individual’s ability to perform the specific task.

Bandura and Locke maintained that the self-efficacy theory has been well tested both inside and outside the workplace, and research has been quite supportive (Spector, 2008). A high level of self-efficacy or belief in one’s own capabilities is a necessary component of work motivation and subsequent performance. For example, in a difficult situation, people with low self-efficacy are more likely to lessen their effort or give up, while those with high self-efficacy will try harder to master the challenge. The following are the four ways to increase self-efficacy (Spector, 2008):

- **Enactive mastery**: This is referred to as gaining relevant experience with the task or job and considered the most important source of increasing self-efficacy.

- **Vicarious modelling**: This relates to becoming more confident because you see someone else doing the task.

- **Verbal persuasion**: This pertains to becoming more confident because someone convinces you that you have the skills necessary to be successful.

- **Arousal**: This leads to an energised state and results in better performance.

According to Bandura (1982), self-efficacy affects both learning and performance in employees in the following three ways:

- Self-efficacy affects the goals that employees choose. For example, employees with low levels of self-efficacy are more likely to set lower goals for themselves than employees with higher self-efficacy.

- Self-efficacy impacts on learning as well as the effort that employees exert on the job. For instance, when employees have high self-efficacy, they are more likely to work harder to learn a new task as they will be more confident in their abilities than an employee with low self-efficacy.

- Self-efficacy will influence the persistence with which a person will attempt to learn a new and difficult task. Employees who are high in self-efficacy are
thought to be more confident and will therefore persist in their efforts when learning a new task even when encountering a problem.

Support of the applicability of self-efficacy to work motivation has been established by numerous studies performed in organisational settings. Earley, as cited in Bandura (1988), conducted a study of employee beliefs in their capabilities, and the effect on their productivity in manufacturing organisations in the USA States and UK. The study found that when employees are taught better production techniques and are given production goals, their belief in their capabilities increases. Consequently, as employees increase their self-belief of efficacy, they more robustly accept the production goals and have a higher level of productivity. Research by Frayne and Latham (1987) on employee absenteeism led to the development of a programme to reduce employee absenteeism, and the study found that as individuals raised their self-efficacy, their work attendance also increased. In addition, by setting short-term goals for work attendance, individuals increased their work attendance and were personally rewarded. Wood and Bandura (1989) conducted a series of simulated studies on the level of organisational productivity as a function of managerial perceived self-efficacy. The study found that perceived self-efficacy and personal goals have a direct effect on organisational performance. In addition, challenging goals have a positive effect on performance in a low complexity organisation, but not in a high complexity organisation. Eden and Aviram (1993) conducted a study to evaluate the effects of training intended to boost self-efficacy following re-employment. The study found that individuals with low self-efficacy were able to build higher self-efficacy through training.

Self-efficacy theory involves a number of suggestions that can be applied in the work setting. They can be used in almost any work environment, with any task, and any demographic of individuals. Efficacy beliefs can be changed, depending on the particular circumstance, the task or an individual's prior experience (Bandura, 1977). This may be attractive to organisations because it can be applied to any type of individual, regardless of background or work history. Self-efficacy theory suggests that increasing the self-efficacy of employees will boost motivation and performance. This basic idea behind this theory is that motivation and performance are determined by how successful people believe they can be (Bandura, 1982). This is extremely
useful in the workplace because employers can develop and improve self-efficacy beliefs in their employees by focusing on the four primary sources (Bandura, 1977; Gist & Mitchell, 1992). Utilising the sources of self-efficacy (performance outcomes, vicarious experiences, verbal persuasion and emotional arousal) can improve employees’ effort, persistence, goal setting and performance in specific tasks.

Eastman and Marzillier (1984) outlined three main criticisms of Bandura’s self-efficacy theory. The first criticism was ambiguity and lack of definition in self-efficacy. It was thought that “efficacy expectations were definite in such a way that included within them expectations of outcome, and thus could not be regarded as conceptually distinct” (Eastman & Marzillier, 1984, p. 217). The second criticism was the methodological deficiencies which could cast doubt on the published relationship between the empirical findings and self-efficacy. For example, research conducted by Kazdin (1978) found the concepts of self-efficacy and outcome expectations to be extremely closely related. The third criticism stated that claims and conclusions made by Bandura were not adequately evaluated, and more precise definitions and modification of assessment procedures were needed. According to Eastman and Marzillier (1984), a further criticism was the scale used in Bandura’s experiment studies. The scale was not clear – while one person may consider a 10 to be highly uncertain, another may interpret it as “virtually impossible.” Another criticism of self-efficacy, is that it is impossible to exclude outcome considerations from efficacy expectations. It is human nature to be aware of and concerned with the outcomes in performing a task (Eastman & Marzillier, 1984). While critics of this theory agree that there is value in Bandura’s experiments, it is doubted that self-efficacy and outcomes can be limited and distinct on a larger scale or in the application of the theory.

2.4.2.4 Adams’ equity theory

The equity theory was developed by Adams in the late 1960s. According to Ivancevich and Matteson (1996), the essence of the equity theory is that employees compare their efforts and rewards with those of others in similar work situations. This theory of motivation is based on the assumption that individuals are motivated
by a desire to be equitably treated at work. Employees perceive what they receive from a job situation (salary levels, raises and recognition) in relation to what they put into it (effort, experience, education and competence), and they then compare their outcome-input ratio with that of relevant others (Robbins & Judge, 2008). If employees perceive the ratio to be equal to that of the relevant others with whom they are compared to, a state of equity exists. If the employee perceives the ratio to be unequal and therefore feels under-rewarded, he or she experiences equity tension. Figure 2.10 summarises the equity of an employee compared with other colleagues.

<table>
<thead>
<tr>
<th>Equity</th>
<th>Individual</th>
<th>Compared with others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>Output/Input</td>
<td>= Output/Input</td>
</tr>
<tr>
<td>Negative Inequity</td>
<td>Output/Input</td>
<td>&lt; Output/Input</td>
</tr>
<tr>
<td>Positive Inequity</td>
<td>Output/Input</td>
<td>&gt; Output/Input</td>
</tr>
</tbody>
</table>

*Figure 2.10: Overview of Adams’ equity theory*

When an employee feels a negative state of tension, it motivates him or her to do something to correct it. This is referred to as the referent. The referent the employee selects adds to the complexity of the equity theory. The following are the four referent states (Robbins & Judge, 2008):

- **self-inside:** an employee’s experience in a different position inside the his or her current organisation
- **self-outside:** an employee’s experiences in a situation or position outside his or her current organisation
- **other-inside:** another individual or group of individuals inside the employee’s organisation
- **other-outside:** another individual or group of individuals outside the employee’s organisation
Based on the equity theory, employees who perceive inequity will make one of six choices, which include one of the following options: change inputs, change outcomes, distort perceptions of self, distort perception of others, choose a different referent or leave the field. More recent theorists have expanded on the equity theory to identify three kinds of employees according to their behavioural response patterns (Schultz & Schultz, 1998). The three types are as follows:

- **Benevolent persons**: They are described as altruistic. They are satisfied when they are under-rewarded compared to co-workers, and feel guilty when they are rewarded or over-rewarded.

- **Equity sensitive persons**: They believe that everyone should be rewarded fairly. They feel distressed when they are under-rewarded, and guilty when over-rewarded.

- **Entitled persons**: They believe that everything they receive is their due. They are satisfied only when they are over-rewarded and distressed when they are under-rewarded or equitably rewarded.

In terms of handling the distribution of rewards, employers should be attuned to distributive and procedural justice. Distributive justice involves ensuring that outcomes are fairly distributed in the organisation (Stecher & Rosse, 2007). Procedural justice deals with whether or not the process used to allocate the rewards is fair (Redmond, 2009). A low level of distributive justice is associated with increased amounts of organisational counter-productive work behaviours (Kwak, 2006). Low levels of procedural justice correlate with increased organisational and interpersonal counter-productive work behaviours (Kwak, 2006). Increased levels of distributive or procedural justice can help prevent perceptions of inequity as well as any counter-productive work behaviours. High levels of procedural and distributive justice will not necessarily prevent employees from having a perception of inequity or unfairness in the workplace. However, an employer can also prevent repercussions from perceptions of inequity. For example, Skarlicki and Folger (1997) found that employees who are treated with respect are more likely to tolerate unfair pay. Thus,
if employees have a perception of inequity in their compensation, they might be more willing to tolerate their perception of unfair pay if they are treated with respect by their employer.

Employers need to remember that employees can value different outcomes. For example, younger employees tend to value more pay (Miles, Hatfield, & Huseman, 1994). Even if an employee receives a higher salary than his or her co-worker, he or she could still develop a perception of inequity if that co-worker has a flexible schedule, and a flexible schedule is more valuable to him or her than extra salary. Utilizing equity theory to understand how employees measure their inputs and outcomes can help employers prevent problems relating to perceptions of inequity, such as reduced productivity or theft. In addition to reducing or preventing negative behaviour, employers will maintain satisfied and motivated employees. According to Bargaim et al. (2007), the equity theory is unfortunately not capable of predicting which alternatives an employee will select when he or she experiences equity tension, but it can assist managers to understand the reason why employees act in a certain way, by presenting a limited set of alternatives.

According to Bargaim et al. (2007), the equity theory is important because it highlights the fact that people are concerned not only with the absolute amount of the rewards they receive, but also with the rewards they receive relative to the rewards others receive. Hellriegel and Slocum (2007) explained that the equity model leads to two primary conclusions. Firstly, employees should be treated fairly. When individuals believe they are not being treated fairly, they will try to correct the situation and reduce tension by means of one or more of the actions discussed earlier in this section. Secondly, people make decisions about equity only after they have compared their inputs and outputs with those of comparable employees.

Because equity theory assesses employee motivation on the basis of an individual’s subjective perceptions, it may be difficult for an employer to determine how employees perceive their inputs, what outcomes they value and who they select to benchmark themselves against, while it is difficult, if not impossible, to predict with whom employees might compare their inputs and outputs. The equity theory has strong empirical support, and can be used in the workplace as a vital tool to review
motivation and understand employee behaviours. This theory is an excellent resource for organisations to consider when it comes to understanding social comparison between employees. The efficiency, effectiveness and applicability of these theory components has been supported by several research studies over the years. The first research conducted by Lawler and O’Gara (1967) focused on the effects of inequity produced by underpayment on work output, work quality and attitudes towards the work. The effects of underpayment inequity in organisations are strongly supported by Pinder’s (2008) research. It is reasonable to assume that most people do compare their inputs and outcomes relative to others (Redmond, 2009). According to Stecher and Rosse (2007), people are capable of calculating costs and benefits in choosing from alternative courses of action. For example, employees can use the equity theory to determine if inequity has occurred, and if so, they can use the expectancy theory to act upon the inequity.

The common criticisms of the equity theory, according to Redmond (2010), include the following: (1) The theory lacks detail in certain factors, and offers a variety of strategies for restoring equity but does not predict in detail which option an individual would select; (2) The empirical support and research are mixed; (3) The theory has little practical value, and is thus better as an explanation after the fact than as a predictor of behaviour; (4) The various factors, which are not under the control of administrations’, managers’ and/or organisations’ control can lead to inequity; (6) Perception errors such as human perception may be flawed, thus exposing any conceived perception of outcomes and inputs to error; and (6) The theory lacks scientific consideration or explanation for different values or lack thereof of equity itself within cultures. Research conducted on the equity theory as it pertains to the Eastern cultures found that equality, rather than equity, was preferred (Leung & Bond, 1984; Leung & Park, 1986; Mahler, Greenberg, & Hayashi, 1981).

2.4.2.5 Vroom’s expectancy theory

In 1964, Vroom postulated the expectancy theory, which is also known as Vroom’s expectancy-valence-instrumentality theory. Vroom’s approach to the issue of human
motivation differed markedly from those of Maslow and Herzberg (Vroom 1964). The basic assumption of the expectancy theory is that people base their behaviour on their beliefs and expectations about future events, namely those maximally advantageous to them. The expectancy theory argues that the strength of one’s tendency to act a certain way depends on the strength of one’s expectation of a given outcome and its attractiveness (Robbins & Judge, 2008). Hence employees will be more motivated to exert a high level of effort when they believe it will lead to a good performance appraisal, a good appraisal will lead to organisational rewards such as bonuses, salary increases or promotions, and the rewards will satisfy the employee’s personal goals.

Vroom (1964) posited that people will be motivated to pursue the achievement of a desired goal if they believe (1) in the worth of the goal; and (2) that their actions will ensure the attainment of the goal. In a nutshell, Vroom believed that a person’s motivation to perform depends on the value he or she places on the outcome of his or her efforts multiplied by his or her confidence that the efforts will actually help to achieve the desired goal. According to Vroom (1964), motivation (or force) is a mathematical function of three types of cognition, namely expectancy, instrumentality and valence. Vroom’s mathematical formula is provided in figure 2.11.

\[
\text{Motivation} = \text{expectancy} \times \text{instrumentality} \times \text{valence}
\]

**Figure 2.11: Motivation formula according to Vroom’s expectancy theory**

Based on the above formula of Vroom (Robbins & Judge, 2008), motivation is the extent to which individuals will be motivated by the situation they find themselves in. Expectancy is the individual’s perception that effort will result in performance. Instrumentality refers to the individual’s perception that performance will be rewarded or punished. Valence is perceived as the strength of the reward or punishment resulting from the performance.
According to Robbins, Odendaal, and Roodt (2007), the expectancy theory focuses on the following three relationships:

- **the effort-performance relationship** – the probability perceived by the employee that exerting a given amount of effort will lead to performance

- **the performance-reward relationship** – the degree to which the individual believes performing at a particular level will lead to the attainment of a desired outcome

- **the rewards-personal goals relationship** – the degree to which organisational rewards satisfy an employee’s personal goals or needs and the attractiveness of those potential rewards for the employee

Vroom’s theory shows that individuals have goals and are motivated towards actions that will ensure the achievement of these goals (Robbins & Judge, 2008). As such, managers should communicate how employees’ goals, such as promotion, more pay, recognition and so on, can be earned in terms of what behaviour patterns are known to employees, and such patterns should form the basis for administering rewards. If this does not happen, there will be problems in terms of workers’ lack of confidence in organisational policy, and the result may be detrimental to an effective working environment. Beach (1980) maintained that the expectancy theory explains how rewards shape human behaviour by focusing on internal cognitive states that lead to motivation. Individuals are thus motivated to act if they believe those behaviours will lead to the desired outcomes.

Vroom’s expectancy theory is a popular motivational theory, and many studies have been conducted in the USA and other countries (Matsui & Terai, 1975) to test the efficacy of the theory using between-subjects design and within-subjects design. In between-subjects design studies, groups of people are asked questions about their expectancies, instrumentalities and valences with a motivational force score computed for each person. The motivational force score is combined with performance ratings given by supervisors for a total force score. This type of study distinguishes between the most motivated and the least motivated employees.
(Redmond, 2009). According to Borkowski (2009), managers find the expectancy theory extremely useful because it helps them to understand worker behaviour. If employees lack motivation, it may be caused by their indifference towards or desire to avoid the existing outcomes. Expectancy theory is based on the assumption that employees calculate the cost and benefits in choosing between alternative behavioural actions. By utilising expectancy theory, organisations are able to understand the importance of demonstrating appreciation for their employees' work, and as a result, their employees will perform more strongly, and show more loyalty towards the organisation. Figure 2.12 depicts Vroom’s expectancy theory of employee motivation.

![Vroom's expectancy theory of motivation](image)

**Figure 2.12**: Vroom’s expectancy theory of motivation (Cascio, 1995, p. 417)

Caulfield (2007) used expectancy theory as a framework for his research study. The focus of the study was to investigate the motivational factors that may contribute to students providing anonymous feedback to teachers. The research suggested that the expectancy theory is more effective in predicting motivation when the subject being studied has more discretion in performing a task (Caulfield, 2007). Another research study conducted by Miner (2005) involved business students nearing their master’s degree certifications at Carnegie-Mellon University. The purpose of the
study was to predict the appeal of potential employers using a questionnaire to evaluate which goals people believed to be most important. The researchers found that strong expectancy behaviour correspondence was given for those individuals who were aware of personal expectancies but who were not knowledgeable about social norms. Johnson (2009) conducted a study to explain the variation in the arrest rate among officers by relying on evaluating organisational factors. The results seem to indicate that each part of the expectancy theory plays a role, but the overall best predictor was the end rewards or valence of the overall expectancy. These studies exemplify how Vroom's research results are consistent with his theory.

Despite the wealth of supporting research on the expectancy theory, a number of criticisms have been levelled at it. Ferris, Beehr, and Gilmore (1978) argued that the theory is idealistic because quite a few individuals perceive a high degree correlation between performance and rewards. The application of this theory is limited as reward is not directly correlated with performance in many organisations. It is related to other parameters such as position, effort, responsibility, education, skill and knowledge. Another limitation of the expectancy theories is that the specification of an outcome from some choice of job behaviour is more complex and open ended (Connolly 1976). Managers might assume that giving several positive outcomes is enough to motivate their employees. However, this may be wrong because one outcome may lead to another in an extended sequence. Critics have suggested that the theory only focuses on the extrinsic motivational factors and the conscious decisions employees make about their performance (Wabba & House, 1974). Many employees and leaders are not motivated solely by extrinsic factors, such as a pay cheque, bonus or public recognition. The expectancy theory falls short of explaining how employees update and change their beliefs over time (Mitchell & Biglan, 1971). Valence beliefs can change as employees realise that their actual satisfaction with an outcome is different (e.g. lower or higher) than the satisfaction they anticipated (Grant & Shin, 2011). When employers utilise the theory in the workplace, being cognisant of the fact that individual needs and wants change, affords them the opportunity to periodically re-evaluate the effectiveness.
2.4.3 Summary of employee motivation theoretical approaches

Although both the content and process theories of motivation contain elements of strength and weakness, some may have fewer limitations than others, all of which are subjective. The fact that the majority of these theories have been supported by research only complicates the matter of selecting the most valid theory of motivation. It would have been a lot simpler for the researcher if only one theory had been found to be valid and applicable to the work environment. The theories of motivation presented in this research are not in competition with one another, because if one is found to be valid, it does not automatically mean that the others are invalid. The converse is actually true in that these theories actually complement one another rather than compete. Mills, Bonner, and Francis (2006) supported this point by stating that whereas there is an abundance of theories of motivation, there is currently no one right or best theory of motivation. The challenge is to integrate these theories to enable managers and organisations to understand their interrelationships. For the purpose of this research, aspects of each theory were used to develop an employee motivation model and identify a meaningful measuring tool capable of accurately evaluating employees’ levels of motivation.

Intrinsic and extrinsic motivation will be discussed next.

2.5 INTRINSIC AND EXTRINSIC MOTIVATION

Research has distinguished between intrinsic and extrinsic motivation (Frey & Jegen, 2001; Kuvaas, 2006). Intrinsic motivation is understood as the inspiration emanating from the inherent nature of the job, while extrinsic motivation is the incentive to do a job, driven by external factors such as pay and bonuses (Amabile et al., 1994). Hence employees' motivation at work may occur in two ways, namely intrinsically or extrinsically (Jost, 2014).
### 2.5.1 Intrinsic motivation

Armstrong (2006) defined intrinsic motivation as employees who are intrinsically or internally motivated and generally do not need external rewards such as pay or praise to do well in a job. Employees are self-motivated because they enjoy performing the actual tasks or relish the challenge of successfully completing the tasks. A widely used definition, according to Deci (1971, p. 105), states that “one is said to be intrinsically motivated to perform an activity when [one] receives no apparent rewards except the activity itself”. Intrinsic motivation is likely to have a strong and longer-term effect on employees because it is inherent in them and not imposed by management, and it is the best form of motivation (Armstrong, 2006; Ekerman, 2006; Herzberg, Mausner, Peterson, & Capwell, 1959b). The individual has the desire to perform a specific task, because its results are in accordance with his or her belief system or fulfil a desire and importance is therefore attached to it. Deci, Koestner, and Ryan (2001) noted that when rewards were given independently of any task engagement (employee’s salary), and if these rewards were not expected (such as bonuses), the rewards had a positive association with intrinsic motivation. The relationship between intrinsic motivation and intrinsic rewards has been well established in the literature (Asad & Dainty, 2005). The more intrinsic satisfaction employees derive from their job, the more intrinsically motivated they are.

### 2.5.2 Extrinsic motivation

Extrinsic motivation is defined as employees who are externally motivated, generally do not enjoy the tasks, but are motivated to perform well by some kind of reward, pay, promotion, praise or avoiding any negative consequences (Armstrong, 2006). An employee’s behaviour is extrinsically motivated when his or her motivation originates from an external reward (Jost, 2014). Extrinsic motivation is external in nature, and the best-known and most debated type of motivation is money. Other examples of extrinsic motivation are employee of the month awards, benefit packages and bonuses (Jost, 2014). A study conducted by Zaman, Hafiza, Shah,
and Jamsheed (2011) revealed that there is a significant and positive relationship between extrinsic rewards and employee motivation, but it has been observed that organisations tend not to offer the right amount of financial rewards (extrinsic rewards) to their employees. According to Wiley (1995), employees may perceive monetary incentives as a form of recognition and positive feedback for their performance and competence.

Because motivation is usually complex, any given task or project involves several different types of motivation. An employee might love work for its own sake (intrinsic), but that does not mean that he or she would be unhappy if the monthly pay cheque did not arrive (extrinsic). An employee might have a strong natural curiosity or need for self-expression (personal), but that does not mean the presence of encouragement and all competition from colleagues would not prompt the employee to redouble his or her efforts (interpersonal). Figure 2.13 (McGuinness, 2008) indicates how employees and organisations should understand the various types of motivation.

![Figure 2.13: Types of motivation: Getting the balance right (McGuinness, 2008).](image-url)
A survey of research findings on work motivation has generally suggested that intrinsic rewards are ranked as better motivators than extrinsic rewards (Harpaz, 1990; Kovach, 1987; Lindner, 1998). In the developed industrialised countries, in which the majority of these research studies have been conducted, satisfaction of the basic needs of life such as food and shelter are taken for granted by a large majority – hence the shift in emphasis from the extrinsic factors such as pay, incentives, promotion and so on, to intrinsic factors such as interesting work, achievement, recognition, challenge and self-actualisation. The same, however, cannot be said of the less developed and developing world, including Nigeria and other African countries (Aworemi, Abdul-Azeez, & Durowoju, 2011).

Nuijoo and Meyer's (2012) research provided interesting findings on extrinsic monetary rewards in that, in conjunction with intrinsic and extrinsic non-monetary rewards, monetary rewards predict employees’ affective commitment but not their intrinsic motivation. This can be explained using the norm of reciprocity and perceptions of fairness and equity. When organisations show commitment towards employees and provide substantively fair bonuses and salary packages that are gratifying, employees reciprocate their loyalty in the form of affective commitment (Burke, Arkowitz, & Dunn, 2002). However, the same does not apply to intrinsic motivation because monetary rewards, which are extrinsic in nature, are more likely to lead to extrinsic motivation.

The next section focuses on the variables influencing employee motivation.

### 2.6 VARIABLES INFLUENCING EMPLOYEE MOTIVATION

Porter and Miles (1974) used the classification system to identify four major categories of variables, namely individual characteristics, job characteristics, work environment characteristics and external environment characteristics. Figure 2.14 depicts the four variables influencing employee motivation for the purpose of this study.
2.6.1 Individual characteristics

For the purpose of this study, individual characteristics were categorised into demographic factors and individual differences, as per figure 2.15 below. The researcher understood the importance of personality as a characteristic of employee motivation, but for the purpose of this study personality was not tested.
Demographic factors are those factors that are peculiar to individual employees, and include generation, gender, race, job tenure, occupational level and educational level. These factors are discussed below.

(a) Generational cohort

Value structures and cultures are moulded and warped by the era in which one grows up. According to McNally (2007, p. 100), “we forget that a 35-year-old man today is vastly different from a 35-year-old 10 years ago”. The age demographic can be analysed by a categorisation equivalent to the following four generations (McNally, 2007; Yu & Miller, 2005):

- Veterans (1920–1944): 70–94 years old
- Baby Boomers (1945–1964): 50–69 years old

The Veterans (1920–1944) were greatly influenced by the Great Depression and World War II (McNally, 2007). In South Africa, this generation lived through the early years of racial segregation that eventually evolved into the formal system of apartheid. Loyalty is a predominant trait in these employees and they consider this to be an implicit although a key expectation from an employer in terms of their employment contracts (McNally, 2007). These employees also place great emphasis on cultural artefacts that express neatness (e.g. attire), order, professionalism, tradition, control (e.g. everyone thinking similarly as stipulated by a “mission statement” with no flexibility for lateral thinking) and hierarchical organisation (e.g. title).

The Baby Boomers (1945–1964) grew up during a period of fighting the struggle against apartheid in South Africa for equality, freedom of speech and human rights (McNally, 2007). It was also a time during which South Africa was experiencing exceptional financial performance at a 14% growth rate in the 1950s and 1960s, and the rand was stronger than the dollar and at times even the pound (Mol, 2004). Yu and Miller (2005) extend this list of attributes to hard workers, who are generally loyal, respectful of the chain of the command and expect managers to give direction and lead them towards organisational goals. Baby Boomers, who follow an individual development progress through education, career, marriage and promotion, and finally attaining self-achievement, are not technology savvy.

Generation X (1965–1980), also known as “Xers” (Yu & Miller 2005), lived through the end of apartheid in South Africa. Mol (2004) refers to them as the generation who are old enough to remember apartheid and to be “judged” to be part of it, but not old enough to have fought for or against the struggle. These employees value honesty, transparency and frequent feedback from their supervisors. They are results driven and look for additional work and training opportunities that offer continuous growth and stimulation, and they enjoy a fun working environment and demand meaning in
the work they engage in, which is aptly summarised by Yu and Miller (2005, p. 7) as follows: “Xers tend to be more independent, self-motivated and self-sufficient”.

Generation Y (1981–1999), the internet generation, were born into the Technology Age. In South Africa, this generation is sometimes referred to as the “Millennial generation”, or the “Born frees”, because by the time they were old enough to understand the world around them, the country was free from the hold of apartheid. Many of the black “Born frees” have walked away from their culture and traditions; some cannot even speak their parents’ mother tongue. Their white generational equivalents are much the same, unable to name Struggle heroes beyond Nelson Mandela and indifferent to current politics (Grant-Marshall, 2008). The generation as a whole is confident although not as individualistic. Generation Y also value a challenging environment and see greater responsibility as a highly attractive option for reward. Research has also shown that corporate social responsibility initiatives are important as a motivation factor for the employers of these individuals.

Table 2.2 outlines the personal and workplace characteristics of the various generations in order to assist managers in managing employees (Tolbize, 2008).

Table 2.2:  Generational differences in work-related characteristics

<table>
<thead>
<tr>
<th>Generational cohort</th>
<th>Characteristics at work</th>
</tr>
</thead>
</table>
| Veterans (1920–1944): 70–94 years old | team players  
indirect in communicating  
loyal to the organisation  
respect authority  
dedication and sacrifice  
duty before pleasure  
obedience  
respond well to directives  
adherence to rules |
| Baby Boomers (1945–1964): 50–69 years old | big picture or systems in place  
workaholics  
title recognition  
bring fresh perspective  
do not respect the titles  
optimism  
team orientation |
<table>
<thead>
<tr>
<th></th>
<th>uncomfortable with conflict</th>
<th>personal growth</th>
<th>questions authority</th>
<th>work to live</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generation X (1965–1980): 34–49 years old</td>
<td>sensitive to feedback</td>
<td>health and wellness</td>
<td>personal gratification</td>
<td>positive attitude</td>
</tr>
<tr>
<td></td>
<td>impatience</td>
<td>goal orientated</td>
<td>multi-tasking</td>
<td>thinking globally</td>
</tr>
<tr>
<td></td>
<td>self-reliance</td>
<td>flexible hours</td>
<td>informal work environment</td>
<td>just a job</td>
</tr>
<tr>
<td></td>
<td>techno-literal</td>
<td>question the authority</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generation Y (1981–1999): 15–33 years old</td>
<td>confidence</td>
<td>sociability</td>
<td>morality</td>
<td>street smart</td>
</tr>
<tr>
<td></td>
<td>diversity</td>
<td>collective action</td>
<td>heroic spirit</td>
<td>tenacity</td>
</tr>
<tr>
<td></td>
<td>technologically savvy</td>
<td>lack of skills for dealing with difficult people</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>multi-tasking</td>
<td>need flexibility</td>
<td>meaningful work</td>
<td></td>
</tr>
<tr>
<td></td>
<td>tolerant goal orientated</td>
<td></td>
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</tbody>
</table>

Research findings of several studies have indicated varying degrees of motivation levels among employees in the workplace. According to Schulze and Steyn (2003), the motivation levels of younger employees fresh out of training faculties, as well as employees nearing retirement, are significantly higher than those who are in between. Possible reasons for this curvilinear pattern, according to studies in the USA and UK (Spector, 2003), are that the new incumbents to the working world are intrinsically motivated to “make their mark”, gain permanency in the profession and fulfil their personal aims and ambitions. Employees midstream in their careers are generally deemed to have lower levels of motivation in view of the fact that they may have been overlooked for promotions, their home environments may yet be unsettled.
with their own children still studying at various institutions, and they may be expected to adapt to changing scenarios in the workplace, such as curricular and other legislative changes. According to Crossman and Harris (2006), young employees are enthusiastic and enjoy challenges since they are neonates in the profession and are keen to experiment and find their footing. By contrast, the more senior workers by virtue of their experience, are able to develop or have developed strategies to cope with work-related issues.

Perumal (2008) argued in his research that differences exist in motivation between generations in the South African banking industry. “Good wages” were ranked as the highest motivator for Baby Boomers and Generation X, whereas Generation Y ranked “opportunity for development” as the highest motivator. Of the generations explored in the study, Generation X had the most balanced receipt to extrinsic and intrinsic factors.

The generation variables provided the researcher in the current study with in-depth information on the different generational characteristics, which was essential to this study in order to grasp the unique characteristics of the generational groups’ drive for motivation. The various generations provide a unique profile of the individual in the workplace, therefore providing additional information on the employee’s individual make-up.

(b) Gender

There is a paucity of research on gender as a determinant of the motivation of employees in the workplace (Schulze & Steyn, 2003). According to Tolbert and Moen (1998), men and women attach value to different aspects of the job: women place greater emphasis on and assign priority to work that provides them with a sense of accomplishment. Research conducted by Castillo, Conklin, and Cano (1999) and Greenhaus, Parasuraman, and Wormley (1990) also found no significant gender differences, even though the distribution of jobs was not the same in their sample for both genders – with men occupying mainly managerial positions and
women lower positions such as clerks. This finding could show that some women may be happier with lower pay and less responsibility than men, possibly because their expectations about what they will receive are lower (Spector, 2003).

A study conducted by Perumal (2008) indicated that differences exist in motivation between genders in the South African banking industry. Women ranked “good working” conditions as a higher motivator than men. Seven out of the ten motivators discussed in this study were ranked equally by women and men, indicative of similar motivational factors between genders. Hence a more mechanistic organisational structure would create a slightly higher degree of motivation among females than males. Both genders agreed that “good wages” were the highest motivator and “job security” the lowest.

(c) Race

In South Africa, there is a paucity of literature on the motivation of banking professionals in terms of race. According to Perumal’s (2008) research, differences exist in motivation between races in a South African banking organisation. In this study, Indians tended to be in more agreement relative to whites and blacks or coloureds. Whites, Indians and blacks or coloureds ranked “good wages” as the highest motivator and “job security” as the lowest. Among all of the races in this study, Indians were the only group to show an inclinination towards intrinsic factors, while the whites and blacks or coloureds both rated extrinsic factors more positively.

(d) Job tenure

Job tenure refers to the number of years of service an individual has as an employee of an organisation, similar to the demographic factor age. Studies by Schulze and Steyn (2003) and Spector (2003) revealed that there is a curvilinear relationship between job tenure and individuals’ levels of motivation. According to research conducted by Singh and Tiwari (2011), the length of service of employees does not
have any impact on the motivational levels of employees, but employees with experience of more than 20 years appeared to have lower levels of motivation.

(e) **Occupational level**

Occupational level refers to the positions that employees hold in the hierarchy of an organisation. According to Clark, Burke, and Voster (Bull, 2005), men and women who occupy more senior positions in organisations report higher levels of motivation than those who are ranked lower. Perumal (2008) conducted research in a South African banking industry, in which he argued that differences do exist in motivation with regard to organisational level. Organisational level had the least association with motivation (Perumal, 2008). All three organisational levels (middle/senior management, junior and non-management) ranked “good wages” as the highest motivator. The largest difference in motivation was the “feeling of being involved”, which non-managers ranked as the fifth motivator, while junior management and senior management ranked it as the second motivator.

(f) **Educational level**

Educational level refers to the qualification/s that employees hold in relation to the work requirements of their jobs. According to a study conducted by Eskildsen, Kristensen, and Westlund (2004) in various Nordic countries, intrinsic work motivation had a nearly linear relationship with age, and employees with higher education reported a higher level of intrinsic work motivation. Research by European authors Huddleston, Good, and Frazier (2002) found that higher educated respondents tended to be more powerfully motivated by intrinsic rewards such as praise and recognition, than their less educated counterparts. Higher educated people were more strongly motivated by intrinsic rewards than less educated people, who had a higher preference for extrinsic rewards. A clear relationship between education level and employee motivation is evident, in that with a higher education comes stronger motivation by intrinsic reward, as opposed to extrinsic reward (Roos
& Van Eeden, 2008). Although several authors found no significant relationship between education level and employee motivation (Bhargava & Kelkar, 2000; Gouws, 1995), most authors agree that a significant relationship does exist.

2.6.1.2 Individual differences

Although it is obvious that certain characteristics such as attitude can be changed after one joins an organisation, the focus here is on individual characteristics brought to the work situation. An independent issue relating to individual characteristics involves the types of individual needs that are satisfied by the activities that occur in banking organisations. According to Srivastava (2005), there are three major categories of individual differences that have been shown to affect the motivational process of an employee, namely interests, attitudes and needs.

(a) Interests

Interest refers to the direction of one’s attention. It appears likely that the nature of an employee’s interest would affect both the manner and the extent to which external stimuli would affect his or her behaviour. Several studies have shown that an employee’s motivation to participate is largely determined by the degree of adjustment between his or her vocational interests and the realities of the job (Srivastava, 2005). Hence interests may be considered one factor that individuals generally bring to the organisation, which at least to some extent, can affect how they behave at work. Employees’ interests may and frequently do stand in conflict to those of the organisation (Wlodarczyk, 2011).
(b) **Attitudes**

Employees’ attitudes or beliefs may also play a key role in their motivation for performance. Individuals who are dissatisfied with their jobs or their supervisor, or any number of other factors, may have little desire to exert much effort in their job. Various attitudes can play a vital role in motivational force to perform (Srivastava, 2005). Behavioural scientists consider attitudes to have three components, namely cognitions (thoughts), affect (feelings) and behaviour (Mukherjee, 2005). The cognitive attitude includes the beliefs, information and opinions the employee has about the attitude (what a job entails). The affective component is the employee’s emotions or feelings about the object of the attitude (enjoying or hating the job). The behavioural component is the employee’s intention to behave towards the object of the attitude in a certain way. When we think about attitudes, we focus on the cognitive component, but integrating all three components increases employee motivation (Mukherjee, 2005). Organisations and managers are mostly interested in attitudes relating to work, especially attitudes that influence how well employees perform.

(c) **Needs**

The individual characteristic that has received the most attention in terms of motivation is the concept of needs. Need is an internal state of disequilibrium which causes individuals to pursue certain courses of action in an effort to regain internal equilibrium (Srivastava, 2005). For example, individuals who have a high need for achievement might be motivated to engage in competitive acts. According to Rabin (2003), individuals bring the totality of their needs to the workplace, and the way managers address these needs requires awareness and sensitivity to employees’ behaviours. Research conducted by behavioural scientists on the underlying motive of individual behaviour links the satisfaction of specific needs to individual behaviour. Hence employees’ needs are complex and wide ranging (Dailey, 2012).
2.6.2 Job characteristics

The second major set of variables that can be changed or modified to affect motivation involve what the person does at work – that is, the nature of the job or collection of tasks comprising the job (Perry & Porter, 1982). Organisational structures and goals unique to banking and foreign exchange clearly influence the design of jobs. In the same way as the understanding of individual characteristics is deficient, the motivation-relevant characteristics of foreign exchange jobs are also not well documented in the research literature. Among the job characteristics that have been identified to be important, however, are the measurability of individual performance, the degree of goal clarity and the extent of job challenge (Perry & Porter, 1982). Because banking organisations are predominantly service providers, with additional burdens on accountability, the problem of creating performance criteria and implementing evaluation schemes is complex and difficult. Figure 2.16 lists and defines each of the job characteristics that formed an essential part of this study.

![Job characteristics](image)

**Figure 2.16: Job characteristics**

- **Skill variety**: the number of different skills necessary to do a job
- **Task identity**: whether or not an employee does an entire job or a piece of a job
- **Task significance**: the impact a job has on other people
- **Autonomy**: the freedom employees have to do their jobs as they see fit
- **Job feedback**: the extent to which it is obvious to employees that they are doing their jobs correctly
According to Faturochman (1997), the five job characteristics that are useful in understanding employee motivation are skill variety, task identity, task significance, autonomy and job feedback.

2.6.2.1 *Skill variety*

Skill variety is the diversity of knowledge, skills and abilities required for the job. It is a range of abilities needed to perform a specific job (Hellriegel & Slocum, 2011). Positions that require an individual to possess different skill sets in order to perform job duties are known to have a high skill variety (Faturochman, 1997).

2.6.2.2 *Task identity*

Task identity is the degree to which a task that an employee is asked to complete is experienced as a whole task from beginning to end versus as a smaller piece of a larger task, or the continuous repetition of a single task (Hellriegel & Slocum, 2011).

2.6.2.3 *Task significance*

Task significance is the importance that employees attach to job tasks and activities. Jobs with tasks of greater perceived significance, and a clearer connection between employees' actions and organisational goals, generate more effort (Faturochman, 1997). The employee may ask himself or herself if the job or task is meaningful (Hellriegel & Slocum, 2011).

2.6.2.4 *Autonomy*

Autonomy is the degree of freedom that employees have to make decisions about how to accomplish their work (Daft & Marcic, 2009). Normally, the more freedom
employees have to make decisions and to direct the activities of their work, the greater their motivation is to perform that work (Faturochman, 1997). Freedom to act independently varies with the job, the supervisor, the organisation and the organisational policies and procedures.

2.6.2.5 Job feedback

Feedback is the mechanism whereby employees receive feedback on the results of their work effort from their supervisor or manager (Daft & Marcic, 2009). The more a job provides ways by which employees can understand how they are performing, the more employees will be able to monitor and correct their behaviour to achieve better results (Faturochman, 1997).

Research by Fried and Ferris (1987) supported the fact that these five characteristics are strongly related to work motivation, as well as to a lesser degree to job performance and absenteeism.

2.6.3 Work environment characteristics

The third set of variables that appears to be relevant to the motivational process relates to with the nature of the organisation or work environment. Variables dealing with work environment characteristics that can be changed or modified to influence motivation can be placed into the following two categories: immediate work environment characteristics (the work group), and organisational actions, as depicted in figure 2.17. Both categories focus primarily on what happens to the employee at work.
2.6.3.1 Immediate work environment

The two most critical factors in an employee’s immediate work environments are the quality of the peer group and supervisor or manager. Research dating from the Hawthorne Studies (Roethlisberger & Dickson, 1939) indicated that peer group influence can significantly influence an employee’s effort, and this influence can occupy both ends of the productivity continuum: peers can exert pressure on the "laggards" to contribute their fair share of output, or they may act to curb the productivity of the "rate buster". According to Rubin, Bukowski, and Laursen (2009), knowledge of a person’s membership group has diagnostic value for assessing his or her functioning and leads to an understanding of his or her socialisation issues. It seems that the less motivated individuals tend to identify with peer groups rather than with the highly motivated individuals. Social and family pressure fulfils a role in motivating individuals, but most people sense that peer groups are the prime movers in the workplace motivational arena (Reese, 2003).

Supervisors or managers can play a decisive role in motivation because of their control over desired rewards (such as increases, bonuses and feedback) and their central role in the structuring of work activities. The purpose of having the framework is to see the commitment of the supervisor towards the employees (Mayer & Herscovitch, 2001). A supervisor is also known as a person with experience as a

| Work environment characteristics | Immediate work environment
|---------------------------------|-----------------------------------
| **Organisational actions**      | **Reward system**                 |
|                                 | **Physical work environment**     |
|                                 | **Organisational climate**        |

*Figure 2.17: Work environment characteristics that may influence employee motivation in a banking environment*
leader, someone who can solve problems and also the role model at the first level of organisational management (Adair, 1988; Nijman, 2004). From an academic perspective, there are a few factors that are evident in the role of a supervisor such as style, level of competency and characteristics (Moses, 1994).

2.6.3.2 Organisations’ actions

Organisations’ actions can be classified into the following three categories (Perry & Porter, 1982): provision of system rewards (e.g. fringe benefits) and individual rewards (e.g. overall salary system and allocation of status), the physical work environment and the creation of an organisational climate.

(a) Reward systems

Reward systems have been demonstrated to motivate performance (Barber & Bretz, 2000; Grant, 2008; Lawler, 1971, 1990; Vroom 1964). Reward systems have the ability to shape culture precisely because of their important influence on communication, motivation, satisfaction and membership. The reward management system tool includes both financial and non-financial rewards, also known as extrinsic and intrinsic rewards. Financial rewards are salary increases, bonus systems, perquisites and suchlike. However, examples of non-financial rewards are promotion and title; authority and responsibility; education; appreciation and praise, certificates and plaques; participation in decisions; vacation time; comfort of working place; social activities; feedback; flexible working hours; work design; recognition; and social rights (Güngör, 2011). Bonus plans are generally better motivators than pay raises and salary increase plans because with bonus plans it is possible to substantially vary an individual’s pay from time period to time period (Heneman, 1992). Many organisations choose to put individuals on multiple or combination reward systems such as increases and performance bonuses annually or biannually.
There is evidence to suggest that when pay is effectively related to the desired performance, it can help to motivate, attract and retain outstanding performers (Lawler & Jenkins, 1992). According to Yazıcı (2008), the effectiveness of an organisation’s performance and reward management has an impact on morale and productivity. Many organisations have found that far from complementing the stated aims of the business, their performance and reward systems were actually driving counter-productive behaviour. Considerable evidence exists to show that performance appraisals are often biased and invalid, and instead of contributing to positive motivation and a positive good work climate that improves superior subordinate relationships, they lead to the exact opposite (Devries, Morrison Shullman, & Gerlach, 1981; Latham & Wexley, 1981).

(b) Physical work environment

The physical work environment refers to the lighting, ventilation and temperature of the environment in which the employee works (Stup, 2003). According to McCoy and Evans (2005), the elements of the physical work environment need to be suitable to prevent employees from experiencing stress on the job. According to research by Brill (1992), the results of employees’ performance can be increased from 5 to 10%, depending on the improvement of the physical design at the workplace. Ryan, Mims, and Koestner (1983), however, observed that employees’ favourable perceptions of monetary rewards were related to an increase in intrinsic motivation when rewards were based on high performance. However, this was only the case if the work environment was supportive.

(c) Organisational climate

According to Castro and Martins (2010), organisational climate is defined as the shared perceptions, feelings and attitudes that organisational members have about the fundamental elements of the organisation, which reflect the established norms, values and attitudes of the organisation’s culture and influence individuals’ behaviour
positively or negatively. Organisational climate is a meaningful construct with significant implications for understanding human behaviour in organisations (Allen, 2003; Al-Shammari, 1992; Ashforth, 1985; Cotton, 2004). This is evident from the wealth of research conducted and published on the role and value of organisational climate in organisations and its impact on various organisational outcomes over the past 50 years (Campbell, Dunnette, Lawler, & Weick, 1970; Forehand & Gilmer, 1964; Glick, 1985).

2.6.4 External environmental characteristics

The last major category of variable that can affect employee motivation is the external environment. In particular, it involves changes or the anticipation of changes in the external environment that can have powerful impacts on individuals’ behaviour in work organisations (Adeoye & Elegunde, 2012). This category of variables, unlike the previous characteristics, is not one which any given organisation can directly control. However, the organisation is not helpless in this case, but rather monitors the external environment, and based on such monitoring, can make changes internally in the organisation that can influence employee motivation.

External environmental factors may affect employees in the number and degree of obstacles that may prevent the successful implementation of a decision in the work environment. This environment typically comprises the following elements: social values; educational, political, economic, legal factors, behavioural and demographic factors; the natural environment; natural resources; and technology (Asheghian & Ebrahimi, 1990). For the purpose of this study, the following factors were explored: socio-cultural, political and legal, economic, technological, and natural environmental factors, as depicted in figure 2.18.
2.6.4.1 Socio-cultural

Organisations cannot ignore the customs, traditions, tastes, preferences and education of their customers. The factors involved here relate to human relationships and the impact of social attitudes and cultural values (Hiriyappa, 2008). Socio-cultural factors are the beliefs, values, norms and traditions of a society that determine how individuals and organisations should be interrelated. The difference in language sometimes poses a serious problem, and the values and beliefs associated with colour vary significantly between different cultures (Adeoye & Elegunde, 2012). For instance, white indicates death and mourning in China and Korea, but in some countries it expresses happiness and is the colour of a bride’s wedding dress.

2.6.4.2 Political and legal

The political environment refers to politics and the government, and legal environment relates to the laws according to which organisations are required to operate. These environments are closely related to the economic system and economic policy. There are number of laws that regulate the conduct of businesses (Hiriyappa, 2008). The political stability of the environment is also a necessity for the
effective and efficient operation of businesses. The management of organisations should take cognisance of these constraints, actual and potential, and identify the implications for the organisation from legal advisers (Adeoye & Elegunde, 2012).

The financial sector outlines a number of changes in the area of market conduct, consumer protection and financial inclusion, including a new approach to dealing with high and opaque bank charges as well as for insurance and savings charges. According to Gordhan (2011), this new approach is structured into the following four policy objectives specific to financial institutions:

- **Financial stability:** The South African financial services industry operates in a globalised environment in which a crisis in one economy can easily spread to another, with devastating speed and impact.

- **Consumer protection and market conduct:** The South African financial sector is characterised by high and opaque fees, and, in some instances, the unfair treatment of customers. For savers, particularly the poor and vulnerable, savings instruments are limited, expensive and inappropriate. For borrowers, particularly small and medium enterprises, access to credit is often difficult.

- **Expanding access through financial inclusion:** Sustainable and inclusive economic growth and development can be aided by improving access to financial services for the poor, vulnerable and those in rural communities.

- **Combating financial crime:** This involves the need for initiatives to combat financial crime and abuses, including the stealing of trust and beneficiary funds, money laundering and addressing the financing of terror.

2.6.4.3 **Economic**

The economic environment constitutes the economic conditions, economic policies and the economic system relating to external factors of business. Economic factors are vital determinants of business strategy in the organisation for formulating,
implementing and controlling of economic policies (Hiriyappa, 2008). The economic environment refers to the nature and direction of the economy within which business organisations operate. For instance, in developing countries, low income may be a reason for the high demand for products and businesses (Adeoye & Elegunde, 2012). Since a period of recession can cause failures and the possible liquidation of organisations, it is of paramount importance that management of organisations should distinguish between short-run phenomena and more fundamental changes in their assessment of the overall economy (Adeoye & Elegunde, 2012). In countries where investments and income are steadily and rapidly rising, business prospects are generally bright and further investments are encouraged. Money is the lifeblood of any business organisation and the economic system (Hiriyappa, 2008). Every country’s development is based on the economic environment activities that focus on the development process of the country (Adeoye & Elegunde, 2012).

2.6.4.4 Technological

The technological environment refers to the new approaches to doing new and old things, and tackling new and old problems – these do not necessarily involve technical equipment, but may involve novel ways of thinking of organising (Hiriyappa, 2008). An organisation that is unable to cope with technological changes may not survive. Successful modern organisations adopt changes in technology to achieve success in business and industry. The internet and telecom systems are both part of global technological development, and have changed the whole world. Technology leads to many new business opportunities apart from the many existing systems (Hiriyappa, 2008). According to Adeoye and Elegunde (2012), technology outputs available to society through business activities, improve the quality of life in the society – hence technology is nurtured by business. South African banks are spending billions on technology as they integrate systems, introduce new apps, and upgrade legacy systems. It is estimated that South Africa’s big four banks each plan to spend between R3 billion and R5 billion in the next three to six years (Jones, 2014). However, many banks with complex legacy systems are not integrated, and this frustrates customers who expect a seamless experience.
The natural environment encompasses nature, and geographical and ecological factors. Climate and weather conditions affect the location of certain industries like the textile industry (Hiriyappa, 2008). The depletion of natural resources, environmental pollution and the disturbance of the ecological balance are a huge concern for organisations and the public. Government policies aimed at the preservation of environmental purity and ecological balance, and the conservation of non-renewable resources, have resulted in additional responsibilities and problems for business, and some of these have influenced the increased cost of production and marketing certain products (Adeoye & Elegunde, 2012). Table 2.3 provides a few examples of each of the external environment factors which may affect employee motivation.

**Table 2.3: External factors that may affect employee motivation.**

<table>
<thead>
<tr>
<th>External factor</th>
<th>Examples of external factors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Socio-cultural</strong></td>
<td>Population growth rate and age profile</td>
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<tr>
<td></td>
<td>Population health, education and social mobility, and attitudes</td>
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<td></td>
<td>Population employment patterns, and attitudes to work</td>
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<tr>
<td></td>
<td>Press attitudes, public opinion, social attitudes and social taboos</td>
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<td></td>
<td>Lifestyle choices and attitudes</td>
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<td></td>
<td>Socio-cultural changes</td>
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<td></td>
<td>Role of business in society</td>
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<td></td>
<td>Social customs, beliefs, rituals and practices</td>
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<td></td>
<td>Family structure, values and attitudes towards the family</td>
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<tr>
<td></td>
<td>Role of women, position, nature of responsibilities in society</td>
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<tr>
<td></td>
<td>Educational levels, awareness and consciousness of rights and work ethics of the society</td>
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<tr>
<td><strong>Political and legal</strong></td>
<td>Government type and stability</td>
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<td></td>
<td>Levels of bureaucracy and corruption</td>
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<td></td>
<td>Social and employment legislation</td>
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<td></td>
<td>Tax policy, and trade and tariff controls</td>
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<td></td>
<td>Environmental and consumer protection legislation</td>
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<td></td>
<td>Government policies like fiscal, monetary, industrial, labour and export and import policies</td>
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<tr>
<td></td>
<td>Business laws that protect consumers, competitors and organisations</td>
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<tr>
<td></td>
<td>Laws that are relevant to companies, competitors, intellectual property, foreign exchange and labour</td>
</tr>
<tr>
<td>Economic</td>
<td>Economic conditions of the country</td>
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<td>-------------------------------</td>
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<td></td>
<td>Current and projected economic growth, inflation and interest rates</td>
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<td>Exchange rates</td>
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<td>Development process of the country</td>
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<td>Unemployment and labour supply</td>
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<td>Labour costs</td>
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<td></td>
<td>Levels of disposable income and income distribution</td>
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<td></td>
<td>Impact of globalisation</td>
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<td></td>
<td>Impact of technological or other change on the economy</td>
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<td></td>
<td>Changes in the economic environment</td>
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<tr>
<td>Technological</td>
<td>Impact of emerging technologies</td>
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<td></td>
<td>Impact of the internet, reduction in communication costs and increased working from home</td>
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<td></td>
<td>Research and development activity</td>
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<td></td>
<td>Impact of technology transfer</td>
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<td></td>
<td>Opportunities arising from technological developments</td>
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<td></td>
<td>Risk and uncertainty of technological developments</td>
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<tr>
<td>Natural environment</td>
<td>Natural resource endowments</td>
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<td></td>
<td>Weather</td>
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<td></td>
<td>Climate conditions</td>
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<td></td>
<td>Natural resources</td>
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<td></td>
<td>Pollution</td>
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<td></td>
<td>Location factors in the global context</td>
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<tr>
<td></td>
<td>Positive and negative impact of significant international events like terrorist attacks</td>
</tr>
</tbody>
</table>

Source: Adapted from Hiriyappa (2008, p. 25).

Employee motivation is a highly complex construct, and one should not rely on only one or two variables to describe and discuss the construct in the workplace. In order to understand the full characteristics of employee motivation, each variable discussed above needs to be taken into account. For the purposes of this research, all the variables discussed were acknowledged and integrated in this study in order to better understand employee motivation.

The next section deals with the consequences of employee motivation.
Motivating employees to complete their duties at a satisfactory or better level can be challenging for most organisations and managers. Employees show motivation when they are self-inspired to perform tasks and are proud of their work. Employees who do not have the drive to succeed at an organisation have an adverse impact on others in the workplace, which can directly affect the success of the organisation. Dissatisfaction in the office environment, leading to lack of employee motivation, can have negative consequences for the organisation.

A motivated employee is more likely to provide more outputs that benefit the organisation. Employees should add value to an organisation, whether through increasing revenues or supporting staff who produce sales and revenue. If employees do not produce enough work output to pay for their positions, they become an expense instead of an asset. Employees with no motivation, who do not complete assignments or reach targets or budgets, may not help the organisation to keep pace with projected earnings or competitors’ products (Shadare & Hammed, 2000). According to Maurer (2001), rewards and recognition are essential factors in enhancing employee job satisfaction and work motivation, which is directly linked to organisational achievement. Employees who are not motivated tend to perform at a lower level than other workers. Low productivity is a consequence of not being motivated at work, and other employees may feel that they have to work harder to compensate for unfinished tasks (Emery, 2009). However, according to Shadare and Hammed (2000), poorly performing employees can consume an inordinate amount of management time, and dealing with late or unfinished duties can have a direct impact on the organisation’s earnings and even reputation.

Efficient employees have a constant maximum output regardless of the situations surrounding them. Motivated employees have a greater influence on the organisation’s performance (Shadare & Hammed, 2000). Unmotivated employees may not have the energy or patience to deal with customers. If one’s employees are responsible for sales, order fulfilment, returns or handling complaints, they may not
adequately represent the organisation. The consequences of lack of motivation include a lack of follow-through, not offering suitable explanations, no interest in satisfying requests or being rude when customers complain (Shadare & Hammed, 2000). Once the organisation has developed a bad reputation in customer service, the negative impression can be far reaching when comments are posted on online review sites.

2.8 EMPLOYEE MOTIVATION MODEL

For the purpose of this study, the researcher defined employee motivation as the feeling, effort, energy and driving force an employee exerts towards achieving an individual and/or organisational goal. Employees will feel motivated to perform if their own needs, interests and goals are achieved through this process, and they will therefore direct their behaviour accordingly.

The literature review discussed in all the above sections provided a framework for developing an employee motivation model specific to foreign exchange individuals in a banking environment. Figure 2.19 summarises and includes all the constructs and variables required to gain an understanding of the motivation of employees in a banking environment.

The employee motivation model depicted below was developed by the researcher to outline and discuss the key variables, which might influence employee motivation of employees in a foreign exchange banking environment. The external characteristics, individual characteristics, job characteristics and work environment characteristics are all required for an employee’s motivation. The theoretical framework provided the foundation of the characteristics and their relationship to employee motivation. Hence employee motivation is absolutely essential for the achievement of organisational goals, and only once these organisational goals have been measured can the consequences of employee motivation be determined.
Figure 2.19: Employee motivation model
2.9 CHAPTER SUMMARY

The discussions in this chapter provided in-depth background on one of the major components of this study: the foreign exchange working environment and employee motivation. The foreign exchange process was discussed in detail in order to understand the unique working environment. The theoretical models of employee motivation were critically discussed, which included process and content theories relating to the humanistic-existential and open-systems paradigm. The basic assumption of each theoretical model was evaluated on the basis of its strengths and weaknesses using previous research findings.

The variables of employee motivation were outlined by four major categories which included individual characteristics, job characteristics, work environment characteristics and external environment characteristics. Each of the variables was defined, critically evaluated and supported by research. The next section of this chapter included a discussion of the consequences of employee motivation. The chapter concluded with a brief definition and integration of the literature review in order to outline a scientific model of employee motivation, as developed by the researcher.

Herewith research aim 1 has been achieved, namely to conceptualise employee motivation and determine its key components from a theoretical perspective.

Chapter 3 deals with the construct of job satisfaction in order to address the second literature research question relating to conceptualising job satisfaction and determine its key components from a theoretical perspective.
CHAPTER 3: JOB SATISFACTION

3.1 INTRODUCTION

The aim of this chapter is to outline the theoretical context that forms the definitive borders of this study. The chapter focuses on the literature review on the construct of job satisfaction. It also deals with step 2 of the literature review, namely to conceptualise the construct of job satisfaction and determine its key components. The chapter begins with a discussion of the conceptual foundations and definitions of job satisfaction; the various theoretical models are explored, followed by the discussion of the factors and influences of job satisfaction. The chapter concludes with a discussion of the implications and consequences of job satisfaction in an organisation.

3.2 JOB SATISFACTION

The concept of job satisfaction is discussed in the subsections below. The concept is first conceptualised on the basis of the existing literature.

3.2.1 Conceptual foundation of job satisfaction

Job satisfaction is the most widely investigated job attitude, as well as one of the most extensively researched subjects in industrial and organisational psychology (Judge & Church, 2000). There is thus a wealth of research on the mechanics of job satisfaction. Thousands of academic articles have been written on almost every conceivable aspect of job satisfaction. As a result of this expansive body of research, job satisfaction has been linked to productivity, motivation, absenteeism, mental and physical health, and general life satisfaction (Landy, 1978). A common idea in the
research has been that the emotional state of an individual is affected by interactions with his or her work environment. People identify themselves by their profession, such as a doctor, lawyer, teacher or banker. Hence a person’s individual well-being at work is a significant aspect of research (Judge & Klinger, 2007).

Since people tend to evaluate the meaning of work, they look at their work experiences in terms of liking or disliking their job and develop feelings of satisfaction or dissatisfaction about their job, as well as the organisation in which they work (Jex, 2002). There are many probable influences that effect how favourably an individual appraises his or her job – specifically, his or her attitude towards the job. Job satisfaction can be regarded as a global feeling about the job or as a related constellation of attitudes about various aspects or facets of the job (Spector, 1997). The global approach is used when the overall or bottom-line attitude is of interest, for example, if one wishes to determine the effects of people liking or disliking their jobs. The facet approach, however, is used to ascertain which parts of the job produce satisfaction or dissatisfaction.

3.2.1.1 Definition of job satisfaction

One of the first definitions of job satisfaction was formulated by Locke (1976, p. 1304) as "a pleasant or positive emotional state resulting from the appraisal of one's job or job experiences". In Locke's definition, he makes use of both cognition (appraisal) and affect (emotional state), and therefore assumes that job satisfaction results from the interplay of cognition and affect, or thoughts and feelings. Job satisfaction may be seen as the extent to which a job fulfils a person's desires or expectations. Some researchers, such as Locke (1976), also emphasise the importance of values in this association and the extent to which a person's job reflects those values. What this inclusion of values does is identify the relative importance of the employee's different expectations – that is, it focuses attention not only on the discrepancy between expectations and experience, but also on the importance of that discrepancy in different areas.
The term “job satisfaction” refers to the feeling people have about their jobs. Building on this conceptualisation, Hulin and Judge (2003) noted that job satisfaction includes multidimensional psychological responses to one’s job, and that such responses have cognitive (evaluative), affective (or emotional) and behavioural components. This tripartite conceptualisation of job satisfaction fits in well with typical conceptualisations of social attitudes (Eagley & Chaiken, 1993). However, there are two apparent difficulties with this viewpoint. First, as noted by Hulin and Judge (2003), social attitudes are generally weak predictors of specific behaviours, yet job attitudes are generally reliably and moderately strongly related to relevant job behaviours (Eagley & Chaiken, 1993; Fishbein, 1980; Wicker, 1969). Job satisfaction is a construct that describes “how people feel about their jobs and different aspects of their jobs” (Spector, 1997, p. 2). According to Burke (2004), job satisfaction is an attitude – the attitude people have towards their work. Chou and Robert (2008) asserted that no single theory can cover the full spectrum of the aspects of job satisfaction. It may be the cause of behaviour, part of a behaviour cycle or part of a regulatory system (Falkenburg & Schyns, 2007). Job satisfaction is the extent to which one feels positively or negatively about the intrinsic and/or extrinsic aspects of one’s job (Boles, Madupalli, Rutherford, & Wood, 2007; Cowin, Johnson, Craven, & Marsh, 2008).

Job satisfaction is simply how people feel about their jobs and different aspects of their job. It is the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs. Figure 3.1 depicts the essential components of job satisfaction, which are essential to an understanding and definition of the construct of job satisfaction specific to this research study. The figure includes all the key themes of job satisfaction discussed above.
In order for researchers to understand the complex and inter-related concepts of job satisfaction, the researcher needed to identify and critically evaluate the theories of job satisfaction as they relate to this study. This is the focus of the next section.

3.3 THEORETICAL APPROACHES TO JOB SATISFACTION

An early key contributor to the study of job satisfaction was Abraham Maslow, who linked job satisfaction and employee motivation to a fivefold hierarchy of human needs, ranging from basic physiological and safety needs to the higher-order needs of self-expression and personal fulfilment. While both Maslow and Herzberg have been subject to theoretical and empirical criticism, the lasting contribution of Herzberg has been to emphasise the psychological growth that a job allows as an important factor in creating job satisfaction (Blyton & Jenkins, 2007).

Numerous theories relating to job satisfaction have been proposed and many theories have been linked to both employee motivation and job satisfaction. Job satisfaction theories can be loosely classified into the following three categories (Anderson et al., 2001):
• situational theories which hypothesise that job satisfaction results from the nature of one’s job or other aspects of the environment

• dispositional approaches that assume that job satisfaction is rooted in the personological make-up of the individual

• interactive theories that propose that job satisfaction results from the interplay of the situation and personality

Some may classify need theories as situational or interactive. However, since the main practical implications of need theories lie in the changing context of the job, for the purpose of this research, need theories were classified as situational theories (Anderson et al., 2001).

The job satisfaction theories relevant to this study are discussed below.

3.3.1 Situational theories

Situational theories hypothesise that job satisfaction results from the nature of one’s job or other aspects of the environment (Anderson et al., 2001). Although there are a wealth of situational theories of job satisfaction, many of which are similar to those discussed in the previous chapter, only three theories are discussed for the purpose of this research, namely Herzberg’s two-factor theory, the social information processing model and the job characteristics model.

These models represented the main theoretical framework for this study, and assisted the researcher to provide clarity, relevance and direction in this study of job satisfaction. Herzberg’s theory and the job characteristics model are widely researched, and helped the researcher to identify the motivators and job characteristics that lead to satisfaction or dissatisfaction. The social information model, however, is less researched and introduces the element of the internet and non-face-to-face communication, which is the way in which many large banks transfer information to one another, to their customers and within the organisation.
The research on social information processing theory supports the idea that the social environment does have an effect on employees’ attitudes and behaviours.

3.3.1.1 Herzberg’s two-factor theory

Since this theory was discussed in the previous chapter, here the researcher focuses on the fundamentals of the theory as they relate to job satisfaction. According to Herzberg, individuals are not content with the satisfaction of lower-order needs at work; for example, those needs associated with minimum salary levels or safe and pleasant working conditions. Instead, individuals look for the gratification of higher-level psychological needs relating to achievement, recognition, responsibility, advancement and the nature of the work itself. This theory suggests that in order to improve job attitudes and productivity, administrators should recognise and attend to both sets of characteristics and not assume that an increase in satisfaction leads to a decrease in unpleasurable dissatisfaction.

Two-factor theory distinguishes between motivators and hygiene factors (Hackman & Oldham, 1976; Herzberg, 1968). Motivation factors are needed to motivate an employee to higher performance. Essentially, hygiene factors are required to ensure an employee is not dissatisfied. Herzberg's theory concentrates on the importance of internal job factors as motivating forces for employees. The theory was designed to increase job enrichment for employees, and to afford employees the opportunity to participate in planning, performing and evaluating their work (Hackman & Oldham, 1976; Herzberg, 1968; Schultz & Schultz, 2010).

Herzberg and others have presented considerable empirical evidence to confirm the motivation-hygiene theory, although their work has been criticised. While the motivator-hygiene concept is still well regarded, satisfaction and dissatisfaction are generally no longer considered to exist on separate scales (King, 1970). Furthermore, it has been noted the theory does not allow for individual differences, such as particular personality traits, which would affect individuals' unique responses to motivating or hygiene factors (Hackman & Oldham, 1976). The most basic is the
criticism that the theory contained the relatively explicit assumption that happy and satisfied workers produce more, even though this might not be the case. When the theory and research were published, organisations tended to be rigid, hierarchical and bureaucratic, which is vastly different from current organisational structures and work practices (Bassett-Jones & Lloyd, 2005). However, according to research conducted by Bassett-Jones and Lloyd (2005), where Herzberg's theory was re-examined using 3 200 respondents, the results showed that Herzberg's theory still had relevance in the organisational context of today.

Figure 3.2 illustrates Herzberg's two-factor theory as it relates to job satisfaction.

- Dissatisfaction and demotivation
- Not dissatisfied but not motivated
- Positive satisfaction and motivation

**Hygiene factors**
- Company policies
- Quality of supervision
- Relations with others
- Personal life
- Rate of pay
- Job security
- Working conditions

**Motivational factors**
- Achievement
- Career advancement
- Personal growth
- Job interest
- Recognition
- Responsibility

*Figure 3.2: Herzberg's two-factor theory*
3.3.1.2 **Social information processing**

The social information processing (SIP) theory is an interpersonal communication theory developed by Joseph Walther in 1992, explaining how people get to know one another online, without nonverbal cues, and how they develop and manage relationships in the computer-mediated environment (Walther, 1992). However, online interpersonal relationship development may require more time to develop than traditional face-to-face relationships. Once established, online personal relationships may demonstrate the same relational dimensions and qualities as face-to-face relationships (Griffin, 2009).

Walther (1992) argued that nonverbal cues can be exchanged for verbal cues in computer-mediated communication to build intimacy over time, such as replacement cues, asynchronous communication, insightful interaction, the desire for impression management and maintained partner affinity. All these cues are in support of social information processing as a comparable alternative to face-to-face communication (Walther, 1992). Time is cited as the key determinant as to whether nonverbal cues achieve the same amount of intimacy as verbal cues in face-to-face communication (Walther, 2005). Walther highlights two features of computer-mediated communication that provide a rationale for social information process theory, namely verbal cues and extended time (Walther, 1992).

- **Verbal cues** refer to how computer-mediated communication users can create fully formed impressions of others based solely on the linguistic content of computer-mediated messages.

- **Extended time** means that the communication exchange rate through computer-mediated communication is much slower than face-to-face communication – hence the impressions are formed at a much slower rate (Griffin, 2009).

Even though computer-mediated communication takes longer than face-to-face interactions, there is no reason to believe that computer-mediated communication relationships will be any weaker than those developed face to face. According to
Walther (1992), any message spoken in person will take at least four times longer to communicate through computer-mediated communication. When comparing 10 minutes of face-to-face conversation with 40 minutes of computer-mediated communication, there was no difference in partner affinity between the two modes.

Following the introduction of many social media sites such as Facebook, Twitter and LinkedIn, there are many opportunities for people to interact using computer-mediated communication (Subramani & Rajagopalan, 2003). The process of learning from and connecting with others has not changed, but is instead manifested on the internet. These resources allow people to connect and develop relationships using methods alternative to the traditional face-to-face-exclusive past, thus making computer-mediated communication more prevalent among social media users (Joinson, 2003). Although laboratory studies have found that social information has a prevailing impact on job satisfaction and characteristic perceptions, organisational tests have been less supportive (Jex & Spector, 1989; Jex, 2002). Generally, research on social information processing theory supports the idea that the social environment does have an effect on employees’ attitudes and behaviours (Aamodt, 2009).

Despite the fact that social information processing theory offers a more optimistic perspective through which to perceive of and analyse online interactions, the theory is not without its criticisms. Even though Walther suggested that users of computer-mediated communication have the same interpersonal needs met as users who communicate face to face, this theory proposes that the lack of visual cues inherent in computer-mediated communication is a disadvantage to be overcome over time (Walther & Parks, 2002). In the years immediately following the introduction of the social information processing model, a number of empirical studies and meta-analyses (Spector, 1992; Thomas & Griffin, 1983; Zalesny & Ford, 1990) were conducted. Although generally supportive of social information processing theory, these studies found inconsistent results on whether or not social-contextual factors influence an individual’s job satisfaction and his or her perceptions of the job. Zalesny and Ford (1990) reported that 10 of the 18 studies in their analysis found a significant relationship between social cues and job satisfaction. Two methodological limitations and one theoretical limitation have potentially affected the
The adequacy of past social information processing research and the significance of its findings (Walther, & Parks, 2002). The first methodological limitation concerns the way in which researchers have attempted to manipulate social cues, while the second methodological limitation concerns the duration of the studies themselves. Theoretically, the social information processing model fails to articulate the mechanism by which social information from the individual’s environment influences individual perceptions and attitudes.

Figure 3.3 outlines the social information processing theory and all the key components as per the discussion above, as they relate to employee satisfaction.

Figure 3.3: *Information processing constructs as they relate to job satisfaction (adapted from Joinson, 2003).*
Job characteristics theory is a theory of work design. It provides a set of implementing principles for enriching jobs in organisational settings (Hackman & Oldham, 2005). Figure 3.4 depicts the final version of the theory. Five core job characteristics should prompt three critical psychological states, which lead to many favourable personal and work outcomes. The moderators are growth need strength, knowledge and skill, and context satisfaction should moderate the links between the job characteristics and the psychological states, and the psychological states and the outcomes (Hackman & Oldham, 1980). Each component of the job characteristics model will be discussed below.

**Figure 3.4:** Job characteristics model (Hackman & Oldham, 1980, p. 90).
(a) The five core job characteristics

The five core job characteristics were discussed in the previous chapter and are therefore only briefly touched on in this chapter. According to Hackman and Oldham (1975), the following are job characteristics:

- **Skill variety** is the degree to which a job requires various activities, which include different, job-related skills and talents.

- **Task identity** is the degree to which the job requires the jobholders to identify and complete a piece of work with a visible outcome.

- **Task significance** is the degree to which the job affects other people’s lives. The influence can be either in the immediate organisation or in the external environment.

- **Autonomy** is the degree to which the job provides the employee with significant freedom, independence and discretion to plan the work and determine the procedures in the job.

- **Feedback** is the degree to which the job can provide direct and clear information to workers about the effectiveness of their performance.

(b) The critical psychological states

Hackman and Oldham (1975) also outlined the following states:

- **Experienced meaningfulness of the work** is the degree to which the jobholder experiences the work as intrinsically meaningful and can present his or her value to other people and/or the external environment.

- **Experienced responsibility for outcome of the work** is the degree to which the worker feels he or she is accountable and responsible for the results of the work.
• **Knowledge of results of the work activities** is the degree to which the jobholder knows how well he or she is performing.

(c) *The moderators*

• **Growth need strength (GNS)** is the strength of a person's need for personal accomplishment, learning and development (Hackman & Oldham, 2005). The theory posits that GNS moderates both the relationship between the core job characteristics and psychological states, and the relationship between psychological states and outcomes (Hackman & Oldham, 1975).

• **Knowledge and skill** is the level of knowledge and skill the worker possesses that can moderate the relationship between the mediators and the job characteristics and outcomes (Kulik, Oldham, & Hackman, 1987).

• **Context satisfaction** is the context of the job which has an impact on employees’ experience. The authors suggest that when workers are satisfied with things like their managers, pay, co-workers and job security they respond more positively to highly motivating jobs and less positively when they are not satisfied (Kulik et al., 1987).

According to the theory, these three critical psychological states are non-compensatory conditions, meaning employees have to experience all three critical psychological states to achieve the outcomes proposed in the model (Hackman & Oldham, 1976; Hackman, & Oldham, 2005). Over the years since the introduction of the job characteristics theory in the organisational literature, there have been many changes to the field and to work itself (Hackman & Oldham, 1976; Hackman & Oldham, 2005; Oldham & Hackman, 2010). In practical terms, the job characteristics theory provides a framework for increasing employees' motivation, satisfaction and performance through enriching job characteristics, and has been embraced by researchers and used in a multitude of professions and organisations (Hackman & Oldham, 2005).
In terms of indirect evidence, research studies spanning many years, organisations and types of jobs show that when employees are asked to evaluate different facets of their job, such as supervision, pay, promotion opportunities, co-workers and so forth, the nature of the work itself generally emerges as the most important job facet (Judge & Church, 2000; Jurgensen, 1978), and is almost always the facet most strongly correlated with overall job satisfaction, as well as with important outcomes such as employee retention (e.g., Frye, 1996; Parisi & Weiner, 1999; Rentsch & Steel, 1992; Weiner, 2000). Research directly testing the relationship between workers’ reports of job characteristics and job satisfaction has produced consistently positive results (Frye; 1996; Salvendy, 2012).

Job characteristics theory has been critiqued on both conceptual and methodological grounds (e.g., Roberts & Glick, 1981; Salancik & Pfeffer, 1978; Spector, 1992; Taber & Taylor, 1990). The following five major criticisms have been articulated.

- The causal ordering implied by the model (i.e. individual needs exist prior to and are satisfied by the characteristics of the job) should be reversed, and needs should be socially constructed in response to external stimuli.
- There is insufficient support for the claim that individual needs are stable internal constructs, as opposed to socially constructed and fluctuating constructs based upon changes in environmental stimuli.
- Although the theory discusses the effects of the objective characteristics of the job, most studies testing the theory have used perceived characteristics as reported by the job incumbents themselves to test the theory.
- The theoretical model unnecessarily limits the job factors considered, and other job characteristics, such as speediness, time pressure, physical danger, and the amount of effort required could also be considered.
- The theory does not take into account past experience with the job.
3.3.2 Dispositional approaches theories

Dispositional approaches theories assume that job satisfaction is rooted in the personological make-up of the individual. Nearly 20 years have elapsed since the person-situation debate spilled over from psychology to the field of organisational behaviour (Judge & Locke, 1993). On one side of the argument there are a number of organisational psychologists who noted that a person’s disposition can be a significant determinant of his or her job attitudes (e.g., George, 1992; Judge, Heller, & Mount, 2002; Staw & Ross, 1985; Watson & Slack, 1993). On the other side, there are sociologically oriented scholars such as Davis-Blake and Pfeffer (1989), who adopted a strong situational stance denying any role for individual differences in job attitude and job satisfaction.

In the last 20 years, there has been consensus among researchers that a five-factor model of personality, often termed the “Big Five” (Goldberg, 1990; Robbins, 1996; Von der Ohe, Martins, & Roode, 2004), can be used to describe the most salient aspects of personality. The five-factor structure has been generalised across measures, cultures and sources of ratings (McCrae & John, 1992). The five personality traits are neuroticism, extroversion, openness to experience, agreeableness and conscientiousness. The theory and research on the links between personality traits and job satisfaction led researchers to expect that, among those, conscientiousness, agreeableness and extroversion would positively predict job satisfaction, while neuroticism would negatively predict job satisfaction (Judge et al., 2002).

Both direct and indirect studies have been conducted on the dispositional theory and job satisfaction, and there have been criticisms of both types of studies. Because some studies failed to measure dispositions directly, the soundness of the conclusion that dispositional characteristics are the source of job satisfaction stability is open to question (Davis-Blake & Pfeffer, 1989; Gerhart, 1987; Gutek & Winter, 1992; Judge & Larsen, 2001). A number of studies, which measured dispositions directly and related them to job satisfaction (e.g. Judge & Hulin, 1993; Levin & Stokes, 1989; Staw, Bell, & Clausen, 1986; Weitz, 1952), lack a strong theoretical
basis linking disposition to job satisfaction in that they do not explain the process whereby dispositions influence job satisfaction (Judge & Larsen, 2001).

3.3.3 Interactive theories

Interactive theories propose that job satisfaction results from the interplay between the situation and personality. Two models have been identified as interactive theories, namely the Cornell model and value-percept model (Anderson, 2001).

3.3.3.1 The Cornell model

Hulin (1991) and Hulin, Roznowski, and Hachiya (1985) provided a model of job satisfaction that attempts to integrate previous theories of attitude formation. The model proposes that job satisfaction is a function of the balance between role inputs, such as what the individual puts into the work role (e.g. training, experience, time and effort) and role outcome, such as what is received by the individual (e.g. pay, status, working conditions and intrinsic factors). All else being equal (ceteris paribus), the more outcomes received relative to inputs invested, the higher work role satisfaction will be (Hulin, 1991).

The model proposes that an individual's frames of reference, which represent past experiences with outcomes, influence the way he or she perceives current outcomes received (Borman, Ilgen, & Klimoski, 2003; Staw & Cohen-Charash, 2005). The Cornell model (Hulin, 1991; Smith, Kendall, & Hulin, 1969) was the theoretical foundation for a series of studies on job and retirement attitudes. Some employees working on objectively unpleasant jobs, with few positive outcomes, express positive evaluations of their work and working conditions, while others working on objectively desirable jobs evaluate their jobs quite negatively (Borman et al., 2003).

The Cornell model highlights the influences of factors exogenous to the individual and the organisation on job attitudes and how these factors are translated into
evaluations of jobs through their influence on individual differences. The model is not without criticism. One of the few criticisms is that the employees are removed from their social, organisational and economic contexts, and more research is required and additional direct tests of the model would prove worthwhile and provide a relevant economic perspective on job attitude research (Hulin, 1966).

3.3.3.2 The value-percept theory

The value-percept model was developed by Locke (1969, 1976). The theory asserts that satisfaction or dissatisfaction is an emotional response triggered by a cognitive-evaluative process in which the perceptions of (or beliefs about) an object, action or condition are compared to one’s values (or needs, wants and desires). The smaller the disparity between the percept of the object, action or condition, and one’s values, the more favourable the evaluation will be and the greater the generation of positive affect associated with goal attainment (i.e. satisfaction) (Locke, 1976). Conversely, the greater the value-percept disparity, the less favourable the evaluation will be, the less the generation of positive effect and the greater the generation of negative affect associated with goal frustration (i.e. dissatisfaction).

Locke (1976) surmised that the fulfilment of values leads to job satisfaction, provided that values are compatible with needs. He also distinguished values from expectations, which are beliefs about the future. He argued that a discrepancy between perceptions and expectations leads to surprise, which can be satisfying or dissatisfying, depending on whether the unexpected event is desired (e.g. winning the lottery) or undesired (e.g. being fired). Locke (1976) argued that individuals’ values would determine what satisfies them on the job. Only the unfulfilled job values that were important to the individual would be dissatisfying. Hence the value-percept theory predicts that discrepancies between what is desired and what is received are dissatisfying only if the job facet is important to the individual. Anderson (2001) argues that the value that individuals attach to a job is what determines their satisfaction in the job. Managers should determine what their employees value and try to satisfy these values. This, in turn, facilitates job satisfaction as the theory
suggests that the fulfilment of employee values is what determines their satisfaction in the workplace (Anderson, 2001).

The value-percept model is justified by its various strengths. According to Edwards (2008), the model clearly defines key constructs, explains which constructs are relevant to discrepancy judgements and satisfaction, and explicitly describes how discrepancies relate to satisfaction. A particular strength of the model is that it highlights the role of individual differences in values and job outcomes. In particular, the model explains that the appropriate standard for discrepancies is not what people expect or objectively need, but what they value. Locke’s model explains the role of value importance in predicting overall job satisfaction and has helped resolve an ongoing controversy (Blood, 1971; Ewen, 1967; Quinn & Mangione, 1973) and has been adopted in subsequent work (Edwards, 2008; Edwards & Rothbard, 1999; McFarlin & Rice, 1992).

Despite its strengths, Locke’s value-percept model has several limitations. One problem with the theory is that what one desires and what one considers important are likely to be highly correlated (Anderson, 2001). Although in theory these concepts are separable, in practice many people may find it difficult to distinguish between the two. The model also ignores influences from exogenous factors, such as the costs of holding a job, or current and past social, economic or organisational conditions external to the individual or job nexus (Staw & Cohen-Charash, 2005). Although Locke used formulae to illustrate possible functions relating value-percept discrepancies to satisfaction, he stopped short of predicting which function would apply to particular job facets. Edwards (2008) found the model difficult to evaluate empirically, because if the relationships between discrepancies and satisfaction are not predicted a priori, then numerous relationships can be interpreted as being consistent with the theory. Finally, the model said little about boundary conditions, other than the implication that discrepancies between perceptions and values influence satisfaction only when values have some importance and are compatible with needs (Edwards, 2008).
3.3.4 Summary of job satisfaction theoretical approaches

The situational, dispositional and interactive theories discussed in this study contained elements of strength and weaknesses, although some theories may have fewer limitations than others, all of which is subjective. The theories discussed included both old and new research, which contributed to the knowledge of job satisfaction. The challenge is to integrate these theories in order to understand their interrelationships. For the purpose of this study, important aspects of each theory were used to develop a job satisfaction model and identify a meaningful measuring tool, capable of accurately evaluating employees’ levels of job satisfaction.

Types of job satisfaction will be discussed next.

3.4 TYPES OF JOB SATISFACTION

Job satisfaction is a result of individuals’ perception and evaluation of their job influenced by their own unique needs, values and expectations, which they regard as being important to them (Sempane, Rieger, & Roodt, 2002). Research has indicated that job satisfaction does not occur in isolation – it is dependent on organisational variables such as structure, size, pay, working conditions and leadership, which represent the organisational climate (Sempane et al., 2002). However, if job satisfaction is absent and other work opportunities present themselves, employee turnover could increase (Martins & Coetzee, 2007).

Job satisfaction can be viewed as a reaction to a job, arising from what an individual seeks in a job in comparison with the actual outcomes that the job provides for him or her (Rothmann & Coetzer, 2002). According to Rothmann and Coetzer (2002), job satisfaction among employees is an indicator of organisational effectiveness, and is influenced by organisational and personal factors. For performance to be optimal, an employee’s full potential is needed at all levels in the organisation; this emphasises the importance of employee job satisfaction. Most employers realise that the optimal
functioning of their organisation depends in part on the level of job satisfaction of employees – hence the adage, “Happy employees are productive employees” (Saari & Judge, 2004, p. 395). One challenge and problem with the attempt to identify dimensions of job satisfaction is that research tends to measure only how satisfied the employee is in general with his or her work and does not mention how important these factors are to him or her (Harpaz, 1983). According to Spector (1997), there have been two approaches to the study of job satisfaction, namely the facet approach and the global approach.

For researchers to understand these job satisfaction attitudes, they need to understand the complex and interrelated facets of job satisfaction. A facet of job satisfaction can be described as any part of a job that produces feelings of satisfaction or dissatisfaction (Spector, 1997). This perspective can be useful to organisations wishing to identify employee retention areas in which improvement is possible (Saari & Judge 2004; Westlund & Hannon 2008). A job satisfaction facet can be concerned with any aspect or part of a job. The facet approach can provide a more complete picture of a person’s job satisfaction than the global approach (Spector, 1997). Locke (1976) developed a summary of job dimensions or facets that have been assumed to contribute significantly to job satisfaction. The particular facets represent characteristics associated with job satisfaction and include the following: rewards such as pay or fringe benefits, other people such as co-workers or supervisors, the nature of the work itself and the organisation itself. Spector (1997) added to Locke’s facets by outlining nine facets of job satisfaction instead of only five facets, to include the following: pay, promotion, supervision, benefits, contingent rewards, operating procedures, co-workers, nature of work and communication.

The global approach explains job satisfaction as a single, overall feeling towards a job, while the facet approach suggests that different facets are used to assess which part of the job an individual likes or dislikes. Spector (1997) adopted a multifaceted approach to job satisfaction which provides a clearer picture of how satisfied an individual is with his or her job according to different levels of satisfaction with regard to the various facets. The multifaceted approach is relevant to this study because of how the various facets are measured in accordance with an individual's level of satisfaction.
For the purposes of this research, the nine facets of job satisfaction are identified and discussed, namely pay, promotion, supervision, benefits, contingent rewards, operating procedures, co-workers, nature of the work and communication (Spector 1997). According to Hirschfield (2000) and Judge and Klinger (2007), job satisfaction consists of both intrinsic and extrinsic elements, whereby pay and promotions are considered extrinsic factors and co-workers, supervision and the work itself are regarded as intrinsic factors. In table 3.1, the nine facets of job satisfaction are summarised according to intrinsic and extrinsic job satisfaction.

**Table 3.1:** *Nine facets of job satisfaction (Spector, 1997, p. 8)*

<table>
<thead>
<tr>
<th>Facets of job satisfaction</th>
<th>Intrinsic/extrinsic satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pay</strong></td>
<td>Extrinsic satisfaction</td>
</tr>
<tr>
<td>Satisfaction with pay and pay raises</td>
<td></td>
</tr>
<tr>
<td><strong>Promotion</strong></td>
<td>Intrinsic satisfaction</td>
</tr>
<tr>
<td>Satisfaction with promotion opportunities</td>
<td></td>
</tr>
<tr>
<td><strong>Supervision</strong></td>
<td>Extrinsic satisfaction</td>
</tr>
<tr>
<td>Satisfaction with person's immediate supervision</td>
<td></td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td>Extrinsic satisfaction</td>
</tr>
<tr>
<td>Satisfaction with monetary and non-monetary fringe benefits</td>
<td></td>
</tr>
<tr>
<td><strong>Contingent rewards</strong></td>
<td>Intrinsic satisfaction</td>
</tr>
<tr>
<td>Satisfaction with appreciation, recognition and rewards for good work</td>
<td></td>
</tr>
<tr>
<td><strong>Operating procedures</strong></td>
<td>Extrinsic satisfaction</td>
</tr>
<tr>
<td>Satisfaction with operating policies and procedures</td>
<td></td>
</tr>
<tr>
<td><strong>Co-workers</strong></td>
<td>Extrinsic satisfaction</td>
</tr>
<tr>
<td>Satisfaction with co-workers</td>
<td></td>
</tr>
<tr>
<td><strong>Nature of work</strong></td>
<td>Intrinsic satisfaction</td>
</tr>
<tr>
<td>Satisfaction with type of work done</td>
<td></td>
</tr>
<tr>
<td><strong>Communication</strong></td>
<td>Extrinsic satisfaction</td>
</tr>
<tr>
<td>Satisfaction with communication within the organisation</td>
<td></td>
</tr>
</tbody>
</table>
In the subsection below, all nine facets of job satisfaction are discussed in relation to intrinsic and extrinsic job satisfaction.

3.4.1 Intrinsic satisfaction

Intrinsic factors are associated with job tasks themselves, such as autonomy and variety (Hirschfield, 2000). Intrinsic job satisfaction is therefore associated with the impact of the nature of job tasks. Promotion, contingent rewards and nature of work are also discussed.

3.4.1.1 Promotion

According to George (2000), promotion as a dimension of job satisfaction refers to the availability of opportunities for career advancement, opportunities for personal growth, more responsibilities and increased social status. Career advancement may not necessarily be associated with hierarchical progress in the organisation, but includes opportunities for lateral movement and growth in the organisation (Cockburn & Haydn, 2004; O’Malley, 2000; Robbins, Odendaal, & Roodt, 2003). In principle, opportunities for promotion are a vital contributor to job satisfaction because promotions contain a number of valued signals about a person’s self-worth (Johns, 1992; Toloposky, 2000; Vigoda-Gadot, 2003). Job satisfaction is likely to be experienced by individuals who perceive promotional opportunities to be fair and available to employees of an organisation (Lordan, 1999; Robbins 1993; Weallens, 2003).

Research has confirmed that there is correlation between job satisfaction and opportunities for promotion (Danish & Usman, 2010; Kemp, 1985; Naveed, Usman, & Bushra, 2011). It is therefore not surprising that waiting for promotion is generally seen as the job variable that employees rate as most dissatisfying when evaluating their level of job satisfaction. This could be due to the fact that promotion is not a simplistic construct since it will inevitably influence other socially acceptable aspects
such as higher pay, fringe benefits, more status, sense of achievement and new challenges (Arnold & Feldman, 1996; Thurman, 1977). The majority of workers would prefer the opportunity to have more work responsibility and enjoy the increased pay and status associated with such a promotion (King & Botha, 1997). Smucker and Kent (2004) warn that if workers perceive themselves as ready and worthy of promotion, and they do not receive it, it will inevitably lead to dissatisfaction.

3.4.1.2 Contingent rewards

Contingent rewards are defined as rewards given to employees for performing an activity well, matching a standard of excellence or surpassing a specific criterion (Ryan et al., 1983). Examples of contingent rewards include appreciation, recognition and rewards for good work (Spector, 1997; Robbins, 1993). There are two types of contingency rewards, namely monetary (performance-related bonus) and non-monetary (appreciation and recognition) (Kessuwan & Muenjohn, 2010).

According to Locke (1976), there is a wealth of research on the relationship between contingent rewards and job satisfaction. Hackman and Lawler (1971) and Kessuwan and Muenjohn (2010) found a significant and positive relationship between job satisfaction and rewards. Miceli, Near, Jung and Greenberger (1991) found that executives preferred rewards based on performance, but this was not the case for managers. Performance evaluations of leaders or supervisors have been shown to be related to the reward system they employ. Waldman, Dunning, Ross, and Mattson (1990) found that leaders who use contingent rewards systems were evaluated more highly on their performance by their own supervisors.

3.4.1.3 Nature of work

The nature of work satisfaction is defined as the employees’ satisfaction with the type of work they do, that is, the work itself (Spector, 1997). Xaba (1996) and
Simelane (2004) postulated that the work itself refers to the daily tasks, creativity and autonomy of the job, as well as the employees’ liking or disliking of their job. This is an indication of whether or not an employee’s job is enjoyable. Hence the work itself denotes the nature of work performed by workers and has a bearing on their levels of job satisfaction (Ivancevich & Matteson, 2005), and also refers to the extent to which job tasks are considered interesting and afford employees opportunities for learning and accepting responsibility (Cockburn & Haydin, 2004).

Research (Campoy & Hoewisch, 1998; Tarr, Ciriello, & Convey, 1993; Van der Zee, 2009) has suggested that task variety may facilitate job satisfaction. This is based on the view that skill variety has strong effects on job satisfaction, implying that the greater the variety of skills that workers are able to utilise in their jobs, the higher their levels of job satisfaction. The challenge of the work itself appears to motivate employees and is therefore associated with job satisfaction, as proposed by many researchers, including Herzberg (Bull, 2005; Luthans, 1992; Owens, 1995). Research has suggested that employees would prefer a job that is interesting and challenging, and that creates opportunities for self-actualisation and recognition (Armstrong, 1993; George, 2000; O’Malley, 2000). However, some work may be too challenging, and this can result in feelings of failure and reduced satisfaction (Dubinsky, 2004; Griffiths, 2003; Nel et al., 2004; Weallens, 2003). The level of dissatisfaction may depend on how the incumbents value their jobs (Carrell, Elbert, Hatfield, Grobler, Marx, & Van der Schyff 1998; Csikszentmihalyi, 2003).

### 3.4.2 Extrinsic satisfaction

Extrinsic factors are related to variables not associated with the job itself or work-specific factors, but rather any other external factors that could impact on job satisfaction (Hirschfield, 2000). Hence extrinsic job satisfaction relates to how workers feel about elements outside of the work situation which are not included in the specific task. Pay, supervision, benefits, operating procedures, co-workers and communication are discussed below.
3.4.2.1 Pay

Johns (1992) suggested that the role of pay as a dimension of job satisfaction refers to the amount of pay received and the perceived equity of pay. Armstrong (1993) also concluded that if employees perceive some equity between their work and pay, their job satisfaction will be enhanced to the extent that the satisfaction level depends on pay. Nel et al. (2004) argued that staff members will compare themselves to other employees regarding what they put in and what they get out of an organisation.

Although money is important to individuals, research has shown that individuals who earn more are not necessarily more satisfied in their jobs (Johns, 1992; Spector, 2008). Pay is often cited as a motivator of performance and a determinant of job satisfaction (Dibble, 1999; Vigoda-Gadot, 2003; Yang, Miao, Zhu, Sun, Liu, & Wu, 2008), but in a British study by Clark (1997), it was found that pay is not significantly correlated with overall job satisfaction. Although the exact role of pay has been questioned (Griffiths, 2003; John & Weitz, 1989; Levine, 1995), it is therefore clear that the issue of pay will have different meanings and different levels of importance to employees (Maniram, 2007).

3.4.2.2 Supervision

The role of the supervisor is to serve as a mouthpiece for the organisation by being responsible for the communication of organisational goals, implementing strategic decisions and serving as a moderator between management and employees (Castillo & Cano, 2004; Kreitner, Kinicki, & Beulens, 2002; Sergiovanni & Starratt, 1993). Hence the relationship between the two parties has to be positive since the role of the supervisor is to motivate employees to perform to their highest ability (Ladebo, 2008; Wiles & Bondi, 1996). Many study results reaffirm that there is positive association between supervision and job satisfaction (Bradley, Petrescu, & Simmons, 2004; Harmon et al., 2007; Mudor & Tooksoon, 2011).
Employee satisfaction increases when the immediate supervisor is understanding, friendly, offers praise for good performance, listens to employees’ opinions and shows a personal interest in them (Griffin, Patterson, & West, 2001; Lockburn & Terry, 2004; Robbins et al., 2003; Rothmann & Cooper, 2008). Hence employees who rate their job satisfaction as high, are usually also extremely satisfied with their supervisor (Bull, 2005; Chieffo, 1991; Staudt, 1997). Insensitive, incompetent and uncaring supervisors seem to have the most negative effect on employee job satisfaction (George, 2000; Lordan, 1999; O’Malley). Vandenberghe, Bentein, and Stinglhamber (2004), suggested that subordinates who enjoy a close working relationship with their supervisors or line managers, will reconsider before leaving the organisation since the supervisor plays a critical role in motivating them in their daily practice.

3.4.2.3 Benefits

Benefits are the indirect financial and non-financial payments employees receive for continuing their employment with an organisation, which may be either monetary or non-monetary (Odunlade, 2012; Spector, 1997; Weathington, 2008). Fringe benefits may include the following: retirement plans, medical care, sick and annual leave, sabbatical leave, study leave, maternity leave, child care, pension benefit, sponsorship for conferences and workshops, and leave bonuses (Odunlade, 2012). Benefits have been found to impact on a number of outcomes in the workplace, including satisfaction (Arnold & Spell, 2006; Suliman & Iles 2000).

The relationship between benefits and job satisfaction has been explored in multiple studies. Benefit satisfaction and benefit availability have shown to have a positive relationship with pay satisfaction (Dreher, 1981) and job satisfaction (Artz, 2010; Berger, 1984; Uppal, 2005). According to an article in the Wetchester Country Business Journal (2004), 75% of employees report satisfaction with their benefits package in large organisations, while only 47% of employees in small organisations report satisfaction with their benefits package. This may be due to the variations in the contents of the benefits packages between larger and smaller organisations.
Benefit packages may contain items such as profit sharing, stock ownership, legal, educational, and child-care assistance, and dental, vision and life insurance for employees and their dependants (Barber, Chadwick, & Oerter, 1992).

3.4.2.4 Operating procedures

Spector (1997) defined operating procedures as the rules and processes, which are related to red tape, and the volume of work and paperwork. According to the literature, these factors appear to be both beneficial and detrimental to job satisfaction. Operating procedures include all those rules, regulations, procedures and requirements of the job that have to be performed during the job. They also include the nature of the job and values of an organisation to which an employee is bound while performing the job (Danish & Usman, 2010; Spector, 1985).

Specific job characteristics lead to positive psychological states such as experiencing the meaningfulness of work, feelings of responsibility and knowledge about the products of work, which in turn lead to satisfaction with the job (Judge, Bono, & Locke, 2000; Spector, 1997). According to a study conducted by Danish and Usman (2010), there is a significant relationship between operating procedure and satisfaction. Research conducted by Ahmed and Uddin (2012) in Bangladesh on a sample of bankers, reported that 60% of employees agreed with the existing operating procedure, with a positive overall satisfaction.

3.4.2.5 Co-workers

According to The Manager (2002), co-workers are a group of employees who work together on a regular basis to produce organisational results. Co-workers include

- employees in a structured reporting relationship, such as in an institution or a department
an ad hoc team brought together to perform specific tasks to develop or refine a service or a product or produce another result; work fulfils an individual’s social factor need

Hence having friendly and supportive co-workers leads to increased job satisfaction (Bull, 2005; Ghazzawi, 2008; Waskiewicz, 1999). Johns (1992) and Manese (2001) suggested that individuals have a need to affiliate with others, and this affiliation is most rewarding when co-workers are comfortable company. Individuals tend to be more satisfied in the presence of people who offer assistance in their attainment of job outcomes that they value (Harris, 1999; Jaques, 1996; Organ, 1988), which may contribute to overall job satisfaction in the workplace (Ellison, 1997; Levine, 1995; Reichheld, 1996). Conversely, interpersonal conflict, lack of teamwork, unfriendliness between co-workers and rivalries between managers and supervisors have been reported to have a major negative effect on employee job satisfaction (Dubinsky, 2004).

3.4.2.6 Communication

In the workplace, employees need to communicate with managers and co-workers in order to understand their roles (Jablin & Krone, 1994; Jablin & Sussman, 1983. The fewer distortions, ambiguities and incongruities that occur in communication in organisations, the more satisfied employees will feel about their work (Robbins, 1993, 2004). Employees who are motivated to communicate by duty may contribute to an employee’s job satisfaction (Anderson & Martin, 1995a; Rubin, 1979), and are therefore more likely to build relationships, remain in relationships and experience satisfaction (Farahbod, Salimi, & Dorostkar, 2013; Jablin & Krone, 1994; Pettite, Goris, & Vaught, 1997.
3.4.3 Summary of types of job satisfaction

Based on the above discussion, one can conclude that job satisfaction is multidimensional – that is, it stems from several sources such as pay, nature of work, opportunities for promotion, supervision, benefits and co-workers (Ivancevich & Matteson, 2005; Toloposky, 2000; Weallens, 2003).

The different variables influencing job satisfaction are discussed below.

3.5 VARIABLES INFLUENCING JOB SATISFACTION

Job satisfaction is still considered by a number of critics to be complex and difficult to measure objectively. A wide range of variables relating to individual, social, cultural, organisational and environmental factors affect the level of job satisfaction. Individual factors include personality, education, intelligence and abilities, age, marital status and orientation to work (Steyn & Van Wyk, 1999). Social factors include relationships with co-workers, group working and norms, opportunities for interaction and informal organisation. Cultural factors include underlying attitudes, beliefs and values. Organisational factors include nature and size, formal structure, personnel policies and procedures, employee relations, nature of work, technology and work organisation, supervision and styles of leadership, management strategies and working conditions (Steyn, 1988). In this regard, Steyn (1988) regarded organisational factors as motivators or satisfiers. Environmental factors include economic, social, technical and governmental influence (Castillo & Cano, 2004). These factors affect the job satisfaction of individuals in a given set of circumstances, but not necessarily in others.

According to Spector (1997), job satisfaction is generally influenced by the individual’s characteristics, job environment and job characteristics. The individual factors are the characteristics that the person brings to the job, and include both personality and prior experiences. The job environment itself and the factors
associated with the job include how people are treated, the nature of job tasks, relations with other people in the workplace and rewards. All three categories of variables often work together to influence job satisfaction (Spector, 1997). One variable not discussed by Spector is external environment, which according to Staw and Cohen-Charash (2005) is a key variable in fully understanding the influences of job satisfaction. Although the importance of individual differences to the experience of job satisfaction was recognised as far back as the Hawthorne Studies of the 1920s, the environmental perspective has dominated research and theory in this domain (Arvey Bouchard, Segal, & Abraham., 1989; Staw & Cohen-Charash, 2005).

Hence for the purpose of this study, four major categories of variables influencing job satisfaction are discussed, namely individual characteristics, job characteristics, work environment characteristics, and external environment characteristics.

Figure 3.5 depicts the four variables influencing job satisfaction for the purpose of this study.

*Figure 3.5: Job satisfaction variables as they relate to a banking environment*
3.5.1 Individual characteristics

In the mid-1980s, there was increased interest in personality effects on job satisfaction. Some researchers have argued that there may be genetic predispositions towards liking or disliking the job (Arvey et al., 1989). For the purpose of this research, person-job fit and demographics are discussed as part of individual characteristics, as per figure 3.6 below. The researcher understood the importance of personality as a characteristic of job satisfaction, but for the purpose of this study, she decided not to test personality.

![Figure 3.6: Individual characteristics that may influence job satisfaction in a banking environment](image)

3.5.1.1 Personality traits

Many studies have demonstrated that job satisfaction has a personality component, but they fail to give much insight into the nature of the traits that lead to job satisfaction (Judge, 1992). Studies of particular personality traits offer clues about
how personality affects job satisfaction. Although many traits have been shown to correlate significantly with job satisfaction, most research on personality has done little more than demonstrate the correlations without offering much theoretical explanation.

3.5.1.2 Person-job fit

Many researchers have tended to investigate the characteristics of the job and characteristics of the person separately. Some research has looked at the interaction between job and person factors to see if certain types of people respond differently to certain types of jobs (Staw & Cohen-Charash, 2005). This person-job fit approach posits that a person will experience job satisfaction when the characteristics of the job are matched to characteristics of that person (Edwards, 1991). One such idea is contained in the job characteristics theory (Hackman & Oldham, 1976), which hypothesises a role for growth need strength.

3.5.1.3 Demographics

Research has shown that demographic factors can affect job satisfaction (Heslop, Smith, Metcalfe, & Macleod, 2002; Ting, 1997). Petty, Brewer, and Brown (2005) mentioned that although focusing on employee demographics shifts the burden away from the organisation to the employee, it is necessary to study how demographic variables affect job satisfaction in order to gain a complete understanding of the concept.

In recent years, South Africa has experienced a political transition to a democratic society, based on freedom and equality, as pronounced in the Constitution. Historically, women have experienced many different levels of gender oppression and inequality in South African society. In a study conducted by Higgs, Higgs, and Wolhuter (2004) in the academic profession, no differences were found between males and females in terms of their experience of job satisfaction. In other words, in
practice, male employees do not experience significantly higher levels of extrinsic and intrinsic job satisfaction compared to female employees.

For the purpose of this study, generation, gender, race, job tenure, occupational level, and educational level were investigated in relation to job satisfaction. The demographic variables provided the researcher with in-depth information on the different demographic characteristics, which was deemed essential to this study in order to understand the unique characteristics of each employee as they relate to job satisfaction. Each variable provided a unique profile of the individual in the banking environment, therefore providing additional information on the employee's individual make-up.

(a) Generational cohort

Research has shown that age and job satisfaction are related. The exact nature of the relationship is not clear because some studies have found a curvilinear relationship, whereas others have found a linear relationship. Brush, Moch, and Pooyan (1987) conducted a meta-analysis of 19 studies that reported a positive correlation between age and job satisfaction. These studies show that, in general, job satisfaction increases with age. Zeitz (1990) found a curvilinear relation in which job satisfaction declines early in life, levels off in middle age and rebounds after approximately 45 years of age. Not all studies, however, have been able to find evidence of a curvilinear relation (White & Spector, 1987).

Regarding age and job satisfaction, Clark, Oswald, and Warr (1996) postulated that a u-shaped relationship exists between age and job satisfaction. This is attributed to higher morale among younger workers, lower job satisfaction among middle-age workers (who often perceive fewer opportunities and have unmet expectations) and higher job satisfaction among older workers, who have accepted the realities of their jobs and roles. According to Detamore (2008), Mack (2000) and Ting (1997), job satisfaction increases with age. However, other researchers have not reported a relationship between age and job satisfaction (Moak, 1992; Niblock, 1992). The
majority of studies on the relationship between age and job satisfaction have found some association between these two factors.

(b) Gender

According to the United Nations Development Programme (2003), gender refers to the roles and responsibilities of men and women and the relationship between them in any work environment. Research indicates that the relations between gender and job satisfaction have been generally inconsistent (Ghazzawi, 2008; Spector, 1997). When the results of different studies are combined, the correlations tend to be almost zero across dozens of studies and thousands of people (Brush et al. 1987; Witt & Nye, 1992). In other words, men and women have the same levels of job satisfaction. What is surprising about these results is that men and women in these studies do not have the same jobs. Some studies have found no significant gender differences in job satisfaction (Alavi & Askaripur, 2003; Detamore, 2008; Pugliesi, 1995). Some research shows clear gendered differences in the value placed on the work/life balance between men and women as a factor in determining job satisfaction (Beutel & Marini, 1995; Brief & Weiss, 2002; Mello, 2006; Tolbert & Moen, 1998).

Some studies have reported that men and women may differ in expectations, suggesting that women expect less and are therefore satisfied with less, and different genders have different values (Clark et al., 1996; Ghazzawi, 2008). Another survey indicated that women are more satisfied with various aspects of their jobs compared to men. This finding has been supported by a number of other studies (Anker, 1997; Gazioglu & Tansel, 2002; McDuff, 2001). Research in the UK (Bender, Donohue, & Heywood, 2005; Clark, 1997; Sloane & William, 2000) actually suggested that the job satisfaction of females increases as the female share of the workplace and work titles increases. The gender issue as a determinant of job satisfaction has attracted much attention in various research fields and has been examined extensively in many different countries (Clark, 1997; Sloane & William, 2000), including Kenya (Mulinge & Mueller, 1998), in China (Loscocco & Bose, 1998) and Kuwait (Metle, 2001). Some of these studies were conducted in different
occupations, and it was found that women tend to be more satisfied than their otherwise equal male counterparts as clergy (McDuff, 2001), scientists (Dhawan, 2000), attorneys (Hull, 1999), doctors (Bashaw, 1999) and educators (Bender et al., 2005; Bull, 2005).

(c) Race

As with gender, there has been inconsistency in results comparing black and white employees' job satisfaction (Martin & Roodt, 2008). In a few studies in the USA, the job satisfaction of blacks was lower than that of whites (e.g., Greenhaus et al., 1990; Nguyen, Taylor, & Bradley, 2003; Tuch & Martin, 1991). However, in Brush et al.’s (1987) meta-analysis, no evidence was found of racial differences across 15 studies. According to South African research, white employees are generally more job satisfied than black employees (Martin & Roodt, 2008).

In the study by Greenhaus et al. (1990), differences were found between the races, and the black employees reported receiving lower performance appraisal ratings than their white counterparts. Tuch and Martin (1991) used samples from national surveys of the US population. Although the black respondents had slightly lower job satisfaction, there were also racial differences on other important variables. The black employees in the sample were more likely to be in blue-collar jobs, live in cities and perceive fewer rewards at work. The failure to find racial differences in some studies may have been due to the greater similarity of jobs across races in these samples compared with studies in which differences were reported. In their studies, Clark (1996) and Wharton (1993) found that the white employees were more satisfied with their jobs than the black employees.

(d) Job tenure

According to Josias (2005) and Shovel (2007), tenure refers to the period of time an individual has worked for an organisation (length of service) and can be classified as
either permanent or temporary employment. Job tenure affects job satisfaction in that less tenured workers tend to be more satisfied with remuneration and less by praise and recognition, compared with those with more years at work (Josias, 2005). According to Sarker, Crossman, and Chinmeteepituk (2003), the underlying assumption behind the tenure job satisfaction relationship is that dissatisfied employees resign, while satisfied ones stay with the organisation. In some studies (Turnipseed & Murkison, 2000), a longer tenure is normally associated with a positive feeling towards work, a high degree of employee identification and ownership with the organisation, which in turn causes employees to make meaningful contributions to the organisation by reducing turnover and absenteeism (Masri, 2009; Staw, 1995) From this, it can be concluded that satisfaction increases with time, and that those benefits that increase in time are likely to have a significant influence on workers’ job satisfaction.

According to Devcotta (2005), the difficulty of being promoted to permanent status is a major source of frustration for many South African professionals, many of whom have waited years for a permanent position. From this perspective, tenure has a curvilinear relationship with job satisfaction, in that workers’ job satisfaction levels generally start off quite high in their careers when they have little job experience, decline for a period of time as they gain job experience, and then later rise again towards the middle and late career, when they reach higher levels of job mastery because they have more experience (Bennel & Akyeampong, 2007). This finding has been supported by other studies (Martin & Roodt, 2008; Oshagbemi, 2000; Savery, 1996). Clark et al. (1996) also suggested that an inverse relationship may exist between these two variables. Long-tenured employees tend to be dissatisfied with their jobs compared with short-tenured employees. Clark et al. (1996) stated that a possible explanation for this argument is that longer tenure in a job may result in boredom and lower levels of satisfaction. In light of the discussion above, it is evident that the literature is inconsistent on the relationship between job satisfaction and tenure. The correlation between job satisfaction and tenure has also indicated inconsistencies (Martin & Roodt, 2008).
(e) **Occupational level**

The literature has suggested that the position a person occupies in an organisation influences his or her attitude towards the job and subsequently his or her job satisfaction level (Brokke, 2002; Van Rooyen, 1984; Wevers, 2000). Rousseau (1978) concluded that job satisfaction appeared to be linked to the position an employee occupies in the organisation. Seniority at work breeds job satisfaction, and men and women who occupy senior positions in an organisation tend to report higher levels of job satisfaction compared to those in junior positions.

Several investigations, as mentioned by Bull (2005), indicated a positive association between job levels and job satisfaction, which they attributed to the fact that higher level positions tend to be more complex and have better working conditions, remuneration, prospects of promotion, supervisory tacit, autonomy and responsibility (Huang & Van de Vliert, 2004; Roos, 2005; Saal & Knight, 1988). The basic assumption behind this relationship is that job satisfaction increases as one moves up the corporate ladder.

(f) **Educational level**

Different research projects have reached different conclusions about the relationship between job satisfaction and educational level. Some research, such as that of Larwood (1984), Rogers (1991) and Saal and Knight (1988), found job satisfaction to be positively related to educational achievement. They also concluded that the higher an individual’s qualifications (educational level), the higher his or her job level is, and so too his or her degree of job satisfaction (Albert, 2005; Al-Aljmi, 2001; Okpara, 2004; Wright & Davies, 2007).

However, research by Roos (2005) contended that certain authors have also found that job satisfaction decreases as educational levels increase. One possible explanation offered by these researchers for their findings was that further educated people tend to expect more from their jobs in terms of fulfilment and responsibility,
and that these expectations are often deflated by the inability of most jobs to live up to these expectations on a sustainable basis. This disillusionment then leads to the relatively low job satisfaction levels some highly educated people experience. Research has also shown that job satisfaction and level of education are not related (Bowen, Radhakrishna, & Keyser, 1994; Detamore, 2008; Griffin, 1984). Research on job satisfaction and educational level has produced inconclusive results (Gurbuz, 2007).

3.5.2 Job characteristics

Job characteristics refer to the content and nature of job tasks themselves (Wall & Martin, 1987). The core characteristics of jobs induce psychological states that in turn lead to job performance, job satisfaction, motivation and turnover. The five core characteristics can be applied to any job (Spector, 1997), as depicted in figure 2.16 (section 2.6.2), which lists and defines each of the job characteristics that formed an essential part of this study.

The five core characteristics are thought to lead to three psychological states (Spector, 1997). Skill variety, task identity and task significance combined induce experienced meaningfulness of work. Autonomy leads to feelings of responsibility. Feedback results in knowledge of the results pertaining to the products of work. The three psychological states, in turn, contribute to important outcomes for the job satisfaction and motivation of employees (Roos, 2005). Job scope refers to the overall complexity of a job, computed as a combination of all five core job characteristics. A number of studies have found that incumbent reports of job characteristics significantly correlate with job satisfaction and motivation. Campion and McClelland (1991) found evidence that the physical characteristics of jobs are also important contributors to job satisfaction. Employee job satisfaction is likely to be positively related to job characteristics when employees have input into those characteristics, either through input into their job's design or by job choice. In other words, job satisfaction is likely to be high when people have the job characteristics they prefer (Spector, 1997).
3.5.3 Work environment characteristics

The work environment has been the focal point of much research in the past aimed at identifying and defining elements that play a vital role in the success of an organisation and creating job satisfaction amongst its employees (Bailey, 1982). The work environment is a key component influencing human performance that should support the physical, physiological and psychological needs of an employee in order to provide an acceptable work context and minimise employee dissatisfaction (Bailey, 1982). However, Smith (2006) argued that it is not always possible to alter, adapt or change the conditions surrounding the working environment because they are generally deeply engrained in the organisation’s culture. The specifics of the work environment characteristics will be discussed below as per figure 3.7, namely role variables, work-family conflict, job stress, workload, control, work schedules, working conditions and organisational climate.

![Figure 3.7: Work environment characteristics that may influence the job satisfaction of employees in a banking environment](image)

- Role variables
  - Role ambiguity
  - Role conflict
- Work-family conflict
- Job stress
  - Job stressor
  - Job strain
- Work load
- Control
- Work schedules
  - Flexible work schedules
  - Long work shifts
  - Night shifts
  - Part-time work
- Working conditions
- Organisational climate
One approach to viewing the interaction of employees and jobs is from the perspective of roles (Katz & Kahn, 1978). A role is the required pattern of behaviour for an individual in the organisation. Organisational roles can be associated with job positions or titles, but they are not identical, as each individual can have several roles, and not everyone with the same job title has the same role in all cases (Tang & Chang, 2010). For example, one person in an office might have the role of managing the coffee pot and supplies, even though it is not a formal part of the job. Role theory researchers have developed variables hypothesised to be important influences on job satisfaction. Role ambiguity and role conflict have been the most thoroughly studied (Tang & Chang, 2010).

- **Role ambiguity** is the degree of certainty the employee has about what his or her functions and responsibilities are (Spector, 1997). In many jobs, the expectations of supervisors concerning the subordinate's roles are not clearly delineated, leading to employee role ambiguity.

- **Role conflict** exists when people experience incompatible demands about their functions and responsibilities (Tang & Chang, 2010). Intra-role conflict occurs when the conflict involves different people at work or different functions. This happens when two supervisors make demands that conflict or when the individual must accomplish two things but has time to accomplish only one of them. Extra-role conflict occurs when there are conflicts between work and non-work. The most frequently discussed form of extra-role conflict occurs between family and work responsibilities (Spector, 1997). A child might be sick on the day the parent has to make an important presentation.

Both role ambiguity and role conflict have been shown to correlate with job satisfaction. Most research has stated that role ambiguity and role conflict are negatively related with job satisfaction (Chang & Hancock, 2003; Gregson & Wendell, 1994; Tarrant & Sabo, 2010; Ussahawanitchakit, 2008). Most studies of role variables have been surveys with role ambiguity and role conflict assessed by
means of questionnaires. In a study by Jackson and Schuler (1985), supervision had the largest correlation for both role variables. This probably reflects the fact that supervisors are the greatest source of role ambiguity and role conflict at work. One study by Hall (1990) found no effect of role ambiguity on job satisfaction.

3.5.3.2 Work-family conflict

Work-family conflict exists when demands of the family and demands of the job interfere with one another (Greenhaus & Beutell, 1985). The problem can occur for anyone with a family but is especially troublesome for two-career couples with children and for single parents. Conflict is likely when children are sick and when school activities require parent involvement. It is likely that work-family conflict affects men and women differently because women usually assume more of the child-rearing role than men. According to the 1991 Gallup poll, 34% of Americans experience a considerable amount of work-family conflict (Hugick & Leonard, 1991).

Employees who experience high levels of conflict tend to report low levels of job satisfaction (Bedeian, Burke, & Moffett, 1988; Rice, Frone, & McFarlin, 1992). Parasuraman, Greenhaus, and Granrose (1992) found that for men, but not women, work-family conflict correlated significantly with job satisfaction. For men, conflict correlated with job satisfaction, whereas the corresponding correlation for their employed wives was lower.

3.5.3.3 Job stress

In every job there will be conditions and situations that employees find stressful. Being yelled at by an irate customer or having a machine break while rushing to meet a deadline are stressful events that may be common in certain jobs. War and Payne (1983) conducted a survey of working adults in Britain, and of those surveyed, 15% of men and 10% of women indicated having been upset by work. Evidence has also been found that job stress can have a detrimental impact on both physical
health and emotional well-being (Cooper & Cartwright, 1994). Job-related stress tends to decrease general job satisfaction (Jackson, 1983). There is a significant negative relationship between job stress and job satisfaction, and there has been much research to support this (e.g. Bemana, Moradi, Ghasemi, Taghavi, & Ghayoor, 2013; Brown, 2001; Robbins, 2004).

There are two important categories of variables in job stress research. A job stressor is a condition or event at work that requires an adaptive response by a person, such as being yelled at or having to complete a difficult assignment by a particular deadline (Robbins, 2004). A job strain is the response to a job stressor, such as the emotion of anxiety or the physical symptom of a headache. Jex and Beehr (1991) categorised strains into behavioural reactions (e.g. quitting the job), physical reactions (e.g. hypertension) and psychological reactions (e.g. frustration).

A relatively small number of possible job stressors have been studied by researchers. The sections below explain how several of them relate to job satisfaction. Sources of work stress are workload, job condition, role conflict and ambiguity, career development and conflicting demands (Hellriegel & Slocum, 2004).

### 3.5.3.4 Workload

Workload is defined as the demands placed on the employee by the job (Robbins, 2004). Qualitative workload is the effort required by job tasks or the level of difficulty, both mental and physical. Having to lift heavy objects and having to solve difficult mathematics problems both reflect qualitative workload. Workload has been found to correlate with job dissatisfaction as well as other job strains (Jex & Beehr, 1991).

However, correlations with job satisfaction have been inconsistent across studies. Research conducted with college students found that there is positive relationship between workload and employee satisfaction. Research by Dwyer and Ganster (1991) and Rehman, Irum, Tahir, Ijaz, Noor, & Salma (2012) found that the correlation between workload and job satisfaction had a positive correlation, whereas
Spector (1987) and Jamal (1990) found a negative correlation between workload and job satisfaction. Furthermore, Karasek, Gardell, and Lindell (1987) found that workload was negatively associated with job satisfaction and positively associated with heart disease. No significant correlation was found by Fox, Dwyer, and Ganster (1993) or Spector and O'Connell (1994). Unfortunately, it is not clear why the results are inconsistent across these studies, although one possible explanation is that different measures of workload were used in different studies.

3.5.3.5 Control

Control is the freedom that employees are given to make decisions about their work. Autonomy, which was discussed earlier, is a form of control limited to the employee's own job tasks (Brey, 1999). Since autonomy and control are sometimes confused, it is necessary to distinguish between them. Control includes shaping projects and tasks, means of work and also working circumstances, whereas autonomy includes making free choices from continuous observation and also from interaction with the supervisor (Naqvi, Ishtiaq, Kanwal, & Ali, 2013). Often, individuals are allowed to have input into broad policy issues that afford them an expanded sense of control in the organisation. Such control can have positive effects on a person's job satisfaction (Naqvi et al., 2013; Nguyen et al., 2003). Sometimes job autonomy can also result in job dissatisfaction. The need for autonomy in job varies with the personality of an individual. Some employees cannot work and move without direction from a manager and do not feel comfortable with the autonomy provided to them because they do not wish to take responsibility for the outcomes of the tasks (Naqvi et al., 2013).

3.5.3.6 Work schedules

The standard work shift for most people is approximately eight daylight hours per day for five weekdays each week (Josten, 2002). Non-standard work schedules are spreading, requiring longer shifts and working different days and times. Increasingly,
organisations are operating more than eight hours per day, requiring extended hours for employees (Josten, 2002). At the same time, many employers are offering more flexibility in scheduling to accommodate individuals with families and other non-work obligations. Employees working non-standard schedules report lower job satisfaction than employees working standard schedules (e.g., Demerouti, Geurts, Bakker, & Euwema, 2004; Furnham & Hughes, 1999; Jamal & Baba, 1992).

Research has established that working on non-standard schedules is associated with unfavourable employment, personal, family, and health outcomes (Demerouti et al., 2004; Fenwick & Tausig, 2001; Smith, Folkard, & Fuller, 2003; Totterdell, 2005). These include the negative health outcomes of depression (e.g., Geiger-Brown, Muntaner, Lipscomb, & Trinkoff, 2004), emotional exhaustion and burnout (Jamal, 2004), fatigue (Krauss, Chen, DeArmond, & Moorcroft, 2003), more physical and psychological distress (Shields, 2002) and accidents and injuries (Folkard & Lombardi, 2006).

There are four types of non-standard work schedules (Spector, 1997): flexible work schedules, long work shifts, night shifts and part-time work. Owing to the constant changing nature of work, work schedules are important in keeping employees productive – and this is no different in a banking organisation. There may be some work schedules that may not be applicable to certain departments or roles in the bank, but all of which may influence an employee’s satisfaction.

(a) Flexible work schedules

There are many varieties of flexible schedules, ranging from those allowing complete freedom to work at any time to those that allow discretion only in limited ways. The advantage of flexible schedules for the employer is that employees are encouraged to take care of personal business on their own time. Support for this notion is provided by studies that found that absence (Krausz & Freibach, 1983; Pierce & Newstrom, 1982) and tardiness (Ralston, 1989) are less with flexible work schedules.
The effects of flexible work schedules on job satisfaction have been somewhat inconsistent. Research has found that job satisfaction was higher with flexible work schedules than with fixed work schedules (Pierce & Newstrom, 1982; Ralston, 1989; Rogier & Padgett, 2004). No relationship between work schedule and job satisfaction was found by Krausz and Freibach (1983), who compared employees of the same organisation who did and did not have flexible work schedules. Perhaps over time, these employees became used to the greater flexibility, and thus it did not relate to their job satisfaction. Although flexible work schedules might have positive effects on job satisfaction in at least some circumstances, more research is needed on this topic.

(b) Long shifts

Long shifts are those that exceed the standard of eight hours per day. The most frequently noted problem with long shifts is fatigue (Ronen & Pimps, 1981). However, employees also like longer shifts because they can provide more days off (Breaugh, 1983). Pierce and Dunham (1992) surveyed police officers who worked either eight- or 12-hour shifts. The 12-hour officers reported less fatigue, which might have been due to reduced feelings of stress resulting from having more free time. A study that underscores the potentially adverse effects of working long hours was reported by Raggatt (1991). Raggatt investigated the effects of shift length on a sample of Australian bus drivers. A survey asked the drivers about job satisfaction, maladaptive behaviours (e.g. pill use), physical health problems and psychological stress outcomes.

According to Raggatt (1991), working excessive hours was associated with the following: alcohol consumption, job dissatisfaction, passenger complaints, pill taking, and sleep disturbance. Job dissatisfaction was associated with the following: Accidents, doctor visits, frequent speeding, health complaints and psychological symptoms of stress. A study conducted by Shujat, Cheema, and Bhutto (2011) found long working hours have a negative and weak relationship with the employee's job
satisfaction in the private banking sector in Pakistan. This was also supported by research conducted by Purohit, (2013).

(c) Night shifts

Many organisations, such as hospitals and police departments, operate 24 hours a day, requiring two or three shifts of workers to cover the entire period and even some banks. Both working at night and rotating shifts have been researched. The main problem with night work is that the typical cycle of sleep and waking is disturbed. Disruption of these cycles by working when the individual would normally be sleeping can lead to health problems (Barton & Folkard, 1991). The most frequent health problem associated with night shift work is sleep disturbance. People who work at night are more likely to have problems with sleeping compared to their day shift counterparts (Barton & Folkard, 1991; Koller, Kundi, & Cervinka, 1978).

According to a study by Jamal and Baba (1992), employees who were assigned to temporary night shifts had lower job satisfaction than individuals who worked permanent night shifts. Thus working at night does not seem to affect job satisfaction, but rotating from day shifts to night shifts might have a detrimental effect on employee feelings about the job. According to research conducted by Demerouti et al. (2004), work with rotating shifts report lower levels of job satisfaction. Employees with fixed shifts report higher job satisfaction than those with rotating shifts, whereas those with rotating shifts including weekends, report lower satisfaction than their counterparts.

(d) Part-time work

Organisations are increasingly hiring people to work fewer than the more or less standard 40-hour week. Because part-time employees do not receive the same rewards, even when they do the same work, one might hypothesise that their job satisfaction would be lower than the job satisfaction of full-time employees.
Interestingly, this does not always seem to be the case. Various research studies have revealed that there is no difference between full-time and part-time employees’ job satisfaction (Clinebell & Clinebell, 2007; McGinnis & Morrow, 1990; Omar, Lolli, Chen-McCain, & Dickerson, 2011; Thorsteinson, 2003). However, Tang, Kim, and Tang (2002) found that the full-time employees were more satisfied with work, pay, and promotions than part-time employees.

Eberhardt and Shani (1984) compared part-time and full-time female and male hospital employees on their overall job satisfaction. The part-timers were more satisfied with their jobs than the full-timers. In a similar comparison, Jackofsky and Peters (1987) reported that part-time employees in a retail sales organisation had higher job satisfaction than their full-time counterparts. Barling and Gallagher (1996) reviewed the existing research and concluded that part-timers may be less satisfied with rewards and more satisfied with the social aspects of the job, for example, co-workers or supervision. Feldman (1990) noted that the underlying causes of job satisfaction might be different for full-time and part-time employees. For the purpose of this research, part-time employees were classified as contractors. Contractors in the baking environment do not have permanent staff status, and are not required to be in the office on a daily basis.

3.5.3.7 Working conditions

Working conditions denote physical working environment, facilities and quality of work in relation to job satisfaction; they also refer to the environmental characteristics of the working situation (Castillo & Cano, 2004). Against this background, the working situation relates not only to the physical conditions of the working environment, but also to the overall aspects of the organisation. In other words, the working conditions and the policies of the organisation are spelt out in terms of management, interpersonal relationship and stakeholder participation in decision making and organisational climate (Kusereka, 2009). The working environment in which people find themselves has a tremendous effect on their level
of pride in themselves and in the work they do (Lester, 1987; Syptak, Marslan, & Ulmer, 1999).

According to Josias (2005) and Steyn (1990), the organisation’s surroundings and office play a vital role in the job satisfaction of employees as they perform their duties. Studies conducted in South Africa by Pager (1996) and Hofmeyr (1992) suggest that educators indicated that an improvement in working conditions was one of the most important factors in improving educators’ job satisfaction. In other words, the working environment of employees largely determines their attitudes and behaviours at workplace (Josias, 2005). Thus, working conditions per se can either positively or negatively affect the job satisfaction of employees in their work environments (Bedassi, 1990; Kusereka, 2009; Pager, 1996) and managers should know how to utilise them in order to enhance the job satisfaction levels of their employees.

3.5.3.8 Organisational climate

Peterson (1995) warns that organisational climate is not psychologically easy to describe and explain. Hence employees are seen as active interpreters of their organisational climate. Forehand and Gilmer (1964) focused on organisational variables by defining organisational climate as those aspects of an organisation that make it unique in comparison with other organisations. It is argued that employee commitment towards remaining in the organisation is related to the organisational climate (Hrebiniaik, 1974).

According to Field and Abelson (1982), there is a correlation between organisational climate and levels of job satisfaction. It is argued that job satisfaction is a result of individual perceptions in so far as the employee creates a psychological climate that corresponds to his or her current or potential overall levels of job satisfaction (Afolabi, 2005; Eisenberger, Cummings, Armeli, & Lynch, 1997; James & Jones, 1974). However, although it is clear that the negative perceptions of organisational climate have a causal effect on job satisfaction, no evident correlation was found
between organisational climate and negative job experiences such as job tension (Fisher, Milner, & Chandraprakash, 2007).

### 3.5.4 External environment characteristics

External environmental factors may affect employees in the number and degree of obstacles that may prevent the successful implementation of a decision in the work environment. This environment is typically composed of factors such as social values; educational, political, economic, legal, behavioural and demographic factors; and factors relating to the natural environment, natural resources and technology (Asheghian & Ebrahimi, 1990). A study conducted by Ellickson and Logsdon (2001) emphasises environmental factors and personal characteristics as the two most influential variables that determine the level of employee satisfaction. For the purpose of this study, the external environmental factors were discussed in the previous chapter (section 2.6.4), which included socio-cultural, political and legal, economic, technological and natural environmental factors, as depicted in figure 2.18.

Next, the discussion focuses on the consequences of job satisfaction.

### 3.6 CONSEQUENCES OF JOB SATISFACTION

Beyond the research literature and studies, job satisfaction is important in everyday life. Organisations have tremendous effects on the people who work in them. Some of those effects are reflected in how people feel and experience work. Negative feelings can lead to behaviours that are detrimental to organisations and potentially to adverse physical and psychological health. It is certainly within everyone's best interest for organisations to function efficiently and smoothly. Organisational practices that maximise job satisfaction are likely to encourage employees to be more cooperative and willing to help the organisation be successful. It is also
imperative for employees to maintain good health and positive well-being (Spector, 1997).

Having identified the various sources of job satisfaction it is necessary to evaluate how these factors influence an individual's behaviour. There is sufficient evidence that job satisfaction or dissatisfaction can have positive or negative consequences for employees and organisations. According to Robbins (2004), ample research studies have been designed to assess the effects of job satisfaction on employee productivity, absenteeism and turnover.

Figure 3.8 summarises the consequences of job satisfaction as they relate to this study, which include productivity, withdrawal behaviour, life satisfaction, organisation citizenship behaviour, burnout and counterproductive behaviour. Each of the consequences will be discussed below.

![Consequences of job satisfaction](image)

**Figure 3.8:** Consequences of job satisfaction in a banking environment

### 3.6.1 Productivity

Job satisfaction is good not only for employees but also for employers because it increases productivity and decreases staff turnover (McKenna, 2000). However,
research results have shown that the link between job satisfaction and performance is weak, and in some cases there is a positive relationship (e.g. Harter, Schmidt, & Hayes, 2002; Judge, Thoresen, Bono, & Patton, 2001; Mafini & Pooe, 2013). The relationship between job satisfaction and productivity became apparent during research conducted in the 1990s, as opposed to early studies which showed no consistent relationship between the two constructs (Jones, 2006; Robbins, 1993). Research indicates that there is a modest relationship between job satisfaction and job performance (Spector, 2008). After all, a happy employee should be a productive employee (Spector, 1997). According to Spector (2008), the relationship between job satisfaction and productivity can be justified in two ways. Firstly, satisfaction might lead to performance, in that individuals who enjoy their jobs work harder and are therefore more productive in their role. Secondly, performance may lead to satisfaction, in that individuals who perform well will receive benefits that may enhance employee job satisfaction (Spector, 2008). Spector (1997) postulated that the relationship between job satisfaction and productivity might be adjusted by the rewards given to high-performing employees.

Two meta-analyses found that the mean correlation between job performance and global job satisfaction was unexpectedly low (Iaffaldano & Muchinsky, 1985; Petty, McGee, & Cavender, 1984). Jacobs and Solomon (1977) hypothesised that the correlation between job satisfaction and job performance would be higher in jobs where good performance was rewarded than in jobs where it was not. Research has revealed that matching employee abilities to job requirements enhances job performance, and that matching employee abilities to job requirements enhances job satisfaction (Caldwell & O'Reilly, 1990; Parvin & Kabir, 2011).

3.6.2 Withdrawal behaviour

Many theories have hypothesised that people who dislike their jobs will avoid them, either permanently by quitting or temporarily by being absent or arriving late for work (Spector, 1997). Job satisfaction is a central variable in almost every theory of withdrawal behaviour. Mitra, Jenkins, and Gupta (1992) noted that many researchers
consider absence and turnover to be related phenomena that have the same underlying motivations to escape a dissatisfying job. Mitra et al. (1992) found that employees who quit their jobs were likely to have had higher levels of absence just prior to leaving the job than the employees who did not quit. However, this relationship does not necessarily mean that absence and turnover are alternative reactions to job dissatisfaction (Crede, Chernyshenko, Stark, Dalal, & Bashshur, 2007).

According to research by Crede et al. (2007), job satisfaction has been linked to both job withdrawal behaviours (e.g. searching for another job) and work withdrawal behaviours (e.g. arriving late/leaving early). Employee turnover and absenteeism have been identified as the most common contributors to the withdrawal behaviour of employees with regard to job satisfaction. Employees with low levels of job satisfaction are more likely to quit their jobs (McCall, Cavanaugh, & Arvey, 1997; Somers, 1996) or have the intention to quit (Rosse & Hulin, 1985), or engage in a job search (Mobley et al., 1978).

3.6.2.1 Employee turnover

Turnover intention is defined as an employee’s intent to find a new job with another employer within the next year. Generally, it is accepted that job satisfaction and employee turnover intention are inversely related (Medina, 2012). According to Paul and Spector (2005), turnover ratios tend to be lower during periods of economic recession. When jobs are scarce, employees adhere to what they have because it is risky to leave their job during an economic recession. When economic conditions return to normal, disgruntled employees often begin to seek employment elsewhere (Crampton & Wagner, 1994; Hulin et al., 1985; Spector, 1997). Newstrom & Davis (1997), however, argued that there can be some positive outcomes resulting from a turnover. During transitional periods, the turnover tends to be high as employees decide to leave their jobs for various reasons and that opens up the way for internal promotions and new appointments.
According to McShane and Von Glinow (2005), if the levels of job satisfaction are constantly low, employees are more likely to leave their jobs. They argued that the main cause of employee turnover is job satisfaction. When the turnover rate begins to rise abnormally, this can be regarded as a sign of job dissatisfaction, and management should evaluate the cause of the high turnover and work out suitable remedies. Turnover is of major concern to management; it is costly because of the need to train inexperienced new personnel and the tremendous impact on operations. A number of studies have supported the view that turnover is strongly related to job satisfaction (Medina, 2012; Robbins, 1993; Spector, 2008). The classic theories view turnover as a result of employee job dissatisfaction where individuals’ attitude towards their jobs is based on their assessment of their employment (Robbins, 1993; Spector, 1997; Westlund & Hannon, 2008).

In a study by Martin and Roodt (2008), the correlation between job satisfaction, organisational commitment and turnover indicated that the more job dissatisfied an individual is, the less likelihood there is of he or she leaving the organisation, because of higher levels of commitment, and therefore the lower the predicted turnover intentions. The characteristics of the individual, combined with the characteristics of the job environment, will help to determine the level of job satisfaction. Job satisfaction correlates fairly well with intention to quit the job (e.g., Blau, 1993; Shore, Newton, & Thornton, 1990).

3.6.2.2 Absenteeism

Absenteeism is defined as non-attendance when attendance was scheduled or clearly expected in the workplace (Brown & Sessions, 1996). The majority of absences are generally attributed to sickness or incapacity, but there may be other reasons. According to Brown and Sessions (1996), there are three different classes of absenteeism: absence due to sickness, absence due to accidents, and voluntary absence. The causes of absenteeism are generally multi-faceted and influenced not only by the health status of individuals, but also by the work environment, biological
factors, attitudes and commitment to work, macroeconomic conditions and other social and psychological determinants (Brown & Sessions, 1996).

Research by Robbins (2001) and Siu (2002) has indicated that there is a negative relationship between satisfaction and absenteeism. According to Steel and Rentsch (1995), there is an inverse relationship between job satisfaction and absenteeism, which implies that when job satisfaction is low, absenteeism tends to be high. Of course absenteeism is unavoidable in certain circumstances, but it can point towards employees' negative attitudes towards their work. If workers enjoy their jobs, they'll usually exert the effort necessary to do what is expected of them (Paul & Spector, 2005). According to Robbins (2001), employees who are dissatisfied with their jobs can express themselves in various ways such as joining a union (Arnold & Feldman, 1996). Strikes and acts of sabotage and attitude towards their work and low job satisfaction are serious and can have a direct effect on an organisation's productivity.

Research has indicated that job satisfaction levels are related to absenteeism (Saari & Judge, 2004; Spector, 2008; Robbins, 1993). According to Spector (1997), absence can result in increased labour costs, thereby reducing organisational effectiveness and efficiency. Job satisfaction plays a critical role in an employee's decision to be absent (Spector, 2008). Individuals who dislike their jobs are more likely to take time off work than people who like their jobs. Correlations between job satisfaction and absence have been inconsistent across studies. It seems likely that the correlation between job satisfaction and absence is not greater, because absence is a complex variable that can have multiple causes (Kohler & Mathieu, 1993). A person might be absent because of being ill, a family member's being ill, being fatigued or having to conduct personal business, as well as simply not wanting to go to work. The reasons for being absent may or may not have anything to do with job satisfaction. Clearly, the reason for absence should be considered when trying to understand the role of job satisfaction.
3.6.3 Life satisfaction

The interplay of work and non-work is a key ingredient in understanding people’s reactions to jobs (Spector, 2007). One tends to study work mainly in the workplace, but employees are influenced by events and situations outside of their place of work. Conversely, behaviour and feelings about non-work are influenced by experience on the job. Life satisfaction refers to a person’s feelings about life in general (Spector, 1997) – because life satisfaction reflects overall feelings about life, it is considered a measure of emotional well-being.

Because work is a major component of life for people who are employed, it seems obvious that job satisfaction and life satisfaction should be related. Spector (1997) viewed job satisfaction and life satisfaction as being related because work is a major component of a person’s life. Three hypotheses have been discussed about how job and life satisfaction are related (Rain, Lane, & Steiner, 1991):

- The spillover hypothesis suggests that feelings in one area of life affect feelings in other areas. A person who is satisfied on the job is likely to be satisfied with life in general (Weaver, 1978).

- The compensation hypothesis states that people will compensate for dissatisfaction in one area of life by cultivating satisfaction in another. A person with a dissatisfying job will put the majority of his or her energy into non-work activities, whereas someone with a dissatisfying non-work life may put the most of his or her effort into work.

- The segmentation hypothesis posits that people compartmentalise their lives, making work and non-work separate.

Studies have consistently found that job satisfaction and life satisfaction are moderately and positively correlated (Judge & Watanabe, 1993; Mishra, Nielsen, Smyth, & Newman, 2014; Schaubroeck, Ganster, & Fox, 1992). The correlation between job satisfaction and life satisfaction alone does not offer much insight into which might cause which. It is possible that job satisfaction causes life satisfaction,
or the reverse. A longitudinal study by Judge and Watanabe (1993) provided evidence that each type of satisfaction affects the other. Likewise, support for the spillover hypothesis was found with a representative, national sample of executives in the USA (Judge, Boudreau, & Bretz, 1994). Research by Jones (2006) has suggested that employees who are happy with their lives tend to be more productive in the workplace. Managers can use related research to realise that they have limited control over a person’s job satisfaction, because job satisfaction, in part, is a spillover of their life satisfaction (Saari & Judge, 2004).

3.6.4 Organisational citizenship behaviour (OCB)

OCB is behaviour by an employee intended to help co-workers or the organisation – it is therefore a behaviour that goes beyond the formal requirements of a job (Schnake, 1991). It consists of those voluntary things employees do to help their co-workers and employers. What makes such behaviour OCB is that it is not part of the individual's assigned responsibilities. Schnake (1991) provided the following OCB examples:

- being punctual
- helping others
- making suggestions to improve things
- not wasting time at work

Organ and Konovsky (1989) categorised OCB into two types, namely altruism and compliance. Altruism is behaviour that helps other people, such as helping one's fellow humans and making suggestions. Compliance is doing what is required on the job without having to be closely monitored and reminded, such as being punctual and not wasting time.
However, it could be that job satisfaction leads to organisational citizenship behaviour rather than required performance. People who are happy with their jobs might be willing to go beyond what is required of them. There is evidence that shows that supervisors clearly distinguish organisational citizenship behaviour from required job performance in that their ratings of both are only slightly correlated (MacKenzie, Podsakoff, & Fetter, 1991). Schnake (1991) hypothesised that OCB is caused by good treatment on the part of the supervisor and by job satisfaction. In fact, job satisfaction and OCB have been found to intercorrelate (Becker & Billings, 1993; Farh, Podsakoff, & Organ, 1990).

Research by LePine, Erez, and Johnson (2002) and further research by Foote and Tang (2008) reported a positive correlation between job satisfaction and OCB. Studies by Organ and Ryan (1995) and Podsakoff, MacKenzie, and Bommer (1996) on the correlation between satisfaction and OCB did not significantly exceed the correlation between satisfaction and performance. One possible reason for this weak relationship is that OCBs are "affect driven" rather than "judgement driven" (Weiss & Cropanzano, 1996). If the latter were so, then job satisfaction would not be expected to fully mediate the relationship between affective dispositions and OCBs.

### 3.6.5 Burnout

Burnout is a distressed emotional or psychological state experienced on the job (Pflanz & Ogle, 2006). Burnout theory proposes that a person who is in a state of burnout experiences symptoms of emotional exhaustion and low work motivation and job satisfaction, not unlike depression. According to Maslach and Jackson (1981), there are three components of burnout:

- **Depersonalisation** is the emotional distancing from direct care clients that results in a callous and uncaring attitude towards others.

- **Emotional exhaustion** is the feeling of fatigue and lack of enthusiasm for work.
• Reduced personal accomplishment is the sense that nothing of value is being done at work by the person.

As might be expected, burnout correlates significantly with job satisfaction in that dissatisfied employees are likely to report high levels of burnout (Bacharach, Bamberger, & Conley, 1991; Myhren, Ekeberg, & Stokland, 2013; Shirom, 1989). Many correlation studies have shown a link between health and job satisfaction. For example, researchers have reported significant correlations between job satisfaction and physical or psychosomatic symptoms, such as a headache and upset stomach (Begley & Czajka, 1993; Fox et al., 1993; Lee, Ashford, & Bobko, 1990); job dissatisfaction has also been found to be associated with emotional states of anxiety (Jex & Gudanowski, 1992; Spector, Dwyer, & Jex, 1988) and depression (Bluen, Barling, & Burns, 1990; Schaubroeck et al., 1992). Some hints on how people's job attitudes could influence their physiology have emerged from job stress research conducted in Sweden (Johansson, 1981). The researchers speculated that performing jobs that caused distress led to increases in certain catecholamines.

Occupational stress can reduce productivity, increase mistakes and accidents at work, encourage absenteeism, lower morale, increase conflict with others and cause physical and emotional problems (Pflanz & Ogle, 2006), and finally, poor life satisfaction (Pawar & Rathod, 2007). High levels of work stress are associated with low levels of job satisfaction. According to Fairbrother and Warn (2003), occupational stress can be negatively related to job satisfaction among navy trainees on board ship. Sanchez, Bray, Vincus, and Bann (2004) found that job pressure was negatively associated and was the most important predictor of job satisfaction.

### 3.6.6 Counterproductive behaviour

The opposite of organisational citizenship behaviour is counterproductive behaviour. It consists of acts committed by an employee that either intentionally or unintentionally hurt the organisation (Weiss & Cropanzano, 1996). This includes aggression against co-workers and the employer, sabotage and theft (Gruys &
Sackett, 2003). Counterproductivity is defined as intentional behaviours viewed by the organisation as contrary to its legitimate interests (Sackett & DeVore, 2001). These behaviours have many causes, but are often associated with dissatisfaction and frustration at work.

Only a handful of studies have investigated the causes of counterproductive behaviour at work. Chen and Spector (1992) found that job satisfaction correlated significantly with employee reports of engaging in aggression against others, hostility towards others, sabotage and theft at work. This supports previous studies by Glomb, Munson, Hulin, Bergman, and Drasgow (1999), Hollinger (1986) and Mangione and Quinn (1975). Keenan and Newton (1984) likewise found a relationship between experiencing feelings of hostility at work and job satisfaction. Individuals who believe they have control at work are less likely to commit these acts than individuals who believe they have no control (Spector, 1997). Perlow and Latham (1993) found that locus of control predicted abuse of clients by employees of a residential care facility for mentally retarded individuals. Storms and Spector (1987) reported that locus of control moderated the relationship between frustration at work and aggression, hostility towards others and sabotage.

Often, actions as simple as offering reasonable explanations to employees for decisions can help reduce counterproductive behaviours (Greenberg, 1990a). Of course, there are individual differences in the tendency for people to engage in counterproductive behaviour (Perlow & Latham, 1993), so that changing one’s job is unlikely to completely eliminate the problem.

3.7 JOB SATISFACTION MODEL

For the purpose of this study, the researcher defined job satisfaction as an emotion, attitude, personality trait that an employee has towards the organisation and his or her job. The satisfaction an employee experiences as it relates to the organisation and job are dependent on many factors, experiences, values and needs, which are
not only determined by the employee, but also by the employer and external environment. An organisation can do its best to satisfy employees' needs and/or values, but the employee may have a predisposition towards dissatisfaction, or the organisation may not acknowledge the exact factors that motivate employees to perform.

The literature review discussed in all the above sections provided a framework for developing a job satisfaction model specific to foreign exchange individuals in a banking environment. Figure 3.9 summarises and includes all the constructs and variables required to attempt to understand job satisfaction of employees in a banking environment.

The job satisfaction model depicted below was developed by the researcher to outline and discuss the key variables that might influence job satisfaction of employees in a foreign exchange banking environment. The external characteristics, individual characteristics, job characteristics and work environment characteristics are all required for an employee’s job satisfaction. The theoretical framework provides the foundation of the characteristics and their relationship with job satisfaction. Job satisfaction is imperative in order for organisational goals to be achieved, and only once the organisational goals have been measured can the consequences of job satisfaction be determined.
Figure 3.9: Job satisfaction model
3.8 CHAPTER SUMMARY

The discussions in this chapter provided in-depth background on one of the major constructs of this study – job satisfaction. The researcher defined job satisfaction on the basis of various references. The common and most appropriate theoretical models of job satisfaction were then critically discussed, the basic assumption of each theory evaluated, the strengths and weaknesses of each theory discussed and previous research findings evaluated and applied to the current study.

The two types of job satisfaction concepts were outlined and discussed, followed by an explanation of the variables of job satisfaction. Each of the variables was defined, critically evaluated and supported by research. The next section of the chapter included a discussion and critical evaluation of the consequences of job satisfaction. The chapter concluded with a brief definition and integration of the literature review in order to outline the model of job satisfaction developed by the researcher.

Herewith research aim 2 has been achieved, namely to conceptualise job satisfaction and determine its key components from a theoretical perspective.

Chapter 4 deals with the construct of employee retention in order to address the third literature research question relating to conceptualising employee turnover and determining its key components from a theoretical perspective. Chapter 4 will further deal with the fourth and fifth research questions relating to this study, namely to determine the theoretical relationships between employee motivation and job satisfaction for staff retention, and to develop a theoretical model.
CHAPTER 4: EMPLOYEE RETENTION

4.1 INTRODUCTION

The aim of this chapter is to outline the theoretical context that formed the definitive borders of this study. This chapter focuses on the literature review of the construct of employee retention. It also focuses on steps 3, 4 and 5 of the literature review. The purpose of step 3 is to conceptualise the construct of employee retention and determine its key components. Step 4 endeavours to determine the theoretical relationship between employee motivation and job satisfaction for staff retention, while the aim of step 5 is to develop a theoretical model. The chapter begins with a discussion of the conceptual foundations and definitions of employee retention. The various theoretical models are then explored, and this is followed by a discussion of factors and influences of employee retention. The chapter concludes with an exploration of the implications and consequences of employee retention, followed by a discussion linking all three constructs of employee motivation, job satisfaction and employee retention in order to outline a scientific model of employee motivation and job satisfaction for staff retention.

4.2 EMPLOYEE RETENTION

The concept of employee retention is discussed in the subsections below, starting with the conceptualisation of the concept.

4.2.1 Conceptual foundation of employee retention

Organisations have to be able to look forward to technological advancement and be able to compete with other organisations, both locally and internationally – hence the
need for an organisation to have the ability to develop through the continuous learning and development of its employees. According to Hiltrop (1999), having and retaining skilled employees is an integral part of this process, because employees’ knowledge and skills have become the key for organisations to be economically competitive. It is thus necessary for employers to afford employees the opportunity to develop and learn in such a way that the employees sustain their capabilities as effective employees, resist being without a job, and are retained by their organisations (Arnold, 2005; Bernsen, Segers, & Tillema, 2009; Herman, 2005; Kyndt, Dockey, Michielsen, & Moeyaert, 2009). By learning and enhancing new and existing skills, employees can be retained by their current organisations.

According to Kerr-Phillips and Thomas (2009), South Africa is experiencing a universal skills crisis, particularly pertaining to the retention of the country’s top talented and knowledgeable employees in all industries. This deficiency has led to a reduction in the number of or loss of intellectual and technical individuals, with a negative impact on organisations’ bottom line and the country’s economic and social growth (Du Preez, 2002; Kerr-Phillips & Thomas, 2009). It is these knowledgeable and skilled employees who may influence an organisation’s competitive advantage (Birt, Wallis, & Winternitz, 2004; Mitchell, Holtom, & Lee, 2001). There is likely to be a greater need for creativity and innovation on the part of employees in the new service and knowledge-based sectors that have grown dramatically in the past decade. Industries have become more knowledgeable, which has made it more imperative for employees to continuously learn and update their knowledge and skills (Burke & Ng, 2006). There is also a greater need for employees to work collaboratively with more emphasis on a variety of team-based structures. Organisations will need greater commitment and engagement of staff in order to remain competitive (Burke & Ng, 2006).

An emerging dilemma facing many organisations today, is that actions undertaken to build commitment as a means of motivating and retaining valued employees may also increase employees’ opportunities for employment in other organisations (Cappelli, 1999). Actions include skill enhancement, organisational support climate such as career development, and teambuilding activities. According to Ito and Brotheridge (2005), affective commitment is associated with reduced voluntary
turnover, which enables organisations to retain the organisation-specific knowledge necessary for gaining a competitive advantage. Voluntary turnover is an employee’s intention to leave an organisation, such as making plans to search for a new job.

Employees who are satisfied have higher intentions of persisting with their organisation, which results in a decreased turnover rate (Mobley, Griffeth, Hand, & Meglino, 1979). The literature on employee retention clearly explains that satisfied employees who are happy with their jobs are more devoted to doing a good job and look forward to improving their organisational customers’ satisfaction (Denton, 2000). Abundant studies have hypothesised and empirically validated the link between satisfaction and behavioural intentions and behaviours such as employee retention (Anderson & Sullivan, 1993, Cotton & Tuttle, 1986; Muchinsky & Morrow, 1980; Sinha & Sinha, 2012; Tett & Meyer, 1993). When employees are not satisfied in their current career or job, the turnover is higher and they are more likely to leave the organisation. Furthermore, numerous studies have explained the importance of high employee involvement and how it can enhance their retention (Arthur, 1994). Individuals’ job satisfaction, organisational commitment and motivation may be increased by using strategies that focus on assessing and evaluating employees, designing and changing workplaces and jobs, leadership and training and career management (Schreuder & Coetzee, 2010).

4.2.1.1 Definition of employee retention

The concept of employee retention emerged with regularity in the 1970s and early 1980s because prior to this, most people entered in organisations and remained there for many years, sometimes for the duration of their working life. However, as job mobility and voluntary job changes began to increase dramatically, employers found themselves with the problem of employee turnover, and a matching management tool known as employee retention began to be developed (Mckeown, 2002).
Retention is a complex concept and there is no single recipe for keeping employees in an organisation. In the literature, retention has been viewed as “an obligation to continue to do business or exchange with a particular company on an ongoing basis” (Zineldin, 2000, p. 146). A more detailed definition of the concept of retention is “customer liking, identification, commitment, trust, readiness to recommend, and repurchase intentions, with the first four being emotional-cognitive retention constructs, and the last two being behavioural intentions” (Stauss, Chojnacki, Decker, & Hoffman, 2001, p. 9). According to Cascio (2003), retention can be described as initiatives taken by management to prevent employees from leaving the organisation, such as rewarding them for performing their jobs effectively; ensuring harmonious working relationships between employees and managers; and maintaining a safe healthy work environment. Retention is a voluntary move by an organisation to create an environment which engages employees for the long term (Michael, 2008; Mengel, 2001).

According to Chiboiwa, Samuel, and Chipunza (2010), the main purpose of retention is to prevent competent employees from leaving the organisation as this could have adverse effects on productivity and service delivery. Hence the objective of retention policies should be to identify and retain committed employees for as long as this is mutually profitable to the organisation and the employee (Sutherland, 2004). Employers need to retain their high performers who have knowledge and skills that are critical for the organisation to maintain its competitive advantage.

Since employee retention cannot be studied in isolation, it was essential for the researcher to understand the factors that lead to employee turnover at an individual and organisational level in order to develop strategies for employee retention.

4.2.1.2 Definition of employee turnover

There are various definitions of employee turnover, most of which have evolved from when the concept was first studied in the 1950s. Mobley (1977) defined turnover as a process whereby an employee decides to leave or quit the organisation. This
definition is supported by other researchers in this field (Martin & Roodt, 2008). Turnover can also be defined as a permanent movement of an employee outside the organisation. Employee turnover is either voluntary or involuntary (Macy & Mirvis, 1983).

Lambert (2001) defines voluntary turnover as a consequence of an employee terminating the employer-employee relationship. Both definitions indicate that the decision and control reside with the employee. Involuntary turnover is usually based on reasons beyond the employee’s control, such as retrenchment, dismissal, retirement, ill health and death (Abelson, 1987; McEvoy & Cascio, 1985). Researchers have considered the nature of voluntary turnover, including employees exploring and accepting other opportunities as part of a career plan (Lee & Mitchell, 1994; Lee, Mitchell, Wise, & Fireman, 1996).

It is also important to note that not all turnover is bad. For many years, researchers have distinguished between functional and dysfunctional turnover (Maertz & Campion, 1998). However, even if some forms of turnover are desirable (e.g. losing poorly performing employees), most researchers use this term to refer to the loss of valued employees (Bigliardi, Petroni, & Dormio, 2005). Because it is impossible to sustain zero turnover, organisations need to ensure they know who they are most and least willing to lose (Kochanski & Ledford, 2001).

Hence retention is simply defined as the organisation’s ability to keep employees in their position for as long as possible. Turnover, however, refers to the voluntary separation of the employee from an organisation, with the employee receiving compensation from that particular organisation. In a nutshell, if an employee leaves, it is called turnover, and if an employee stays it is called retention.

The next section discusses the theoretical frameworks of employee retention critically.
4.3 THEORETICAL APPROACHES TO EMPLOYEE RETENTION

This section reviews models of employee turnover and retention that were influential in this research, in order to understand the factors that lead to employee turnover at an individual and organisational level and develop strategies for employee retention. Peterson (2004) grouped employee turnover models according to the following three broad categories: Process, socialisation and comprehensive models.

Each model will be discussed below.

4.3.1 Process models

A number of process models have been developed over the years to describe the process of employee turnover and retention. The choice of models is also influenced by their relevance to this research study. The models selected for this purpose were the intermediate linkages model (Mobley, 1977) and the unfolding model of voluntary turnover (Lee & Mitchell, 1994).

4.3.1.1 Intermediate linkages model

Mobley’s intermediate linkages model was developed in 1977 and is depicted below in figure 4.1. The model identifies a series of conditions that need to be in place before turnover occurs. The process starts with a negative evaluation of the present job, which leads to job dissatisfaction. Thoughts of quitting arise, leading one to compare the benefits of job seeking versus the costs of quitting. This evaluation leads to intentions to seek alternatives, which are followed by an actual search for and evaluation of these alternatives. The alternatives are compared to the current job, and the results of this comparison could lead to quit intentions and actual quitting. Employees are likely to engage in other withdrawal behaviour if they are dissatisfied but not able to find other alternatives (e.g. absenteeism). Mobley (1977)
also acknowledged that not everyone leaves because they are dissatisfied; sometimes people leave because the new organisation provides better opportunities.

**Figure 4.1: Intermediate linkages model (Mobley, 1977, p. 123)**

Mobley’s model is simple and is regarded as the most influential of the traditional models (Lee, 1996). It sets the foundation for other process models that were subsequently developed (Hom & Griffeth, 1995; Mobley et al., 1979). The intermediate linkages model is the most researched model in the employee retention and turnover domain and is still regarded as significant in explaining the process people engage in prior to quitting (Hom & Griffeth, 1995; Lee & Mowday, 1987). Several studies conducted to test Mobley’s model found that many of its linkages
were not significant, and had small effects or had signs that opposed the predicted relationship (Zimmerman & Darnold, 2009). Another limitation of Mobley’s model is that it serves only as a preliminary model for the development of the later models. At that stage Mobley’s (1977) model only included the linkages of turnover process by individual’s intentions and did not incorporate turnover factors from job satisfaction facets as well as factors from organisational commitment (Allen & Shannock, 2012; Samad & Yusuf, 2012). However, subsequent improvements to the model were made to further extend Mobley’s model by including other variables such as organisational commitment and other examined factors that affect job satisfaction.

In summary, Mobley’s (1977) model makes a significant contribution to the existing literature because of its efforts to fill the gaps in the intervening processes that occur between job satisfaction and employee turnover.

4.3.1.2 Unfolding model of voluntary turnover

The unfolding model of voluntary turnover was designed by Lee and Mitchell (1994), and is seen as an alternative, contemporary process model (Peterson, 2004). Lee and Mitchell (1994) proposed that a new approach to turnover research was required; one that used a different research design from the mostly predictive studies. The aim of their model is to understand the reasons for and the process of leaving in which employees engage. The major components of the unfolding model include shocks, scripts, image violations, job satisfaction and job search (Lee & Mitchell, 1994).

Shocks can be positive, neutral or negative events, which can be expected or unexpected, that prompt cognitive deliberations about a person’s job. Holtom, Mitchell, Lee and Inderrieden (2005) stated that employees may prepare a script detailing a plan of action based on prior experience, observation of the experiences of others or information obtained from relevant reading through social expectations. If an employee’s values, goals and strategies for goal attainment do not fit in with those of the employing organisation or those implied by the shock, an image
violation occurs (Holtom et al., 2005). Job satisfaction can be viewed as the “result of employees’ perceptions of how well their jobs provide in those qualities that they perceive as important” (Luthans, 1998, p. 44). Also, job satisfaction is an important antecedent of voluntary turnover (Steel, 2002). Job search behaviours may not be intended to result in taking a new job; they are actions employers would prefer to limit (Lee & Mitchell, 1994).

The model highlights four distinctive psychological paths that individuals may follow prior to actual turnover. Each decision path involves distinctive foci, psychological processes and external events, as highlighted below (Lee, Mitchell, Holtom, McDaniel, & Hill, 1999; Lee & Mitchell, 1994):

- **Path 1** begins with an environmental event (or shock), which triggers the enactment of the pre-existing action plan, and causes individuals to evaluate previous experiences for similarities to the present shock. If the shock matches the action plan, employees leave without making fit judgements and without considering job alternatives. Decision path 1 describes a fairly automatic, simple and script-driven process. It involves minimal mental deliberation.

- **Path 2** describes how a shock may lead individuals to reassess their commitment to and fit in an organisation. Should the shock lead to an assessment of misfit, individuals are more likely to leave an organisation even without searching for job alternatives. It describes a more employee-controlled process that focuses on the compatibility of images and involves more mental deliberation than path 1.

- **The shock resulting in decision path 3** causes individuals to assess whether or not their commitment can be associated with a different organisation. If the individual believes that a job alternative will not provide a better fit than the current job, he or she will remain with his or her current organisation. This path requires considerable mental deliberation and involves image compatibility and assessment of alternatives.
Finally, in path 4, even when there is no shock (i.e. a jarring event), individuals change over time and reassess commitment to the organisation, which can lead to turnover. Turnover in path 4 may occur even when the individual does not have suitable alternatives. The individual realises he or she is dissatisfied and either leaves after searching for alternatives (path 4b) or leaves without searching for alternatives (path 4a).

Figure 4.2 illustrates the psychological paths that individuals may follow prior to actual turnover as it relates to the unfolding model of voluntary turnover. The model does not measure job satisfaction, but employee turnover in its broadest sense, where employees follow a path of making decisions about whether to leave or stay, depending on their context (Peterson, 2004). In summary, the unfolding model by Lee et al. (1999) attempted to predict the employee turnover phenomenon by introducing the "shock" and "script" concept, which may provide managers with more time to deal with identifiable employee turnover. However, the model is not without criticism.

Morrell, Loan-Clarke, Arnold, and Wilkinson (2007) criticised the model on the grounds that it uses dichotomous measures to test turnover, which limits the information provided. In some cases, the model uses one item to tap into more than one construct. They also found that the model failed to classify some of the leavers in their study. The model does not provide any indications of how to assess interim or precursory behaviours which might indicate an employee is about to leave (Mitchell & Lee, 2001). Research to date has relied on retrospective reports, and there is no evidence to date of predictive power, although a series of preventive turnover interventions has been developed in a particular industry (Lee & Maurer, 1997). Furthermore, the model is principally classificatory, and the conditions for applying it are restricted to leavers. Another limitation is that the model does not assess the employee's interim behaviour, such as which path the he or she will take or when the path will be initiated that might predict the his or her desire to quit. Although the model does not offer complete predictability, a range of shocks can be identified and characterised as a reason to stay or quit.
Figure 4.2: Unfolding model of voluntary turnover, PATH # 1, 2, and 3 (Lee & Mitchell, 1994, p. 201)
This would, as posited by Lee et al. (1999), provide greater appreciation of the decision pathways, which might improve managerial effectiveness. Despite criticism against this model, significant contributions have been made to the study of employee turnover by identifying different paths people are likely to take when deciding to quit, depending on their context.

4.3.2 Socialisation models

Various socialising models (Allen & Meyer, 1990; Chao, O'Leary-Kelly, Wolf, Klein, & Gardner, 1994) associate individual characteristics with the organisational processes of socialisation (Peterson, 2004). The models will not be discussed individually, but the section focuses on the basic premise of these models in order to highlight their relevance to this research. Allen and Meyer (1990) found that the socialisation of new employees impacts on their job commitment. Fisher (1986) noted that the outcomes of the socialisation process could be different. She suggested that socialisation may have a long-term impact on employees, and that successful socialisation should result in employee satisfaction and commitment, whereas unsuccessful socialisation may lead to dissatisfaction and turnover.

Research by Ashforth, Sluss, and Saks (2007) revealed evidence that the way in which newcomers are socialised (process) has an impact on adjustment over and above what newcomers learn (content). Specifically, investiture is directly related to job satisfaction and organisational identification, while investiture, institutionalised socialisation and proactive behaviour were each directly related to intention to quit. Socialisation models are important in this research because they give insight into the process individuals go through when they start a new job. This includes how the person learns the requirements of a new job and how he or she adjusts to the culture of a new organisation in order to function optimally (Allen & Meyer, 1990). This adjustment is then linked to concepts such as job satisfaction and commitment that have been proven to influence turnover (Peterson, 2004). Socialisation does not stop with new recruits. Whenever the organisation experiences major changes, there may be a need to resocialise current employees (Chao et al., 1994).
The socialisation literature has been criticised for the past 20 years for being mostly descriptive; lacking empirical testing; being methodologically weak and inadequate; and being theoretically and conceptually fragmented to the point that it is poorly understood (Feldman, 1976; Fisher, 1986). Many of these criticisms have been addressed with methodologically sound and conceptually rich studies in the past five years. Research has relied on newcomers’ self-reports of training content, expectations and outcomes. Self-reports might be appropriate when one is mostly concerned with perceived experiences (Bauer & Green, 1994). Most studies have used Jones’s (1986) five-item self-report scales to measure socialisation tactics, but little attention has been paid to evaluating and improving the psychometric properties of the scales. Hence the reliability and factor structure of the scales has varied widely across studies and the poorest reliabilities. Another weakness has been the continued reliance on traditional socialisation outcomes, including stressors (role ambiguity and role conflict), affective responses and job attitudes (job satisfaction and organisational commitment) and behavioural intentions (intentions to quit). More theoretically relevant outcomes should be assessed, including learning, knowledge, skill acquisition, social integration and person-organisation fit (Ashforth et al., 2007; Chao et al., 1994; Major, Kozlowski, Chao, & Gardner, 1995; Ostroff & Kozlowski, 1992). Furthermore, since the focus of a socialisation programme may be unique to an organisation’s culture and strategy, the criteria should be related to the outcomes of interest to the organisation (Saks & Ashforth, 1997).

4.3.3 Comprehensive models of turnover

A number of comprehensive models of employee turnover (Mobley et al., 1979; Steers & Mowday, 1981) have been examined. The following three models will be discussed in this section: the expanded model of turnover (Mobley et al., 1979), a model of turnover (Steers & Mowday, 1981); and the model of turnover determinants (McCarthy, Tyrrell, & Cronin, 2002).
The expanded model of turnover

The model was developed in 1979 and resulted from the revision of the intermediate linkages model (Mobley, 1977; Mobley et al., 1979) that was discussed under process models (section 4.3.1.1). Although the intermediate linkages model is classified as a process model, the expanded model is classified as a comprehensive model because of its multidimensional nature (Peterson, 2004). The expanded model measures turnover at three levels, namely the organisational, individual and labour market levels. There are mediating variables such as job satisfaction, expected utility of the present job and alternatives. These, together with factors in the organisation and labour market factors, influence the employee's search and quit intentions.

According to Mobley et al. (1979), some of the characteristics of the model are as follows:

- Turnover is measured at an individual level, recognising that people's perceptions, values and expectations differ.
- The model emphasises the way in which alternative jobs are perceived and evaluated.
- The model recognises that job satisfaction is not the only element that contributes to turnover, and that job attraction, as well as the attraction of available alternatives, also contributes.
- Intention to quit is a good way of predicting actual quitting.
- The model is best explained starting with turnover behaviour and working backwards.

The precursors and antecedents of employee turnover are identified in the model. The precursors are listed as the expected utility of present job, the expected utility of alternatives and job satisfaction. The antecedents are individual, organisational and
environmental factors (Mobley et al., 1979). It provides a framework in terms of individual, organisational and environmental factors as per figure 4.3.

One of the limitations of the model is its complexity and comprehensiveness as it addresses the individual, economic, organisational and environmental variables. It is therefore difficult to assess the model as whole, and research has only partly validated portions of it (Hom & Griffeth, 1995). The advantages are that the model has included an expectancy dimension and an emphasis on individual evaluation of values besides providing a multivariate explanation of the employee turnover process. In summary, Mobley et al. (1979) expanded the model, and undoubtedly provided a detailed approach to the turnover process by providing an articulate multi-dimensional explanation of the employee turnover progression and examining fresh variables such as non-work roles and values.
Figure 4.3: Expanded model of turnover (Mobley, 1982, p. 127).
4.3.3.2 Steers and Mowday’s model of turnover

This model was developed by Steers and Mowday (1981). The model has three components, namely job expectations and values; job characteristics and intent to leave; intent to leave, available alternatives and turnover. The authors theorised that a person’s job expectations will influence how he or she feels about the job (affective response), which in turn, will impact on his or her intention to quit. This may eventually lead to actual turnover (Peterson, 2004; Steers & Mowday, 1981).

Job expectations, values, organisational characteristics, experiences and performance are seen as having a direct impact on one’s affective responses (Steers & Mowday, 1981). Their model includes as antecedents of turnover, variables such as individual expectations, job experiences, affective responses to jobs, non-work-related influences, intentions to stay, the search for alternatives and the availability of alternatives (Rusbult & Farrell, 1983). The model is useful for understanding the importance of organisational variables (Peterson, 2004), and in terms of this research, performance is one of the variables included under independent variables. Figure 4.4 depicts the key components of Steers and Mowday’s model of turnover as outlined above.

A number of studies that tested this model have shown partial support for the model (Hom, Griffeth, & Sellaro, 1984; Stumpf & Hartman, 1985). The only study that tested the complete Steers and Mowday model found that only intention to leave predicted actual leaving, while alternative job opportunity did not add any significant variance (Lee & Mowday, 1987). Together, both intention to leave and alternative job opportunity accounted for only 5% of the variance in turnover. The benefits of Steers and Mowday’s (1981) model was that it selected the positive points of other models and designed itself into a broad-based model accounting for several psychological attributes of employees. The most serious limitation of the model is that no reference is made to the pecuniary or monetary aspect of employees’ demand. The model chooses to ignore the economic consideration that is a vital aspect of an employee’s intent to quit a job with low value or status. In summary, both Mobley (1979), and
Steers and Mowday (1981) added a new element to the literature on employee turnover by theorising a comprehensive approach in model development.

![Turnover Model Diagram](image)

**Figure 4.4:** Turnover model (Steers & Mowday, 1981, p. 124)

4.3.3.3 Model of turnover determinants

The turnover determinants model was developed by McCarthy et al. (2002) and included both individual and organisational factors in determining turnover intentions and behaviour. The model is summarised in figure 4.5 and outlined below.
- **Individual factors**: age, gender, education, marital status, family responsibility, tenure and job commitment

- **Organisational factors**: position in the organisation and fields of practice, quality of work, work environment, perceived status in organisation, distributive justice and economic reward, job insecurity and communication and participation.

![Figure 4.5: Model of turnover determinants (McCarthy et al., 2002, p. 102).](image)

It is important for turnover researchers to carefully analyse which dimensions are measured under the broad titles of individual and organisational factors. The dimensions measured by Mobley et al. (1979) under individual and organisational factors are different from those measured by McCarthy et al. (2002). The factors...
outlined in McCarthy’s model of turnover determinants, together with job satisfaction, are said to influence people’s intention to stay and their actual turnover behaviour.

Greyling and Stanz (2010) identified a few limitations in McCarthy’s model of turnover determinants, such as the theoretical distinction between factors or determinants is sometimes conceptually confusing (e.g. in some studies, the concept of work environment refers to subdimensions that are different to those of others), and there has been little research to support this model.

4.3.4 Summary of employee retention theoretical approaches

Many models have been developed to explain turnover since the original model by March and Simon (1958). However, there have been surprisingly few additional factors that contribute significantly to explaining turnover over and above the originally proposed job attitudes and job alternatives. Many models have advanced additional factors, such as perceived utility of existing and alternative job (Mobley, 1977), pay, communication (Price, 1977), individual values (Mobley et al., 1979) and job performance (Steers & Mowday, 1981), yet even the most complex of these turnover models have seldom explained more than 15% of the variance in actual turnover. In their meta-analysis, Griffeth, Hom, and Gaertner (2000) found that the best predictors of turnover were job commitment, job satisfaction, job search and job alternatives, and these explained between 5 to 15 % of the variance in actual turnover. Other factors contributed even less, raising questions about their value in explaining turnover. These models, while fulfilling a valuable role in terms of expanding our knowledge of the multitude of factors that could influence turnover, have not been successful in explaining the most critical reasons for employees leaving an organisation. Another limitation of these models is that even though they incorporate non-work elements such as non-work values and social relations outside of work (Mobley et al. 1979; Steers & Mowday, 1981), these are not extensively integrated into the models and have seldom been empirically tested.

Employee retention factors are discussed below.
4.4 EMPLOYEE RETENTION FACTORS

Netswera, Rankhumise, and Mavundla (2005) refer to retention factors as those factors that facilitate the stay or exit of employees and the decision to leave or stay, depending on the perceived direction of an individual’s priorities. Hytter (2007) established that the individual premises of loyalty, trust, commitment, and identification and connection to the organisation have a direct influence on employee retention.

Döckel (2003), identified eight critical factors in order retain valuable employees, as summarised in table 4.1. These factors were supported by a study conducted by Lesabe and Nkosi (2007). These factors were deemed relevant to the current study because they have been researched in the South African context, and include, training and development opportunities, supervisor behaviour support/feedback, career opportunities, job characteristics (which include skill variety, job autonomy and job challenge), quality of work/life policies and compensation.

Table 4.1: Retention factors and how they are ranked (Döckel, 2003, p. 16)

<table>
<thead>
<tr>
<th>Retention factor</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training and development opportunities</td>
<td>1</td>
</tr>
<tr>
<td>Supervisor behaviour support or feedback</td>
<td>2</td>
</tr>
<tr>
<td>Career opportunities</td>
<td>3</td>
</tr>
<tr>
<td>Skill variety</td>
<td>4</td>
</tr>
<tr>
<td>Quality of life/Work/Life policies</td>
<td>5</td>
</tr>
<tr>
<td>Job autonomy</td>
<td>6</td>
</tr>
<tr>
<td>Job challenge</td>
<td>7</td>
</tr>
<tr>
<td>Base salary</td>
<td>8</td>
</tr>
</tbody>
</table>

Each of the above factors is discussed below as it relate to this study, and skill variety, job autonomy and job challenge are discussed under job characteristics (section 4.4.4).
4.4.1 Training and development opportunities

Training is intended to provide opportunities for advancement and can also make employees feel that they are valuable to the organisation and may also provide a sense of self-worth, thus increasing affective commitment (Holland, Sheehan, & De Cieri, 2007; Meyer & Allen, 1997). Organisations can encourage, plan and invest in employees’ development and investments in education can make employees more committed to their careers (Döckel, 2003; Tomlinson, 2002). According to Kraimer, Seibert, Wayne, Liden, and Bravo (2011), organisations can provide programmes and opportunities that support employee growth and development.

Boxall, Mackey, and Rasmussen (2003) identified the lack of training opportunities as a determining issue in the decision made by employees to leave their employer. Arnold (2005), Herman (2005) and Hiltrop (1999) also confirmed that effective training and development opportunities enhance employee retention. Echols (2007) argued that when learning and development are combined with selective promotion and salary actions, the process can be a strong retention activity. Govaerts, Kyndt, Dochy, and Baert (2011) found that employees who experience an appreciative learning climate in their organisation are more inclined to stay. However, once employees feel they are no longer growing, they begin to search for external job opportunities for personal development (Rodriguez, 2008).

4.4.2 Supervisor support

Supervisor support refers to how much support employees feel they receive from their supervisors. For the purpose of this study, supervisor support included recognition and feedback from supervisors to employees since various research studies have indicated the importance of recognition and feedback in the retention of valuable employees (Allen, Shore, & Griffeth, 2003; Döckel, Basson, & Coetzee, 2006). Perceived supervisor support is a construct that describes the extent to which a supervisor values a follower's contributions and cares about the well-being of that follower (Rhoades & Eisenberger, 2002), while job feedback is the degree to which a
job provides the employee with information on his or her job performance (Thatcher, Liu, Stepina, Goodman, & Treadway, 2006).

4.4.3 Career opportunities

Career opportunities may include the internal and external career options that an employee may have. Internal career opportunities may be in the employee’s current organisation – for example, a promotion or being moved to a different position inside the same organisation. External career opportunities, however, may involve obtaining a position at another organisation (Coetzee & Roythorne-Jacobs, 2007). These career orientations of employees may have significant implications for their job satisfaction, retention factors and motivation.

Employees can have different values and pursue different types of careers. Some employees may value advancement or freedom above all else, while others may value the intrinsic excitement of work, and still others may place the most significance on security and balance in their lives (Schein, 1975). Employers can no longer promise job security, but they can help people maintain the skills they need to remain viable in the job market (Moses, 1999). The challenge to organisations is that they must accept that this process may lead some employees to leave the company and pursue outside opportunities (Eyster, Johnson, & Toder, 2008; O’Herron & Simonsen, 1995).

4.4.4 Job characteristics

Job characteristics include skill variety, task identity, task significance, autonomy and feedback (Hackman & Oldham, 1976; Pretorius & Roodt, 2004). Much research has shown that there is relationship between job characteristics and employee turnover (Coetzee & Roythorne-Jacobs, 2007; Sharf, 2010; Thatcher et al., 2006). Job characteristics may include varied work, opportunities to solve challenging problems, opportunities to work with the best people, freedom, flexibility and being able to
pursue interesting assignments, which will increase the retention of employees and feelings of increased competence and meaningfulness of work may develop more organisational commitment (Döckel, 2003). According to research conducted by Döckel (2003), skill variety (including challenging work), autonomy and feedback are the key job characteristics that influence employee retention.

4.4.5 Work/life balance

Parks and Langford (2008) describe work/life balance as an individual’s ability to meet his or her work and family commitments, as well as other non-work responsibilities and activities. Work/life balance policies include flexible work scheduling (e.g. part-time work, and variable starting and ending times), family leave policies allowing periods away from work for employees to see to family matters and childcare assistance (Burke & Cooper, 2002). In addition, according to Munsamy and Bosch-Venter (2009), the focus of work/life balance is on the notion of a flexible and stress-free work environment by making provision for childcare facilities and access to families. Döckel (2003) argued that organisations need to accommodate employees by providing remote access for telecommuting, childcare centres, referral programmes and employee assistance programmes. Hence organisations may then be perceived as concerned employers; which positively influences employees’ attachment to the organisation. An inability to create a balance between work and personal life could influence employees’ effectiveness and productivity in the workplace (Elloy & Smith, 2003).

4.4.6 Compensation

Compensation can be divided into monetary and non-monetary rewards. According to Döckel (2003), monetary rewards are extrinsic financial rewards that organisations pay to their employees for the services they provide. Monetary rewards may include the base salary, incentives and stock options. Non-monetary rewards, however, are indirect financial rewards employees receive for their labour (Döckel, 2003), which
may include flexible working hours, medical aid and pension. According to Higginbotham (1997) and Kochanski and Ledford (2001), high salaries are not vital, but “good” and “fair” salaries demonstrate a strong association with the intention to stay, signifying that as long as the compensation is competitive, financial rewards are not the main factor in retention. Once the pay level has been reached, the intangibles such as career, supervisor support, and work and family balance become essential (Döckel et al., 2006; Tomlinson, 2002).

Monetary rewards contribute a great deal towards employees’ decisions to stay or leave the organisation (Feldman & Ng, 2007; Lesabe & Nkosi, 2007; Munsamy & Bosch-Venter, 2009). Hays (1999) posited that managers who reward performance with money only may find it difficult to retain employees, since there are more powerful motivators such as freedom and flexibility in the organisation (Hays, 1999; Luna-Arocas & Camps, 2008).

4.4.7 Summary of employee retention factors

These identified factors could improve retention of employees, individual performance, and effectiveness (Arnold, 2005; Hiltrop, 1999; Abrams et al., 2008). Literature on employee retention shows that wooing existing employees through employee development or talent management programmes costs less than acquiring new talent, as organisations know their employees and their wants and desires, while the initial cost of attracting the new employees has already been expended (Davidow & Uttal, 1989; Eskildsen & Nussler, 2000). While the importance of employee retention to organisational effectiveness and efficiency is clear, there is currently no single framework that guides research and practice (Cardy & Lengnick-Hall, 2011). Regardless of which theoretical model is considered, there are situations in which voluntary employee turnover may be unavoidable and beyond the control of management (Dalton, Todor, & Krackhardt, 1982; Van Dyk, Coetzee, & Takawira, 2013). In order to improve one’s understanding of the effectiveness of retention factors it is important to relate them to employees’ views on their importance, as
such views may indicate how and which retention factors influence their decision to stay or leave.

The next section focuses on the variables that may influence employee retention.

4.5 VARIABLES INFLUENCING EMPLOYEE RETENTION

According to De Cuyper, Mauno, Kinnunen, and Mäkikangas (2011), various variables may have an influence on retention factors, such as age, trust, gender, job levels, scarce skills, aging workforce, economic conditions, recruitment, career mobility and career success. For the purpose of this study, the following four major categories of variables influencing employee retention are discussed: individual characteristics, job characteristics, work environment characteristics and external environment characteristics. Figure 4.6 depicts the four variables identified influencing employee retention for the purpose of this study.

![Diagram of Employee Retention Variables](image)

**Figure 4.6:** Employee retention variables as they relate to a banking environment
4.5.1 Individual characteristics

For the purpose of this study, individual characteristics were divided into personality traits and demographics, as per figure 4.7 below. The researcher understood the importance of personality as a characteristic of an employee for retention, but for the purpose of this study, she opted not to include personality traits.

Figure 4.7: Individual characteristics that may influence employee retention in a banking environment

4.5.1.1 Personality traits

Research studies conducted to understand the relationship between personality and turnover date back to as early as the 1930s. A number of studies linking personality traits to turnover were conducted, but they showed conflicting results (Pettman, 1973). Some of these initial studies found no relationship between personality and turnover (Hedberg & Baxter, 1957; MacKinney & Wolins, 1960; Vincent & Dugan, 1962), while others did in fact find some relationship between the variables (Cleland & Peck, 1959; Hanna, 1935). To date, research on personality and turnover has received relatively little attention (Zimmerman, 2008).
4.5.1.2   Demographics

Demographic factors were chosen for the current study because they have an influence on employee retention strategies. Several studies in which demographic factors were employed to investigate job satisfaction and job attitudes have shown that they are strong predictors of turnover intentions (Furnham, Eracleous, & Chamorro-Premuzic, 2009; Ng & Sorensen 2008). For the purpose of this study, generational cohort, gender, race, job tenure, occupational level and educational level are discussed here in relation to employee retention. The demographic variables provided the researcher with in-depth information on the different demographic characteristics, which was essential to this study in order to grasp the unique characteristics of each employee in relation to retention. Since each variable provided a unique profile of the individual in the banking environment, additional information was gathered on the employee’s individual make-up.

(a)   Generational cohort

Hankin (2005) predicted future trends that would have a major influence on the 21st-century world of work, which included an increasingly ageing yet active population, lifestyle changes and medical advances that would keep people alive and fit into their nineties. Moreover, in the USA, the number of workers under the age of 45 is predicted to shrink by 6% in the next ten years as birth rates decline and the population ages (Wardell, 2005). In South Africa, it would seem that because the AIDS pandemic may also influence the age gap, employees with certain skills in technical or complex work may become scarce in the years to come (Hankin, 2005).

Age is a significant factor in turnover behaviour (Boxall et al., 2003). A study by Govaerts et al. (2011) found a positive relationship between age and retention with regard to the intention to stay; and a negative relationship between age and retention with regard to the intention to leave. The findings indicated that younger employees are significantly more likely to leave their current organisation than older employees, as the latter tend to experience more difficulties in finding new jobs because they
suffer from negative stereotyping and age discrimination (Posthuma & Campion, 2009). According to Ng and Feldman (2009), the relationship between age and turnover might have changed over the last 20 years owing to changes in the work environment and in norms of job mobility.

(b) **Gender**

Generally, gender has an effect on employees’ subjective experience of work (Coetzee & Roythorne-Jacobs, 2007). Metcalfe and Dick (2002) found that women assign a significantly higher rating to intrinsic values and may value the following intrinsic values more highly than men: challenging job, development opportunities, quality of feedback and autonomy. Women who work in male-dominated occupations have more difficulty moving up the hierarchy, presumably because of gender bias (Maume, 1999). They may also have less access to opportunities for job development and mentoring in male-dominated occupations (Lai, Lin, & Leung, 1998; Ohlott, Ruderman, & McCauley, 1994).

Turnover research has yielded conflicting results relating to turnover and gender. Griffeth et al. (2000) found that there was no difference between men and women with regard to turnover. This finding suggests that women do not display higher turnover behaviour than men, as is sometimes believed. This finding is contrary to that of Cotton and Tuttle (1986), which indicated that gender was a better predictor of turnover for more professional jobs and proved to be less reliable among blue-collar workers and non-managerial staff. However, a recent study reported that women had higher turnover than men (Hom, Roberson, & Ellis, 2008).

(c) **Race**

According to research conducted by Pauw (2011) in South Africa, black employees seem to be significantly more satisfied with the retention factors than Indian, coloured and white employees, and had obtained significantly higher mean scores
than Indian, coloured and white employees regarding career opportunities and work/life policies. The African participants seemed to consider career opportunities more significant than any other racial group in the study. Promotions and internal opportunities seemed to be important to the African participants, and if these needs are fulfilled, the employee might remain in the employment of the organisation. Work/life balance policies also seemed to be more important to African employees than the other participants (Pauw, 2011).

Minorities in some studies were reported to have higher turnover rates than white employees (Cotton & Tuttle, 1986; Hom et al., 2008). This finding obviously needs to be treated with caution as race issues, minority definitions and behaviour differ from continent to continent and from one country to the next. In another South African study (Jacobs, 2005), African professional nurses were more likely to quit than coloured, Indian and white professional nurses. Similar results were found in that black managers were more likely to quit compared to other managers (Vallabhb & Donald, 2001). In another South African study, Martin and Roodt (2008) found both black females and white males to have high intentions to quit, but for different reasons. The reasons put forward by black females related to the increased opportunities available for qualified black females, while white males were no longer the predominant force in the workplace, a situation that increased their intention to quit. Leonard and Levine (2006) and Wöcke and Heymann (2012) did not find consistent evidence that race has an impact on turnover. However, findings by Zatzick, Elvira, and Cohen (2003) suggested that working with employees of the same race reduces the likelihood of turnover.

(d) Job tenure

Various relationships have been established between turnover and tenure. A negative relationship was previously reported (Cotton & Tuttle, 1986; Griffeth et al., 2000, Mkavga & Onyishi, 2012), suggesting that employees with a longer term of service are likely to have lower turnover rates. However, a curvilinear relationship between turnover and tenure (Hom et al., 2008) was reported by other researchers.
During the first year of tenure, turnover was 8.92%, at five years of tenure, turnover was 5%, at 10 years it was 2.96%, and at 15+ years it was 1.23%. In their study, turnover peaked during the first year and thereafter steadily declined. There does not appear to be one clear relationship between job tenure and turnover or the retention of employees.

(e) **Occupational level**

According to research conducted by Tian-Foreman (2009), non-managerial (classified as general staff) staff have a higher intention of leaving the organisation than managerial staff (which include executives). McDonnell (2011) argued that talent management tends to be overly focused on leaders (who are generally identified as executives in the banking environment). While clearly strategically important, there is a fear that they are treated in isolation, and other positions are not appraised in terms of their value in achieving the corporate objectives (McDonnell, 2011). There may be more functional and technical type roles that have a sizeable strategic impact on organisational performance (Cappelli, 2009). The needs, expectations and motivational drivers and retentions factors may differ for different level employees.

(f) **Educational level**

Studies have shown that employee retention rates differ among education levels, but with mixed results (Davis, 2005). Sourdif (2004) found a strong positive correlation between level of education and intent to stay – hence employees with lower education would be more likely to stay. Heymann (2010) found that the turnover patterns of highly educated females resembled those of men of equal or similar level of education. Heymann (2010) and Blomme, Van Rheede, and Tromp (2010) also indicated that the “glass ceiling” in the promotion path for females plays a role in their turnover patterns.
4.5.2 Job characteristics

Job characteristics refer to the content and nature of job tasks themselves. The five core characteristics can be applied to any job (Spector, 1997) as per the job characteristics model. Figure 2.16 depicts and section 2.6.2 lists and defines each of the job characteristics that formed an essential part of this study. Lumley (2009) found employees’ satisfaction with job characteristics to be related to their job satisfaction. Sager and Johnston (1989) suggested that job satisfaction and job characteristics (Cotton & Tuttle, 1986; Gregersen & Black, 1982; Morrow, 1983) have a significant effect on employee turnover intention. According to Döckel (2003), job characteristics lead to feelings of increased competence and meaningfulness, which in turn, lead to an increase in retention of employees. The five job characteristics were discussed in previous chapters and will not be discussed further here (sections 2.6.2 and 3.5.2).

4.5.3 Work environment characteristics

Smith (2002) argued that it is not always possible to alter, adapt or change the conditions surrounding the working environment because they are generally deeply engrained in the organisation’s culture. The specifics of the work environment characteristics will be discussed as they relate to this study as per figure 4.8, namely working conditions, organisational climate and organisational structure (Hay, 2002; Lok & Crawford, 1999).

Figure 4.8: Work environment characteristics that may influence the retention of employees in a banking environment
4.5.3.1 Working conditions

According to Kwenin (2013), employees value working in surroundings that do not pose any discomfort or physical harm. Physical safety is measured in terms of the organisation’s location being close to home, clean surroundings, adequate equipment and tools, and safe buildings. Research has proven that work conditions that include a friendly, well-designed, safe physical space, good equipment and effective communication, which tend to improve productivity, are capable of affecting both job performance and retention (Armstrong & Murlis, 2007; Noe, Hollenbeck, Gerhart, & Wright, 1994). Well-designed and organised offices and work areas make significant differences to how people feel about their work. Working conditions can convey depressing messages about how much the organisation values employees and the standards it expects from them (Kwenin, 2013).

4.5.3.2 Organisational climate

According to Booyens (1998), the organisational climate is an indicator of employees’ feelings or perceptions of the organisation for which they work. Clients will have a perception of the climate that is created by the employees who serve them, while the work climate in which employees function may be largely dependent on the management and leadership styles followed in the organisation. In assessing the organisational climate, certain factors need to be measured. These include how employees understand organisational goals, how effective processes are, job satisfaction among employees, leadership effectiveness, communication, teamwork and the trust that employees have in management.

Research by Snow (2002) identified the influence of the organisational climate on work performance and the retention of valued employees. Snow (2002) discussed the following six key dimensions of the organisational climate that increase employees’ performance and retention; flexibility, responsibility, standards, rewards, clarity and team commitment. It is about loyalty and pride in being part of that particular organisation.
4.5.3.3 Organisational structure

Each organisation has a formal or informal structure that governs work relationships, flow, communication and reporting. Formal structures are planned and made known to employees, while informal structures may be unplanned and even disguised (Vogt, Cox, Velthouse, & Thames, 1983). Organisations that function effectively and efficiently require cooperation and clear assignment of power and authority, especially under individuals who have a management task or role. The roles and responsibilities in this hierarchy can directly or indirectly influence performance and the retention of employees (Gillies 1994; Kreitner & Kinicki, 2007).

Organisational structure is a key factor in employee retention. Relationships, reporting channels and communication in an organisation can determine whether employees will satisfy specific needs, have impeding barriers removed, remove restraining forces in order to achieve goals, reach their utmost potential, and ultimately, remain in the organisation (Kreitner & Kinicki, 2007).

4.5.4 External environment characteristics

External environmental factors may affect employees in the number and degree of obstacles that may prevent the successful implementation of a decision in the work environment. This environment is typically composed of the following: social values, educational factors, political and legal factors, economic conditions, behavioural factors, demographic factors, the natural environment, natural resources and technological factors (Asheghian & Ebrahimi, 1990), as depicted in figure 2.18.

4.5.4.1 Socio-cultural factors

Social forces have also contributed to the problem of retention of employees and skills. Consideration around family, lifestyle, age and other social factors forms part of an employee’s decisions around intentions to stay or quit his or her job (Alnaqbi,
The need for a professional man or woman to provide for his or her family, matches up with the lifestyle enjoyed by people on the same social ladder as them, which leads to an increasing desire to have a high source of income (Adewuyi, 2012).

4.5.4.2 Political and legal factors

The effect of legislation and government decisions such as the Broad Based Black Economic Empowerment (BBBEE) Act can never be underemphasised. The Act has resulted in the increased demand for a particular “colour” of skills which, in turn, has led to increasing turnover and job hopping by black professionals (Adewuyi, 2012). Companies fall over themselves to attract the available skills which are also not in abundance, and this has a huge impact on the ability of the firm to retain these skills.

4.5.4.3 Economic conditions

A weak economy may make individuals more risk averse and unwilling to leave whatever jobs they do have, even if those jobs are unsatisfying (Leana & Feldman, 1994). The global recession in the last three years or so, has come with a higher cost to living and survival (Adewuyi, 2012). Benevolent policies towards unemployment may contribute to individuals’ being more selective about which jobs they accept and their being more willing to experience long periods of unemployment to find the best available jobs for themselves in the labour market (Feldman & Ng, 2007). In addition, poor economic conditions also decrease the number of new positions in firms and the number of new firms created. These economic conditions can increase job insecurity, thereby making individuals less likely to give up any longevity-based employment security or compensation benefits accrued in their current firms (Feldman & Ng, 2007). Stronger economies such as that of the USA are already experiencing talent shortages in a number of labour markets (Scott, McMullen, & Royal, 2012). The US Bureau of Labour Statistics (BLS) has reported an increasing trend in voluntary terminations; even when there are higher
employment rates, key talent is always in demand, and an improving economy will exacerbate the challenge of holding the most capable employees with unique or critical skills. The retention of key talent, that is, those employees who are the strongest performers, have high potential or are in critical jobs, is even more important during economic recoveries when organisations compete aggressively for market share and talent (Scott et al., 2012).

4.5.4.4 Technological factors

Technological forces have played their own part in the current situation. The internet makes it extremely easy to access information that was not historically easily accessible. Information on salaries and job opportunities can be collected at the click of a mouse, and this is probably another factor that contributes to this struggle and demand for talent that is also becoming increasingly scarce in the country (Adewuyi, 2012; Mbugua, Waiganjo, & Njeru, 2015).

4.5.4.5 Natural environmental factors

Employee access to friendly and natural environment helps to reduce job stress, depression and apprehension which are beneficial to the employee's health and retention (Steel & Griffeth 2002). The natural environment refers to the space given to an employee to sit, the equipment provided for him or her, the comfort level of the furniture, the placement of telephones, the system of cross ventilation in the work station, the placements of lights and access to the outside (Masood, 2015).

The consequences of employee retention are discussed in the next section.
4.6 CONSEQUENCES OF EMPLOYEE RETENTION

“Firms that attract, develop, and retain top talent will thrive, those that do not will face significant struggles” (Brooks, Holtom, Mitchell, Lee, & Inderrieden, 2005, p. 337). As the global economy becomes increasingly knowledge based, the attraction and retention of high-quality employees becomes a competitive advantage (Felps, Mitchell, Hekman, Lee, Holtom, & Harman, 2009; Holtom, Mitchell, Lee, & Eberly, 2008).

Skills shortages are a massive problem in South Africa (Muteswa & Ortlepp, 2011). The skills shortage is resulting in a “war for talent”, where highly skilled and educated employees are being sought out (Muteswa & Ortlepp, 2011). In an attempt to retain staff, Muteswa and Ortlepp (2011) proposed that organisations pursue attraction factors like organisational branding and targeted recruitment and selection, creating an environment that supports work/life balance, offering highly competitive remuneration packages, and providing career development and training and development.

Figure 4.9 summarises the consequences of employee retention as they related to this study, including cost effectiveness, job satisfaction, performance and employee motivation, which are discussed below in more detail.

Figure 4.9: Consequences of employee retention in a banking environment
4.6.1 Organisational and Individual cost effectiveness of employee retention

The costs of turnover to organisations are one of the reasons why so much effort has been put into understanding the antecedents of turnover (Holtom et al., 2008; Mitchell et al., 2001). Turnover has a negative impact on organisational effectiveness (Pienaar, Sieberhagen, & Mostert, 2007) and on the individual (Mallol, Holtom, & Lee, 2007) if the costs of voluntary employee turnover are high. Personal costs include the stress of starting a new job, uncertainty and ambiguity surrounding the new job, and the numerous possible adjustments such as a new house and schooling if relocation is involved. There are many reasons why individuals voluntarily leave organisations. Some are personal, for example, changes in the employee’s family situation, while other reasons are influenced by the organisation, for example, being passed over for promotion. At organisational level, costs could include the loss of valuable knowledge and experience, replacement costs (recruiting and training new employees) and loss in production (Mitchell et al., 2001). However, researchers admit that there is no single identifiable variable that can be pinpointed as the leading cause of intention to leave (Kennedy, 2006).

Research on turnover intention can be used to manage the turnover process and help develop strategies or interventions to reduce employee turnover and its associated costs (Du Plooy & Roodt, 2010; Tuzun & Kalemci, 2012). A study conducted in the Greek tourism industry found that staff turnover was mainly instigated by factors that were beyond organisations’ control. According to this study, employee turnover negatively affected service quality levels in the industry, as well as the costs and time related to staff recruiting and training. However, the positive side of turnover is that it enhances idea generation, that is, new employees with new ideas (Chalkiti & Sigala, 2010). Organisations should consider the effect of external factors on turnover intention, such as economic conditions, union activity and perceptions of alternate employment opportunities, although these may have little control over them (Wilson, 2006). Work-related factors, however, such as pay, performance and job satisfaction, can be directly influenced by organisations (Wilson, 2006).
4.6.2 Job satisfaction

Pienaar et al. (2007) conducted research in a gold mining company in South Africa. Their results indicated that job satisfaction is the most significant predictor of turnover intention and is strongly and negatively correlated with turnover intention. A study by Tian-Foreman (2009) demonstrated strong support for the hypothesised negative relationship between employee turnover intention and job satisfaction.

4.6.3 Performance

McEvoy and Cascio (1985) conducted a meta-analysis to estimate the direction and magnitude of the correlation between turnover and employee performance. They found a significant, negative overall relationship between performance and turnover. Zimmerman and Darnold (2009) conducted a meta-analysis, and the results indicated that supervisor ratings of performance had the strongest relationship with turnover intention, followed by self-ratings and objective measures (the higher the ratings/measures, the lower the turnover intention). Poor performers were more likely to quit even after controlling for job satisfaction and turnover intentions, indicating that they were more likely to engage in unplanned quitting, while good performers were slightly more likely to intend quitting after controlling for job satisfaction (Zimmerman & Darnold, 2009).

4.6.4 Employee motivation

A South African study involving a group of employees employed at a financial services institution found that the respondents attached greater significance to intrinsic motivation than extrinsic motivational variables. Birt et al. (2004) found that the five most important intrinsic variables that influenced decisions to either stay or leave an organisation were challenging and meaningful work, advancement opportunities, high manager integrity and quality, and new opportunities/challenges.
They (2004) noted, however, that extrinsic variables also influenced decisions to leave – that is, market opportunities are also a significant factor in such decisions.

4.7 EMPLOYEE RETENTION MODEL

For the purpose of this study, the researcher defined employee retention as the strategy required by an organisation to retain not only talented but also skilled employees, by understanding the factors associated with employee retention in order to curb unnecessary turnover. The literature review discussed in the previous sections provides a framework for developing an employee retention model specific to foreign exchange individuals in a banking environment. Figure 4.10 includes all the constructs and variables required to attempt to understand the employee retention of these employees.

The employee retention model depicted below was developed by the researcher to outline and discuss the key variables that may influence the retention of employees in a foreign exchange banking environment. The external environmental characteristics, individual characteristics, job characteristics and work environment characteristics are all required for employee retention – in order for employees to decide whether to stay or quit their job. For an employee to make an informed decision, to stay or quit, the retention factors need to be assessed, together with the theoretical frameworks which provide the foundation for employee retention. Employee retention is therefore a “must” for the management of organisational goals.
Figure 4.10: Employee retention model
In the next section, all three constructs, namely employee motivation, job satisfaction and employee retention, are integrated in order to develop a comprehensive model.

4.8 INTEGRATION OF THE LITERATURE REVIEW

Thus far, a wealth of literature, research, theories, factors and variables have been discussed in relation to employee motivation, job satisfaction and employee retention. An understanding each of the constructs and how they are interrelated was essential to this study because it helped the researcher to develop a comprehensive model pertaining to the foreign exchange banking environment.

4.8.1 A model of employee motivation and job satisfaction in order to retain employees

All the research conducted on employee motivation, job satisfaction and employee retention has been based on various theoretical frameworks, which form the basis of all studies, including this one. As outlined in figure 4.1, the three constructs cannot be measured in isolation because there are various other characteristics that play a role in understanding employee behaviour, such as the external environment characteristics, individual characteristics, job characteristics, and work environment characteristics.
Figure 4.11: Theoretical model: Employee motivation and job satisfaction model for retention of employees in a foreign exchange banking environment
Although the external environment exists and cannot be tested, these external characteristics were essential in helping the researcher and practitioners to understand the external environment in which employees function. Socio-cultural, political and legal, economic, technological and natural environmental factors play a role in employee’s motivation and satisfaction and essentially whether they intend quitting or staying in their current job. Another key characteristic is the individual make-up unique to each person. It is possible to measure some of the characteristics, and for the purpose of this research, only a few were measured. Individual characteristics comprise personality traits, person-job fit, individual differences and demographics. Job characteristics are present and essential in every job; they also play a role in how employees experience motivation, satisfaction and whether or not they stay in the organisation. Work environment characteristics try to explain the environment in which the individual works, the conditions, climate, structure, schedules, roles and stress, all of which are unique to an organisation.

As depicted in figure 4.11, employees’ motivation and satisfaction factors as well as employee retention factors are interrelated and the core of organisational goals – hence the need for the relationship between the three constructs to be outlined and discussed in relation to previous research. Management theory and practice have traditionally focused on extrinsic motivators. While these are powerful motivators, on their own they are no longer enough – intrinsic rewards are essential to employees in today’s environment (Thomas, 2000). Nowadays, motivational issues are more complex because of the wealth and opportunity so many employees have enjoyed. In the long run, people need intrinsic rewards to keep going and to perform at their peak (Thomas, 2000). Workers have been forced to take more responsibility for their own careers, going where the work is rewarding and where they can develop the skills that will guarantee their employability, in whatever organisation (Hall & Associates, 1996).

Some studies (i.e. Bellenger, Wilcox, & Ingram, 1984; Strydom & Meyer, 2002) have shown that various factors are related to job satisfaction, for example, job security, growth and development, promotion opportunities, working conditions, recognition of performance, financial rewards, position and status, and decision-making opportunities. According to Lawrence (2005), the following ten factors have an
impact on job satisfaction: type of work, job security, company, advancement, co-workers, pay, supervision, hours, benefits and working conditions.

Researchers (Abassi & Hollman, 2000; Sherman, Alper, & Wolfson, 2006) have highlighted the following reasons for employee turnover in the organisations: hiring practices, managerial style, lack of recognition, lack of competitive compensation system and toxic workplace environments. Others include intrinsic factors such as lack of interesting work, lack of job security, lack of promotion and inadequate training and development opportunities.

Brown and Shepherd (1997) reported that motivation improves workers’ job satisfaction. According to Chess (1994), certain motivational factors contribute to the prediction of job satisfaction, namely salary, wages and conditions of service; money; staff training; information availability; and communication. Job satisfaction is critical in that its absence often leads to lethargy and reduced organisational commitment. Lack of job satisfaction is a predictor of quitting a job (Alexander, Litchtenstein, Hellmann, & Jamal, 1997). Satisfaction in a job might be motivated by the nature of the job, its pervasive social climate and extent to which workers peculiar needs are met; other inclusions are the availability of power and status, pay satisfaction, promotion opportunities and task clarity. If any employee is not being motivated by the factors, the tendency to quit becomes evident (Bolarin, 1993; Sandhya & Kumar, 2011).

Brown and Shepherd (1997) also reported that motivation improves workers’ job satisfaction. According to Abo (2012), some motivational factors such as achievement, recognition and the work itself contribute to the experiencing of job satisfaction. Tang and LiPing’s (1999) study also indicated that a positive relationship exists between job satisfaction and employee turnover. Furthermore, Stokes, Riger, and Sullivan’s (1995) findings indicated that motivation relates to job satisfaction and even intention to stay in the organisation. Owing to a lack of proper job satisfaction, there seems to be a lack of motivation among the organisational employees and thus high turnover (Meyer & Allen, 1997; Meyer, Stanly, Herscovitch, & Topolnytsky, 2002). This implies that high job satisfaction seems to create a high level of motivation among the employees, and this tends to lower the level of
turnover (Wan-Huggins, Riordan, & Griffeth, 1998). This is supported by a research study conducted by Sajjad, Ghazanfar, and Ramzan (2013) in the banking environment in Pakistan.

Research has shown that trends redefining modern retention strategies go beyond the traditional salary and benefits package and compensation (Feldman, 2000). Retention factors incorporating the needs and desires of employees at any age enhance their levels of individual job satisfaction, loyalty and commitment (Boomer Authority, 2009). Cunningham (2002) stated that employees rank employee recognition, flexibility and training as top priorities for prolonging individual employment, while Walker (2001) and others call for establishing a supportive learning and working climate for employee retention. Furthermore, career development (Boomer Authority 2009), organisational commitment (Owens, 2006), communication (Gopinath & Becker, 2000) and superior-subordinate relationships (Zenger, Ulrich, & Smallwood, 2000) are also the factors known for prolonging employees’ stay in the organisation.

The consequences of employee motivation, job satisfaction and retention factors were outlined in figure 4.11. Not all the consequences of the constructs were measured because the aim of the study was to understand and develop a model to prevent employees from leaving the foreign exchange banking environment. Hence, the consequences of motivation and job satisfaction were not tested. The researcher decided to test employee retention only, in order to provide insight into the strategies required to keep employees motivated and satisfied and thus retain them in the organisation.

Talented workers have more choices than ever before, and are likely to leave if they are dissatisfied with their employer or job content. As employees have become more likely to leave unrewarding jobs, the impact of losing individuals has become greater. In the future, the greatest gains will come from systematically improving an organisation’s intrinsic reward process – making the work so fulfilling and energising that the employees will not want to leave. Rediscovering the role of purpose in work is the key to understanding the new work and motivation of today’s employees.
Organisations now find themselves competing to attract and retain workers on the basis of the meaningfulness of their jobs.

4.9 CHAPTER SUMMARY

The discussion in this chapter provided in-depth background on one of the major constructs of this study: employee retention. Employee retention was defined on the basis of various references. Next, the theoretical models of employee retention were critically discussed, the basic assumption of each theory evaluated, the strengths and weaknesses of each theory discussed, and previous research findings evaluated and applied to the current study.

In addition, the six types of retention factors were outlined and discussed. Each of the variables impacting on or influencing employee retention were defined, critically evaluated and supported by the research. The next section of the chapter included a discussion and critical evaluation of the consequences of employee retention. The final section of the chapter integrated all three constructs of employee motivation, job satisfaction and employee retention, which enabled the researcher to develop a comprehensive theoretical model for the research study.

Herewith research aim 3 has been achieved, namely to conceptualise the construct of staff retention and determine its key components from a theoretical perspective. Research aim 4 has also been achieved, namely to determine the theoretical relationships between employee motivation and job satisfaction in order to understand staff retention.

Chapter 5 deals with the research design and methodology that were used to conduct the field research, highlighting the aims of the empirical research and explaining the research population and sample, the measuring instruments, the administration of the questionnaire, data processing, statistical methods and strategies, and the formulation of the research hypotheses.
CHAPTER 5: RESEARCH METHODOLOGY

5.1 INTRODUCTION

This chapter discusses the research methods and data analyses strategies that were employed to assess the relationship between employee motivation and job satisfaction of staff in a South African foreign exchange banking organisation. This insight into the relationship assisted in developing a conceptual and practical model that could contribute towards developing and improving staff retention strategies for foreign exchange banking employees.

The empirical phase of the study comprised the following eight steps:

Step 1: Definition of the study population and sampling process
Step 2: Selection and/or adaptation of questionnaires: Outline of constructs, scale identification and questionnaire design
Step 3: Data collection
Step 4: Data handling, capturing, editing and analysis
Step 5: Research hypothesis formulation
Step 6: Reporting and interpretation of the results
Step 7: Integration of the research
Step 8: Conclusions, limitations and recommendations of the research

Steps 1 to 5 are addressed in this chapter, and steps 6 to 8 in chapters 6 and 7.
5.2 RESEARCH DESIGN

The aim of the research design, according to Mouton and Marais (1993, p. 33), “is to plan and structure a given research project in such a way that the eventual validity of the research findings is maximized”. Leedy and Ormrod (2010) indicated that the research methodology is the researcher’s framework for achieving the research aims and outlining the process of data collection, analysis and interpretation. This chapter of this study focuses on the research design and methodology for this research.

A particular problem statement and specific research objectives guided this research. The research was furthermore informed by a critical review of the literature to establish the current state of knowledge and the identification of the main theories relating to the topic. As stated previously, the aim of this study was to develop a scientific model of employee motivation and job satisfaction for staff retention practices in a foreign exchange banking organisation. Chapters 2, 3 and 4 discussed in detail the primary constructs and dimensions of the theoretical model for employee retention.

The purpose of this research was both explanatory and descriptive in nature. Explanatory studies look for explanations of the nature of certain relationships, and hypothesis testing provides an understanding of the relationships that exist between them, while descriptive research seeks to provide an accurate description of observations of a phenomenon (Shields & Rangarjan, 2013).

5.3 STUDY POPULATION AND SAMPLING

According to Bless and Higson-Smith (1995), a population can be defined as the complete set of objects or clusters of people that form part of the purpose of the research and about which the researcher would like to identify certain characteristics. The sampling design facilitates the process of drawing a sample from
the population in which the researcher is interested (Bless & Higson-Smith, 1995; De Vos, 2003). Babbie (2016) noted that from a practical perspective, the sampling design starts with the identification of a suitable sampling frame. The sampling frame should therefore be consistent with the population of the study.

5.3.1 Study population

The study population that was identified for this study consisted of employees from a large foreign exchange financial institution in South Africa.

5.3.2 Sampling

A list of these employees (N = 1 234), with their contact details, was available to the researcher and constituted the sampling frame. All employees on the list were subsequently targeted during the data-gathering phase. An e-mail was sent to all employees inviting them to participate in the study. Participation involved the completion of an online questionnaire (see annexure 1). The invitation informed the employees that participation was voluntary and confidential. While the total employee group in the sampling frame was targeted, the final sample consisted of only those employees who were, firstly, available during the period of data gathering, and secondly, who were willing to participate. As such, the sampling process was thus considered only as a convenience sample. This is supported by Leedy and Ormrod (2010), who noted that convenience sampling is a technique whereby a sample of participants is drawn from a group that is conveniently accessible to the researcher. This also constitutes a non-probability sample. Although statistical theory suggests that inferences cannot be made directly about the original target population using the convenience sample generated (Welman, Kruger, & Mitchell, 2009), some generalisations are possible: firstly, a sufficient sample size enhancing both the power of statistical analysis and data stability (Welman et al., 2009), and secondly, similarities in terms of sampling characteristics with that of the population. The latter supports the notion of external validity (Black, 1999).
The sample size generated (n = 341) was therefore considered an important characteristic of this empirical study. More specifically, a sufficient sample size contributed towards data stability and enhanced the power of analysis when conducting significant testing. A comparison of the sampling characteristics with that of the population also showed similar distributions across a number of attributes (see tables 5.1 to 5.13), suggesting reasonable representativeness.

The profile of the sample is described according to the following biographical variables: gender, race, age, marital status, number of dependants, job tenure, and educational level, number of subordinates, business unit, province in which the employee works, level in the organisation, employment status in the organisation and employees’ working schedule (see section 5.3.3.). The decision to include these categories of biographical variable was based on the exploration of the variables that might assist the researcher in further understanding the constructs of employee motivation, job satisfaction and employee retention, as highlighted in the literature review.

### 5.3.3 Characteristics of the sample

The sample distribution disaggregated by demographic attributes is presented in the sections below.

#### 5.3.3.1 Gender

The gender differentiation of the sample is reported in table 5.1. Of the 341 participants in the study, 214 (62.8%) were females and 127 (37.2%) males. This compares well with the proportional distribution evident across the study population.
Table 5.1: Gender distribution of sample

<table>
<thead>
<tr>
<th>Gender</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>127</td>
<td>37.2</td>
</tr>
<tr>
<td>Female</td>
<td>214</td>
<td>62.8</td>
</tr>
<tr>
<td>Total</td>
<td>341</td>
<td>100.0</td>
</tr>
</tbody>
</table>

5.3.3.2 Age

The age distribution of the sample is presented in table 5.2. The information indicates that 108 (31.7%) of the respondents were between the ages of 24 and 33. Only 11 (3.2%) of the respondents involved were between the ages of 18 and 23. Except for the low representation of the 23 and younger group (graduates, interns and newcomers), the distribution of different age categories was fairly even, although there was a peak at the 34 to 49 age group (43.7%). This seems to be a fair reflection of the population distribution.

Table 5.2: Age distribution of sample

<table>
<thead>
<tr>
<th>Age</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>18–23</td>
<td>11</td>
<td>3.2</td>
</tr>
<tr>
<td>24–33</td>
<td>108</td>
<td>31.7</td>
</tr>
<tr>
<td>34–49</td>
<td>149</td>
<td>43.7</td>
</tr>
<tr>
<td>50–69</td>
<td>73</td>
<td>21.4</td>
</tr>
<tr>
<td>Total</td>
<td>341</td>
<td>100.0</td>
</tr>
</tbody>
</table>

5.3.3.3 Race

The race differentiation of the sample is presented in table 5.3. The information indicates that 106 (31.1%) of the respondents were African and 59 (17.3%) Indian. This compares well with the proportional distribution evident across the study population.
Table 5.3:  Race distribution of sample

<table>
<thead>
<tr>
<th>Race</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>African</td>
<td>106</td>
<td>31.1</td>
</tr>
<tr>
<td>Coloured</td>
<td>70</td>
<td>20.5</td>
</tr>
<tr>
<td>Indian</td>
<td>59</td>
<td>17.3</td>
</tr>
<tr>
<td>Other</td>
<td>14</td>
<td>4.1</td>
</tr>
<tr>
<td>White</td>
<td>92</td>
<td>27.0</td>
</tr>
<tr>
<td>Total</td>
<td>341</td>
<td>100.0</td>
</tr>
</tbody>
</table>

5.3.3.4 Number of dependants

The number of dependants as reported by the participants is presented in table 5.4. The information indicates that 89 (26.1%) of the respondents involved had no dependants and that 30 (8.8%) had four or more dependants. This compares well with the proportional distribution evident across the study population. The number of dependants seems to be a fair reflection of the organisation.

Table 5.4:  Number of dependants distribution of sample

<table>
<thead>
<tr>
<th>Number of dependants</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>89</td>
<td>26.1</td>
</tr>
<tr>
<td>1</td>
<td>88</td>
<td>25.8</td>
</tr>
<tr>
<td>2</td>
<td>87</td>
<td>25.5</td>
</tr>
<tr>
<td>3</td>
<td>47</td>
<td>13.8</td>
</tr>
<tr>
<td>4 or more</td>
<td>30</td>
<td>8.8</td>
</tr>
<tr>
<td>Total</td>
<td>341</td>
<td>100.0</td>
</tr>
</tbody>
</table>

5.3.3.5 Marital status

The marital status differentiation of the sample is presented in table 5.5. The information indicates that most of the respondents 188 (55.2%) were married and that a relatively small number 41 (12.0%) were either divorced or widowed. The information on marital status seems to be a fair reflection of the organisation.
**Table 5.5: Marital status distribution of sample**

<table>
<thead>
<tr>
<th>Marital status</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>112</td>
<td>32.8</td>
</tr>
<tr>
<td>Married</td>
<td>188</td>
<td>55.2</td>
</tr>
<tr>
<td>Divorced or widowed</td>
<td>41</td>
<td>12.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>341</td>
<td>100.0</td>
</tr>
</tbody>
</table>

5.3.3.6 Educational level

The educational level distribution of the sample is presented in table 5.6. The information indicates that 162 (47.5%) of the respondents had a matric certificate. The information further indicates that 32 (9.4%) of the respondents had completed a postgraduate degree. This compares well with the proportional distribution evident across the study population, where all levels of qualifications are represented according to the population of the organisation.

**Table 5.6: Educational level distribution of sample**

<table>
<thead>
<tr>
<th>Qualifications</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matric</td>
<td>162</td>
<td>47.5</td>
</tr>
<tr>
<td>Diploma</td>
<td>79</td>
<td>23.2</td>
</tr>
<tr>
<td>Degree</td>
<td>68</td>
<td>19.9</td>
</tr>
<tr>
<td>Postgraduate degree</td>
<td>32</td>
<td>9.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>341</td>
<td>100.0</td>
</tr>
</tbody>
</table>

5.3.3.7 Job tenure

The job tenure of the sample is presented in table 5.7. The information indicates that only 28 (8.2%) of the respondents had less than two years’ experience, while 82 (24.0%) 11 to 20 years’ experience in their occupation. This compares well with the proportional distribution evident across the study population, where there is a "lot of old blood" in the organisation, with 56.8% of employees having more than 10 years of service.
Table 5.7:  **Job tenure distribution of sample**

<table>
<thead>
<tr>
<th>Years’ experience in occupation</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 2 years</td>
<td>28</td>
<td>8.2</td>
</tr>
<tr>
<td>2–5 years</td>
<td>64</td>
<td>18.8</td>
</tr>
<tr>
<td>6–10 years</td>
<td>55</td>
<td>16.1</td>
</tr>
<tr>
<td>11–20 years</td>
<td>82</td>
<td>24.1</td>
</tr>
<tr>
<td>21–30 years</td>
<td>73</td>
<td>21.4</td>
</tr>
<tr>
<td>More than 30 years</td>
<td>39</td>
<td>11.4</td>
</tr>
<tr>
<td>Total</td>
<td>341</td>
<td>100.0</td>
</tr>
</tbody>
</table>

5.3.3.8  **Number of subordinates**

The number of subordinates distribution of the sample is presented in table 5.8. The information indicates that 196 (57.5%) of the respondents had no subordinates, while 48 (14.1%) of the respondents involved had more than 11 subordinates. From the information below it is evident that more than 11 subordinates’ distribution was underrepresented in relation to the organisational population. This could have been because there were fewer responses from senior managers.

Table 5.8:  **Number of subordinates distribution of sample**

<table>
<thead>
<tr>
<th>Number of subordinates</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>196</td>
<td>57.5</td>
</tr>
<tr>
<td>1–10</td>
<td>97</td>
<td>28.4</td>
</tr>
<tr>
<td>More than 11</td>
<td>48</td>
<td>14.1</td>
</tr>
<tr>
<td>Total</td>
<td>341</td>
<td>100.0</td>
</tr>
</tbody>
</table>

5.3.3.9  **Province where employees work**

The province where the employees work for the sample is presented in table 5.9. The information indicates that 277 (80.5%) of the respondents worked in Gauteng province. It is clear that the head office and Gauteng region comprised more than the other regions (80.5%). This could also be attributed to the fact that the sample was
mostly represented by managers and team leaders. A higher number of employees at these levels are obviously based at the head office in Johannesburg.

**Table 5.9: Province where employees work**

<table>
<thead>
<tr>
<th>Province in which you work</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gauteng</td>
<td>277</td>
<td>80.5</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>1</td>
<td>.3</td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>8</td>
<td>2.3</td>
</tr>
<tr>
<td>Western Cape</td>
<td>27</td>
<td>7.8</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>3</td>
<td>.9</td>
</tr>
<tr>
<td>Limpopo</td>
<td>1</td>
<td>.3</td>
</tr>
<tr>
<td>Free State</td>
<td>1</td>
<td>.3</td>
</tr>
<tr>
<td>North West</td>
<td>2</td>
<td>.6</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>24</td>
<td>7.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>341</td>
<td>100.0</td>
</tr>
</tbody>
</table>

5.3.3.10 Level in organisation

The employee’s level in the organisation of the sample is presented in table 5.10. The information indicates that 177 (51.9%) of the respondents were non-managers, while 38 (11.1%) of the employees involved were team leaders in the organisation. If one considers the fact that junior, middle and senior and management formed 37.0% of the sample, the management category of the sample seems to be slightly underrepresented when compared to the organisation as the population.

**Table 5.10: Level in organisation distribution of sample**

<table>
<thead>
<tr>
<th>Level in organisation</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td>126</td>
<td>37.0</td>
</tr>
<tr>
<td>Non-manager</td>
<td>177</td>
<td>51.9</td>
</tr>
<tr>
<td>Team leader</td>
<td>38</td>
<td>11.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>341</td>
<td>100.0</td>
</tr>
</tbody>
</table>
5.3.3.11 Employment status in organisation

The employment status of the sample is presented in table 5.11. The information indicates that 333 (97.7%) of the respondents were permanent staff members of the organisation. It is evident that majority of employees were permanently employed by the organisation, which is a fair representation of the population of the organisation.

Table 5.11: Employment status in organisation distribution of sample

<table>
<thead>
<tr>
<th>Employment status in organisation</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent</td>
<td>333</td>
<td>97.7</td>
</tr>
<tr>
<td>Contractor/temp</td>
<td>8</td>
<td>2.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>341</td>
<td>100.0</td>
</tr>
</tbody>
</table>

5.3.3.12 Working schedules of employees

The working schedules of employees of the sample are indicated in table 5.12. The information indicates that 261 (76.5%) of the respondents worked normal shifts, while no data was received for respondents working part-time schedules in the organisation. It is evident that the working schedules were a fair representation of the population of the organisation owing to the various departments and roles in the organisation.

Table 5.12: Working schedules of employees distribution of sample

<table>
<thead>
<tr>
<th>Working schedules of employees</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flexible work schedules</td>
<td>28</td>
<td>8.2</td>
</tr>
<tr>
<td>Night shift</td>
<td>4</td>
<td>1.2</td>
</tr>
<tr>
<td>Long work shifts (exceed 8 hours per day)</td>
<td>48</td>
<td>14.1</td>
</tr>
<tr>
<td>Normal work shift (8.5 hours p/d/44 hours p/w)</td>
<td>261</td>
<td>76.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>341</td>
<td>100.0</td>
</tr>
</tbody>
</table>
5.3.3.13  Business unit

The business unit differentiation of the sample is presented in table 5.13. The information indicates that 129 (37.5%) of the respondents involved were from the foreign exchange international trade, while only 14 (4.1%) respondents represented the back-office and confirmation team. It is evident in the table below, that the FX branch trade was under-represented in relation to the population of the organisation, which could be on account of the accessibility of respondents during the data gathering. The rest of the departments are fairly distributed in relation to the population of the organisation.

<table>
<thead>
<tr>
<th>Business unit</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FX dealing/trading and options/sales</td>
<td>83</td>
<td>24.2</td>
</tr>
<tr>
<td>FX Back office and confirmations</td>
<td>14</td>
<td>4.1</td>
</tr>
<tr>
<td>FX International trade</td>
<td>129</td>
<td>37.5</td>
</tr>
<tr>
<td>FX Branch trade</td>
<td>22</td>
<td>6.4</td>
</tr>
<tr>
<td>FX Exchange control</td>
<td>17</td>
<td>4.9</td>
</tr>
<tr>
<td>FX Support (IT/e-commerce/compliance/HR)</td>
<td>79</td>
<td>22.9</td>
</tr>
<tr>
<td>Total</td>
<td>341</td>
<td>100.0</td>
</tr>
</tbody>
</table>

From the tables it is evident that the biographical profile obtained for the sample showed that the main sample characteristics that needed to be considered in the interpretation of the empirical results were discussed above. The selection of the scales as part of the measuring instruments is explained below.

5.4   OUTLINE OF CONSTRUCTS, SCALE IDENTIFICATION AND QUESTIONNAIRE DESIGN

The consideration given to the selection of the psychometric battery was guided by the literature review. The literature review was categorised as exploratory research
in which the relevant models and theories of employee motivation, job satisfaction and employee retention were presented in an integrated manner. Various existing and validated measurement scales as well as specific question sets were considered for their applicability to the relevant models, theories and constructs of the research. Emphasis was placed on assessing the validity and reliability of the various scales and question sets. According to Neuman (2000), an overall measuring instrument is reliable if it accurately and consistently produces the same measure and is valid if it measures exactly what it is supposed to measure.

Scale reliability is the degree to which an instrument consistently measures a construct – both across items (e.g. internal consistency, split-half reliability) and time points (e.g. test-retest reliability). One of the most common assessments of internal consistency reliability is the Cronbach alpha (Tredoux & Durrheim, 2002). This alpha coefficient provides an indication of the average correlation between all of the items that make up the scale, thus facilitating assessment (Pallant, 2011). Values range from 0 to 1 – higher values suggest greater internal consistency reliability. Pallant (2011) noted that a value of .7 is often regarded as the lower limit of acceptability. However, one should also note that alpha values are dependent on the number of items, and scales with less than 10 items might produce low alpha values. It is therefore also advisable to consider inter-item correlations. Pallant (2011) regarded values between .2 and .4 as acceptable.

The advantages of using existing scales and questionnaires are the saving of time and money, no interview prejudice, precise results, the assurance of greater confidentiality for the participants and the fact that the sample does not need to be that large in relation to the population (Babbie & Mouton, 2007). In the current study, the researcher published the survey instrument on an online electronic platform, namely Survey Monkey™. The advantages of this process include easier access via the internet by using a link, generally cheaper as face-to-face interviews, no personal interviews, thus avoiding interview bias and allowing for direct capturing of responses into a database, and reducing data capturing errors. Collecting research data through traditional paper-and-pencil methods can be both costly and time-consuming. Internet surveys are more accurate than paper-and-pencil surveys, and
data collection and processing are automatic and faster (Barbeite & Weis, 2004).

Table 5.14 outlines all the specific constructs identified and discussed in the literature review, together with the scales selected for this study, namely the Work Preference Inventory (WPI), Job Satisfaction Survey (JSS), Organisational Assessment Questionnaire (OAQ), Retention Factor Scale (RFS), and Employee Retention Questionnaire (ERQ). All five scales were used in the questionnaire, but only three were utilised for the data analysis because of the validity issues encountered, which will be discussed in the results chapter.

Many of the scales consisted of negatively worded items, which the researcher amended into positively phrased items. These are included in the discussions below. This was done to reduce confusion among respondents. Negatively worded questions might create confusion for the reader and often require reverse scoring means. For the purpose of this study, the researcher chose a five-point discrete response scale for all the scale items, namely

1 = strongly disagree
2 = disagree
3 = undecided
4 = agree
5 = strongly agree
Table 5.14: Construct overview and measuring instrument

<table>
<thead>
<tr>
<th>Model constructs</th>
<th>Factors of each construct</th>
<th>Measurement scale and number of questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>External environment characteristics</td>
<td>Socio-cultural, political and legal, economic, technological and natural environmental factors</td>
<td>Will not be measured</td>
</tr>
<tr>
<td>Individual characteristics</td>
<td>Personality traits, person-job-fit and individual differences</td>
<td>Will not be measured</td>
</tr>
<tr>
<td>Demographics: generation, gender, race, job tenure, occupational level and educational level</td>
<td>Biographical questionnaire</td>
<td></td>
</tr>
<tr>
<td>Job characteristics</td>
<td>Skill variety, task identity, task significance, job autonomy and feedback</td>
<td>Will not be measured</td>
</tr>
<tr>
<td>Work environment characteristics</td>
<td>Working conditions, organisation actions, organisational climate, organisational structure, work load, work-family conflict, control, role variables and job stress</td>
<td>Will not be measured</td>
</tr>
<tr>
<td>Work schedules</td>
<td>Biographical questionnaire</td>
<td></td>
</tr>
<tr>
<td>Employee motivation</td>
<td>The intrinsic and extrinsic motivation will be measured</td>
<td>The Work Preference Inventory (WPI) will be used, as developed by Amabile et al. (1994)</td>
</tr>
<tr>
<td>Intrinsic motivation</td>
<td>Challenge</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Enjoyment (personal enrichment)</td>
<td>8</td>
</tr>
<tr>
<td>Extrinsic motivation</td>
<td>Outward (recognition)</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Compensation</td>
<td>5</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>The intrinsic and extrinsic job satisfaction factors will be measured</td>
<td>The Job Satisfaction Survey (JSS) will be used, as developed by Spector (1985)</td>
</tr>
<tr>
<td>Extrinsic job satisfaction factors</td>
<td>Pay/compensation</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Supervision</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Benefits</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Co-workers</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Operating procedures</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Communication</td>
<td>4</td>
</tr>
<tr>
<td>Intrinsic job satisfaction factors</td>
<td>Promotion</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Nature of work</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Contingent rewards</td>
<td>4</td>
</tr>
<tr>
<td>General job satisfaction</td>
<td>General job satisfaction levels of employees will be measured</td>
<td>The Organisational Assessment Questionnaire (OAQ) will be used, as developed by Cammann, Fichman, Jenkins, and Klesh (1983)</td>
</tr>
<tr>
<td>Employee retention</td>
<td>The employee retention factors will be measured</td>
<td>The Retention Factor Scale (RFS) will be used, as developed by Döckel (2003)</td>
</tr>
<tr>
<td>Employee retention factors</td>
<td>Training and development</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Supervisor feedback</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Career opportunities</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Job characteristics</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Work/life policies</td>
<td>4</td>
</tr>
<tr>
<td>General employee retention</td>
<td>Compensation</td>
<td>The Employee Retention Questionnaire (ERQ) will be used, as developed by Mobley et al. (1978)</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>--------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>The general retention of employees will be tested</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Consequences of employee motivation and job satisfaction</td>
<td>Productivity/performance, withdrawal behaviour, life satisfaction, organisational, citizenship behaviour, burnout, counterproductive behaviour</td>
<td>Will not be measured</td>
</tr>
<tr>
<td>Consequences of employee retention</td>
<td>Cost effectiveness, job satisfaction, performance, employee motivation</td>
<td>Will not be measured</td>
</tr>
</tbody>
</table>

The development, administration, scoring, reliability and validity of the quantitative measuring instruments are discussed next.

**5.4.1 Biographical questions**

A self-developed biographical question set was used to obtain information for descriptive purposes and to determine the demographic attributes of the sample. As noted, a breakdown of the sample by demographics provides insight into explaining variation in the data and establishes acceptable levels of external validity comparable to the study population. The biographical questions were compiled to gather information on the following: gender, race, age, marital status, number of dependants, job tenure, educational level, number of subordinates, business unit, province in which employee works, level in the organisation, employment status in organisation and employees’ working schedule. The biographical questionnaire provided a general profile of the foreign exchange employees in a banking environment in terms of the dimensions and characteristics mentioned above.

**5.4.2 Rationale for and background on the instrument: Work Preference Inventory (WPI)**

The questionnaire selected for this study to measure the construct of employee motivation was the WPI, which was developed by Amabile et al. (1994). The
questionnaire was designed to measure whether adults perceive themselves to be intrinsically and extrinsically motivated towards what they do in work situations (Amabile et al., 1994).

5.4.2.1 Rationale

The purpose of the subscales was to determine if intrinsic motivation and extrinsic motivation contained any meaningful dimensions and could make an important contribution to the organisation (Amabile, et al., 1994; Malka & Chatman, 2003; Moneta, 2004). The WPI demonstrates good short-term test-retest reliability (for periods up to 6 months) and good longer-term stability (for periods over 6 months) (Amabile, et al., 1994). The WPI was originally developed through research conducted on many different groups, including students, managers, military personnel, hospital workers and secretaries (Amabile, 1997).

5.4.2.2 Description

The WPI consists of 30 items. Fifteen statements for intrinsic motivation (IM), challenge (items 1 to 7) and enjoyment (items 8 to 15), and 15 statements for extrinsic motivation (EM), outward (items 16 to 25) and compensation (items 26 to 30). Six of the items were rephrased to ensure better understanding by the participants. Table 5.15 lists the original item of the questionnaire with the rephrased item that was used in the questionnaire.

Table 5.15: WPI original items and researcher’s rephrased items

<table>
<thead>
<tr>
<th>Original Item</th>
<th>Rephrazed item</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am not that concerned about what other people think of my work.</td>
<td>I am concerned about what other people think of my work.</td>
</tr>
<tr>
<td>I am keenly aware of the goals I have for getting good grades.</td>
<td>I am aware of the performance goals I require to receive promotions and salary.</td>
</tr>
<tr>
<td>I’m less concerned with what work I do than what I get for it.</td>
<td>I am concerned with what work I do than what I get for it.</td>
</tr>
</tbody>
</table>
I seldom think about grades and awards. I often think about salary and promotions.
I believe that there is no point in doing a good job if nobody else knows about it. I believe that there is benefit in doing a good job if somebody else knows about it.
As long as I can do what I enjoy, I'm not that concerned about exactly what grades or awards I earn. As long as I can do what I enjoy, I am only concerned about exactly what I am paid.

5.4.2.3 Administration and scoring

The questionnaire allows the respondents to read the instructions themselves. They then answer the 30 items by indicating the degree to which the statement complies with their current motivation using a five-point Likert-type scale.

5.4.2.4 Interpretation

If a score of 30 is the minimum and a score of 150 is the maximum, then in relation to the WPI and the study, the scores can be interpreted as follows:

If individuals score lower (mean score of 1 or 2) on challenge and enjoyment statements, and also on outward and compensation statements, it means that they do not agree with the statements relating to intrinsic and extrinsic motivation, which implies that they do not experience either high degrees of intrinsic and/or extrinsic motivation. Conversely, if individuals score higher (mean score of 4 or 5) on challenge and enjoyment statements, and also on outward and compensation statements, it means that they agree with the statements relating to intrinsic and extrinsic motivation, which implies that they either experience high degrees of intrinsic and/or extrinsic motivation. A mean score of 3 would be regarded as an average score of both intrinsic and extrinsic motivation.

5.4.2.5 Validity and reliability

The Cronbach alpha coefficient for the WPI ranged from .71 to .78, according to a study conducted by Amabile et al. (1994). This was supported by another study by
Abuhamdeh and Csikszentmihalyi (2009), where the Cronbach alpha coefficient ranged from .70 to .84. Both studies revealed a minimum Cronbach alpha coefficient of .70 as suggested by Hair, Black, Babin, Anderson, & Tatham (2006).

5.4.3 Rationale for and background on the instrument: Job Satisfaction Survey (JSS)

The JSS was developed by Paul Spector (1985). The survey was developed to assess employee attitudes about the job and aspects of the job, and used in various studies in different organisational sectors in different cultures (Giri & Kumar, 2010; Liu, Borg, & Spector, 2004; Watson, Thompson, & Meade, 2007).

5.4.3.1 Rationale

The JSS is widely used in the South African context and therefore has proven reliability and validity (Egan & Kadushan, 2004). Since the purpose of the research study was to identify the facets of employee satisfaction, the instrument was therefore deemed acceptable for the purpose of this study.

5.4.3.2 Description

The JSS has a total of 36 questions, and is divided into nine facets. Each of the subscales consists of four statements: pay (items 1 to 4), promotion (items 5 to 8), supervision (items 9 to 12), fringe benefits (items 13 to 16), contingent rewards (items 17 to 20), operating procedures (items 21 to 24), co-workers (items 25 to 28), nature of work (items 29 to 32) and communication (items 33 to 36). For this study, 19 of the items were rephrased to ensure better understanding by the participants. Table 5.16 lists the original item of the questionnaire, with the rephrased item that was used in the questionnaire.
Table 5.16:  JSS original items and researcher’s rephrased items

<table>
<thead>
<tr>
<th>Original item</th>
<th>Rephased item</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am not satisfied with the benefits I receive.</td>
<td>I am satisfied with the benefits I receive.</td>
</tr>
<tr>
<td>There is really too little chance for promotion on my job.</td>
<td>There is a great chance for promotion in my job.</td>
</tr>
<tr>
<td>Many of our rules and procedures make doing a good job difficult.</td>
<td>Many of our rules and procedures make doing a good job easy.</td>
</tr>
<tr>
<td>Raises are too few and far between.</td>
<td>I feel I receive enough salary increases.</td>
</tr>
<tr>
<td>My supervisor is unfair to me.</td>
<td>My supervisor is fair to me.</td>
</tr>
<tr>
<td>I do not feel that the work I do is appreciated.</td>
<td>I feel that the work I do is appreciated.</td>
</tr>
<tr>
<td>My efforts to do a good job are seldom blocked by red tape.</td>
<td>My efforts to do a good job are free from red tape.</td>
</tr>
<tr>
<td>The goals of this organisation are not clear to me.</td>
<td>The goals of this organisation are clear to me.</td>
</tr>
<tr>
<td>I feel unappreciated by the organisation when I think about what they pay me.</td>
<td>I feel appreciated by the organisation when I think about what they pay me.</td>
</tr>
<tr>
<td>My supervisor shows too little interest in the feelings of subordinates.</td>
<td>My supervisor shows enough interest in the feelings of subordinates.</td>
</tr>
<tr>
<td>There are few rewards for those who work here.</td>
<td>There are good rewards for those who work here.</td>
</tr>
<tr>
<td>I have too much to do at work.</td>
<td>I have enough to do at work.</td>
</tr>
<tr>
<td>I often feel that I do not know what is going on with the organisation.</td>
<td>I often feel that I know what is going on with the organisation.</td>
</tr>
<tr>
<td>I feel satisfied with my chances for salary increases.</td>
<td>I feel I receive enough salary increases.</td>
</tr>
<tr>
<td>There are benefits we do not have which we should have.</td>
<td>There are benefits I think we should have.</td>
</tr>
<tr>
<td>I have too much paperwork.</td>
<td>I have little paperwork.</td>
</tr>
<tr>
<td>I don’t feel my efforts are rewarded the way they should be.</td>
<td>I feel my efforts are rewarded the way they should be.</td>
</tr>
<tr>
<td>There is too much bickering and fighting at work.</td>
<td>There is little bickering and fighting at work.</td>
</tr>
<tr>
<td>Work assignments are not fully explained.</td>
<td>Work assignments are fully explained.</td>
</tr>
</tbody>
</table>

5.4.3.3  Administration and scoring

The questionnaire allows the respondents to read the instructions themselves. They then answer the 36 items by indicating the degree to which the statement complies with their current job satisfaction using a five-point Likert-type scale.

5.4.3.4  Interpretation

The score of the statements helped the researcher to determine in which facets the sample of foreign exchange employees experienced job satisfaction. If a score of 36 is the minimum and a score of 180 the maximum, then in relation to the JSS and the
study, the scores would be interpreted as follows:

If individuals’ scores are low (mean score of 1 or 2), it means that they do not agree with the statements relating to the facets of job satisfaction, which implies that they experience high degrees of job dissatisfaction in that particular facet. If individuals’ scores are high (mean score of 4 or 5), it means that they agree with the statements relating to the facets of job satisfaction, which implies that they experience high levels of job satisfaction in that particular facet. A mean score of 3 would be regarded as an average score.

5.4.3.5 Validity and reliability

The JSS Cronbach alpha coefficient ranged from .60 to .82 (Spector, 1997). A further study was conducted by Austraskaitė, Vaitkevičius, and Perminas (2011) in which the Cronbach alpha coefficient ranged from .45 to .74. The lowest coefficient alpha for the nine facets was operating a procedure (.45) which is below the generally excepted level of .70, as suggested by Hair et al. (2006).

5.4.4 Rationale for and background on the instrument: Organisational Assessment Questionnaire (OAQ)

The OAQ, as developed by Cammann et al. (1983) was used in this study. The questionnaire uses three items to describe an employee’s subjective response to working in his or her job and organisation. This is a global indication of worker satisfaction with a job.

5.4.4.1 Rationale

The OAQ was used for this research study because it allows the specific nature of overall satisfaction to be measure instead of facet satisfaction. The OAQ is effective
as it has proven reliability and validity and has the advantage of comprising only three items (Grandey, 2003; Hadi & Adil, 2010).

5.4.4.2 Description

The questionnaire consists of three items (item 37 to 39) only. Only one of the items was rephrased to ensure better understanding by the participants. Table 5.17 lists the original item of the questionnaire with the rephrased item that was used in the questionnaire.

Table 5.17: OAQ original items and researcher's rephrased items

<table>
<thead>
<tr>
<th>Original item</th>
<th>Rephrased item</th>
</tr>
</thead>
<tbody>
<tr>
<td>In general, I do not like my job.</td>
<td>In general, I like my job</td>
</tr>
</tbody>
</table>

5.4.4.3 Administration and scoring

The questionnaire allows the respondents to read the instructions themselves. They then answer the three items by indicating the degree to which the statement complies with their current overall job satisfaction using a five-point Likert-type scale.

5.4.4.4 Interpretation

If a score of 3 is the minimum and a score of 15 the maximum, then in relation to the OAQ and the study, the scores would be interpreted as follows:

If individuals’ scores are low (mean score of 1 or 2), it means that they do not agree with the statements relating to overall job satisfaction, which implies that they experience high degrees of overall job dissatisfaction. If individuals’ scores are high (mean score 4 or 5), it means that they agree with the statements relating to overall
job satisfaction, which implies that they experience high levels of overall job satisfaction. A mean score of 3 would be regarded as an average score.

5.4.4.5 Validity and reliability

According to a study conducted by Hochwarter, Perrewe, Ferris, and Brymer (1999), the Cronbach alpha coefficient is .80. Further studies that were conducted revealed an internal consistency reliability of .77 (Cammann et al., 1979). Grandey (2003) reported an even higher Cronbach alpha coefficient of .93 for the instrument. Hair et al. (2006) recommended a value above .70.

5.4.5 Rationale for and background on the instrument: Retention Factor Scale (RFS)

The RFS was developed by Döckel (2003), and measures the participants’ satisfaction with the seven retention factors.

5.4.5.1 Rationale

The RFS was designed for the measurement of retention factors in the organisational context, which was relevant to this research study. The instrument has proven reliability and validity in the South African context (Döckel et al., 2006; Van Dyk et al., 2013). Since the purpose of the research study was to identify and understand retention factors, the measuring instrument was deemed acceptable.

5.4.5.2 Description

The RFS consists of 60 questions, encompassing statements which constitute the seven retention factors. In this study, because the researcher did not measure
commitment, only the following six retention factors were measured: compensation (items 1 to 13), job characteristics (items 14 to 17), training and development opportunities (items 18 to 23), supervisor support (items 24 to 29), career opportunities (items 30 to 35) and work/life balance (items 36 to 39). Six of the items were rephrased to ensure better understanding by the participants. Table 5.18 lists the original item of the questionnaire with the rephrased item that was used in the questionnaire.

**Table 5.18: RFS original items and researcher’s rephrased items**

<table>
<thead>
<tr>
<th>Original item</th>
<th>Rephrased item</th>
</tr>
</thead>
<tbody>
<tr>
<td>The job denies me any chance to use my personal initiative or judgement in</td>
<td>I am satisfied with the chance to use my personal initiative or judgement in</td>
</tr>
<tr>
<td>carrying out the work.</td>
<td>carrying out the work.</td>
</tr>
<tr>
<td>I feel undervalued by my supervisor.</td>
<td>I am satisfied that I feel valued by my supervisor.</td>
</tr>
<tr>
<td>The supervisor almost never gives me any “feedback” about how well I complete</td>
<td>I am satisfied that the supervisor gives me “feedback” about how well I</td>
</tr>
<tr>
<td>my work.</td>
<td>complete my work.</td>
</tr>
<tr>
<td>My supervisor seldom recognises an employee for work well done.</td>
<td>I am satisfied that my supervisor recognises an employee for work well done.</td>
</tr>
<tr>
<td>I often feel like there is too much work to do.</td>
<td>I am satisfied that I often feel like there is enough work to do.</td>
</tr>
<tr>
<td>My job has negative effects on my personal life.</td>
<td>I am satisfied that my job has effects on my personal life.</td>
</tr>
</tbody>
</table>

5.4.5.3 **Administration and scoring**

The questionnaire allows the respondents to read the instructions themselves. They then answer the 39 items by indicating the degree to which the statement complies with their current satisfaction with retention factors using a five-point Likert-type scale.

5.4.5.4 **Interpretation**

If a score of 39 is the minimum and a score of 195 is the maximum, then in relation...
to the RFS and the study, the scores would be interpreted as follows:

If individuals’ scores are low (mean score of 1 or 2), it means that they do not agree with the statements relating to retention factors, which implies that they experience high degrees of dissatisfaction regarding retention factors. If individuals’ scores are high (mean score of 4 or 5), it means that they agree with the statements relating to retention factors, which implies that they experience high levels of satisfaction regarding retention factors. A mean score of 3 would be regarded as an average score.

5.4.5.5 Validity and reliability

A Cronbach alpha coefficient of at least .60 was found for all six retention factors, and the lowest coefficient alpha was job characteristics (.61) (Döckel, 2003). Another study by Coetzee, Oosthuizen, and Stoltz (2015) had a similar result with a score ranging from .60 to .96, which fell below the general accepted level of .70 value as recommended by Hair et al. (2006). However, in the case of individual testing, reliabilities as low as .3 are quite acceptable when instruments are used to gather group data (Tredoux & Durrheim, 2002).

5.4.6 Rationale for and background on the instrument: Employee Retention Questionnaire (ERQ)

This measure for employee retention was developed by Mobley et al. (1978). It contains questions on employees’ desire to remain associated with their respective organisations.

5.4.6.1 Rationale

The ERQ was designed for the measurement of general retention of employees in
the organisational context, which was relevant to this research study. The questionnaire has proven reliability and validity in the South African context (Van Dyk et al., 2013). Since the purpose of the research study was to identify and understand employee retention, the measuring instrument was deemed acceptable for the study.

5.4.6.2 Description

The ERQ consists of four questions. The items are 40 to 43 in the questionnaire, and measure employees’ overall retention satisfaction with the organisation and their intention of remaining in it. No items were rephrased for this study.

5.4.6.3 Administration and scoring

The questionnaire allows the respondents to read the instructions themselves. They then answer the four items by indicating the degree to which the statement complies with their current satisfaction with retention factors using a five-point Likert-type scale.

5.4.6.4 Interpretation

If a score of 4 is the minimum and a score of 20 is the maximum, then in relation to the ERQ and the study, the scores would be interpreted as follows:

If individuals’ scores are low (mean score of 1 or 2), it means that they do not agree with the statements relating to overall retention. This implies that they experience high degrees of dissatisfaction regarding their overall retention. If individuals’ scores are high (mean score of 4 or 5), it means that they agree with the statements relating to overall retention. This implies that they experience high levels of satisfaction regarding their overall retention. A mean score of 3 would be an average score.
5.4.6.5  **Validity and reliability**

A Cronbach alpha coefficient of at least .90 was found for employee retention (Mobley et al., 1978). Another study by Yin-Fah, Foon, Chee-Leong, and Osman (2010) indicated similar results with a score of .90, which fell above the general accepted level of .70 value as recommended by Hair et al. (2006).

5.4.7 **Limitations of the measuring instruments**

Self-reporting instruments have a number of limitations. Self-reports focus on individuals’ verbalisations of their feelings towards themselves or others. Individuals may be unwilling or even unable to reveal aspects of or feelings about themselves. The self-perceptions will only be accurate to the extent that the individuals are willing to express themselves honestly (Bartram, 1996; Neuman, 2000). Another limitation of self-reports is the possibility of faking and a spurious response set, which is the tendency to rate oneself in a favourable light – the set to respond “true” no matter what the content of the inventory item may be and the set to respond defiantly (Borg & Gall, 1989). When using self-reporting instruments, the results may be biased because of the tendency of test takers to be dishonest and their ability to respond to certain constructs. In addition, the nature of the instruments may potentially limit the nature of the methods used to determine their validity and compare them with other instruments (Baron, 1996; Bartram, 1996; Tredoux & Durrheim, 2002).

In conclusion, the five instruments, namely the WPI, JSS, OAQ, RFS and employee retention survey, were selected after an extensive review of several instruments designed to measure employee motivation, job satisfaction and employee retention. However, the limitations of the five instruments should be taken into consideration during the interpretation of the results emanating from the research findings.
5.5 ETHICAL CONSIDERATIONS

According to De Vos et al. (2011) and Louw and Delport (2006), ethics is defined as a set of moral principles which refers to the quality of research procedures relating to adherence to professional, legal and social obligations towards the research participants. The procedures followed in this research study adhered to all the ethical requirements necessary to ensure ethical accountability.

Permission to conduct the research was obtained from the Department of Industrial and Organisational Psychology at the University of South Africa. To ensure that the researcher fulfilled the ethical requirements, approval was obtained from the host institution; both classical and recent resources were used to analyse and describe the concepts; experts in the field of research were consulted to ensure a scientific research process; all the resources that were consulted were acknowledged by means of references; informed consent was obtained from the participants; and the participants were informed about the results of the research.

The Employment Equity Act 55 of 1998 requires all psychological tests and other similar assessments to be valid, reliable, fair and not biased against any employee or any specific group of employees. In order to comply with legislation, care was taken in the choice and administration of the psychometric battery. The validity of items was evaluated, a reliable process was followed during data collection and the data was analysed, reported and interpreted in a valid, reliable, fair and unbiased manner.

5.6 RESEARCH HYPOTHESIS FORMULATION

A hypothesis is defined as “proposition to be tested or a tentative statement of relationship between two variables” (Neuman, 1997 p. 108). Hypotheses are rejected when hypothesis statements cannot be answered through scientific observation, and scientific hypotheses are accepted when they are statistically proven (Neuman,
The following research hypotheses were formulated with a view to achieving the empirical objectives of the study and meeting the criteria for the formulation of hypotheses.

**Hypothesis 1:** A four-factor structure is expected to underlie the employee motivation questionnaire in order to support the four identified dimensions of the scale.

**Hypothesis 2:** A nine-factor structure is expected to underlie the job satisfaction questionnaire in order to support the nine identified dimensions of the scale.

**Hypothesis 3:** A one-factor structure is expected to underlie the employee retention questionnaire in order to support the single identified dimension of the scale.

**Hypothesis 4:** There are strong positive correlations between employee motivation, job satisfaction and employee retention.

**Hypothesis 5:** The biographical groups differ significantly in terms of construct levels of employee motivation, job satisfaction and employee retention.

**Hypothesis 6:** The model for employee motivation and job satisfaction is tested by using structural equation modelling to find support for the theoretical model.

### 5.7 DATA COLLECTION

A critical literature review was conducted in which employee motivation, job satisfaction and employee retention factors of foreign exchange banking employees were conceptualised. A measuring battery was compiled, based on the literature study, and a sample was identified. Approval for the research was obtained from
various management business units. The biographical questionnaire, WPI, JSS, OAQ, RFS and ERQ were combined to form one questionnaire and then converted into web format. The sample was informed about the purpose of the study, the method and the procedure that would be followed, and they were asked for their consent to participate. The measuring battery was administered by means of a mass e-mail via an external survey management application. The data was electronically captured.

5.8 DATA ANALYSIS

Statistical analysis was conducted using IBM SPSS (version 23) and AMOS (version 23), which served as statistical software tools. The specific techniques used in this research study are discussed below. According to De Vos (2003), data analysis is the procedure whereby data is dissected into essential parts to find answers to the research questions and to test the research hypotheses. The data analysis involved the following four main stages:

- cleaning and organising the data for analysis
- scale development and model construction
- descriptive analysis and correlation analysis
- testing for significant differences between groups

The data cleaning and organising phase involved entering the data into a database, checking the data for accuracy and documenting a database structure that would integrate the different measures.

The scale development phase involved, firstly, exploratory factor analyses with a view to investigating the underlying pattern structure emerging from the data. Secondly, the hypothesised model was confirmed using confirmatory factor analysis.
Thirdly, based on the outcomes of the analysis, the various scale measures were calculated. Fourthly, the model construction phase involved testing the hypothesised model using structural equation modelling.

Descriptive statistics were calculated to provide summary measures for the various scales as well to serve as basis for identifying significant differences between demographic groups. According to Trochim (2006), testing the research hypotheses is the final stage of the data analysis process. This stage uses correlational and inferential (multivariate) statistics to examine these statements, research questions and hypotheses. Hence inferential statistics are used to make inferences from the data to more general situations, and descriptive data is simply used to explain what is happening with the data per se.

In most circumstances, the objective of research is to make valid inferences from a sample of data from a population. However, random samples from a larger population do not provide exact values that are applicable to the whole population. Hence statistical methods are used to make it possible to determine the confidence with which such inferences can be made. Cohen, Cohen, West, and Aiken (2003) suggested that one can either make use of confidence intervals or null hypothesis testing as a method of statistical inferences. The investigation process comprised four major stages, each consisting of various steps of statistical analysis, as depicted in figure 5.1.
5.8.1. Stage 1: Data cleaning and organising

Data screening, which was the first stage in the analysis, is the process of ensuring that the data is clean and ready to use before any further statistical analyses. Data must be screened in order to ensure the data is usable, reliable and valid for testing causal theory.

The following steps were followed and are discussed in more detail below:

Step 1: Verifying the accuracy of data entered into the data file and checking for missing values
Step 2: Checking data for any outliers (univariate and multivariate) and unengaged responses

Step 3: Assessing the data in terms of deviations from normality and kurtosis

5.8.1.1 Step 1: Verifying the accuracy of data and missing values

To ensure the accuracy of the data, screening was conducted for possible miscoding. Since only completed questionnaires were accepted for this study, no missing data was detected.

5.8.1.2 Step 2: Checking for outliers and unengaged responses

Frequency statistics for each of the items were calculated and these were scrutinised in terms of minimum and maximum values as well as means and standard deviations. Tabachnick and Fidell (2001) described an outlier as a case with such an extreme value on one variable (univariate) or such an extraordinary combination of scores on two or more variables (multivariate), that it unjustifiably influences the statistics obtained from the analyses. Outliers in this study were detected by visually examining the box plots of standardised normal scores for each variable. No outliers were identified.

The database was also scrutinised for unresponsive cases. Three cases were identified that showed no variation across the items in a particular scale – in other words, with a standard deviation equal to 0. These cases were excluded from further analysis.
Multivariate normality refers to the assumption that each variable is normally distributed, that is, the distribution of the data for a particular variable. When the residuals of analysis are normally distributed and independent, the assumption of multivariate normality is met (Tabachnick & Fidell, 2001). According to Tabachnick and Fidell (2001), statistical inferences become weaker as distributions depart from normality. The present study made use of skewness and kurtosis. According to Warner (2008), normality is assessed in many different ways, for example, shape, skewness and kurtosis (flat/peaked).

- **Shape**: If the histogram does not match the normal curve, then there may be normality issues.

- **Skewness**: Skewness means that the responses do not fall into a normal distribution, but are heavily weighted towards one end of the scale. Addressing skewness may require transformations of the data (if continuous), or the removal of influential outliers. There are two rules on skewness: If the skewness value is greater than 1, then the data is positively (right) skewed; if it is less than -1, then data are negatively (left) skewed; and if it is in between, then it is fine.

- **Kurtosis**: Kurtosis refers to the peakedness or flatness of the distribution of data. Data that is distributed tightly around the mean (has a very small standard deviation) has kurtosis issues. Data that is distantly distributed (has very large standard deviation) also has kurtosis issues. The rule for evaluating whether or not kurtosis is problematic is if the absolute value of the kurtosis is less than three times the standard error. This indicates that the data is fine; otherwise there may be kurtosis issues.

The data were evaluated in terms of their distributions and shape, skewness and kurtosis. Overall, the data were deemed within acceptable limits of deviations. In addition, given the fact that the sample size was considered large, the underlying sampling distribution was deemed to be normally distributed in line with the central
limit theorem (Field, 2009).

5.8.2 Stage 2: Scale development and model construction

This stage involved both exploratory and confirmatory factor analysis. These analyses were conducted to assess the scales and to ensure acceptable reliability and validity of measures, followed by structural equation modelling.

5.8.2.1 Step 1: Exploratory factor analysis (EFA)

In the current study, exploratory factor analysis (EFA) was used to uncover the underlying structure of a relatively large set of scale items. EFA is a technique in factor analysis whose overarching goal is to identify the underlying relationships between measured variables (Norris & Lecavalier, 2009). EFA is based on the common factor model. In the common factor model, a function of common factors, unique factors and errors of measurements expresses measured variables. Common factors influence two or more measured variables, while each unique factor influences only one measured variable and does not explain correlations between measured variables (Norris & Lecavalier, 2009). The goal of EFA is to identify factors based on data and to maximise the amount of variance explained (Suhr, 2006).

Various steps were used in this study to achieve EFA, which included the following (see table 5.19):

- checking communalities to identify items not associated with underlying factors
- determining adequacy of data by using the Kaiser-Meyer-Olkin (KMO) and Bartlett’s test essential for factor analysis
- assessing convergent and discriminant reliability
- assessing convergent and discriminant validity (including face validity).
For the purpose of this study, the extraction method used for each of the steps was maximum likelihood, and the rotation method used was Promax. The method of maximum likelihood selects the set of values of the model parameters that maximises the likelihood function. Intuitively, this maximises the "agreement" of the selected model with the observed data (Hair et al., 2010).

Table 5.19: Steps followed in EFA: measurement, description and prescribed threshold (Hair et al., 2010)

<table>
<thead>
<tr>
<th>Measurement</th>
<th>Description</th>
<th>Prescribed Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communality</td>
<td>Communality is the extent to which an item correlates with all other items. Higher communalities are better. Low values indicate candidates for removal after the pattern matrix has been examined (Agresti &amp; Finlay, 1997)</td>
<td>Remove if 0-.4 extraction data non-redundant residuals &gt; .05</td>
</tr>
<tr>
<td>Kaiser-Meyer-Olkin (KMO)</td>
<td>KMO is used to assist users to assess the adequacy of their correlation matrices for factor analysis (Kaiser, 1970; Lance, Butts, &amp; Michels, 2006).</td>
<td>Marvellous: .90s Meritorious: .80s Middling:.70 – .60 Unacceptable:&lt; .50</td>
</tr>
<tr>
<td>Bartlett’s test of sphericity</td>
<td>Bartlett’s test of sphericity is used to assist users to assess the adequacy of their correlation matrices for factor analysis (Bartlett, 1950). Bartlett's test is used to test the null hypothesis, ( H_0 ), that all ( k ) population variances are equal, against the alternative that at least two are a different correlation matrix (Snedecor &amp; Cochran, 1989).</td>
<td>Sig. &lt; .05</td>
</tr>
<tr>
<td>Convergent and discriminant reliability</td>
<td>Convergent and discriminant reliability measure how consistent the results are for different items for the scale. The average inter-item correlation was used in this study. It provides an assessment of item redundancy – the extent to which items on a scale assess the same content (Cohen &amp; Swerdlik, 2005). In this study, this was achieved by removing items with low loadings in each factor.</td>
<td>Accept: &gt; .7 Remove: &lt; .2</td>
</tr>
<tr>
<td>Convergent and validity</td>
<td>Convergent validity means that the variables in a single factor are highly correlated. This is evident from the factor loadings. Significant loadings</td>
<td>Convergent validity: &gt; .500 and &gt; .700 for each factor</td>
</tr>
</tbody>
</table>
The reliability of an instrument can be defined in terms of the internal consistency with which each item in a scale correlates with every other item, ensuring that a test measuring the same thing more than once has the same outcome results (Terre Blanche & Durrheim, 2002). According to Anastasi (1976), a range between .80 and .90 mirrors a desirable and reliable coefficient, particularly for individual measures. According to Tredoux and Durrheim (2002), reliability coefficients as low as .60 and .30 can even be regarded as acceptable for broad group measures. The internal consistency reliability estimates refer to how the strong items in a scale relate to one another. It is necessary to establish the reliability of constructs measured by means of different items to ensure confidence in the interpretation of the results. The Cronbach alpha is one of the most widely used methods of calculating the internal reliability consistency (Terre Blanche & Durrheim, 2002).

The Cronbach alpha coefficient was used in this study to determine the internal consistency reliabilities of the instruments. The Cronbach alpha coefficient ranges from 0, which means that there is no internal consistency, to 1, which is the maximum internal consistency score (Terre Blanche & Durrheim, 2002). This means that the higher the alpha, the more reliable the item or test will be. Once all the steps have been followed, and the measurements have produced a sufficient threshold, the identified items will be retained in order to continue with the next step of analysis CFA in order to complete SEM.
In this study, CFA was used to test whether measures of a construct were consistent with the researcher's understanding of the nature of that construct (or factor). As such, the objective of CFA is to test whether the data fits a hypothesised measurement model. This hypothesised model is based on theory and or previous analytical research (Preedy & Watson, 2009). CFA is distinguished from structural equation modelling by the fact that in CFA, there are no directed arrows between latent factors. In other words, in CFA, factors are not presumed to directly cause one another (Garson, 2008).

Validity and reliability in CFA are absolutely necessary to establish that if the factors do not demonstrate adequate validity and reliability, moving on to test a causal model will be useless. Construct validity refers to the degree to which a measure actually assesses the theoretical construct it is supposed to assess, and it is often assessed through CFA (Marsh & Grayson, 1992). Construct validity consists of face validity, convergent validity, discriminant validity and nomological validity. Face validity is the extent to which the content of the items is consistent with the construct definition, based on the literature review and the researcher's judgement. Nomological validity examines whether the correlations between the constructs in the measurement theory make sense (Marsh & Grayson, 1992). Convergent and discriminant validity were discussed above.

There are a few measures that are useful for establishing validity and reliability in CFA, as outlined in table 5.20.
Table 5.20: Measurement, description and threshold for validity and reliability of the variables (Hair et al., 2010)

<table>
<thead>
<tr>
<th>Measurement</th>
<th>Description</th>
<th>Prescribed Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Composite reliability (CR)</td>
<td>CR measures reliability, which is the degree to which a latent is explained by its observed variables (Malhotra &amp; Dash, 2011)</td>
<td>&gt; .7</td>
</tr>
<tr>
<td>Average variance extracted (AVE)</td>
<td>AVE measures convergent validity, which is the degree that a latent is explained by its observed variables. (Malhotra &amp; Dash, 2011)</td>
<td>&gt; .5</td>
</tr>
<tr>
<td>Maximum shared squared variance (MSV)</td>
<td>MSV measures discriminant validity, which is the extent to which a variable can be explained in another variable. If correlation between two variables is .8, their shared variance would be .64</td>
<td>&lt; AVE</td>
</tr>
<tr>
<td>Average shared square variance (ASV)</td>
<td>ASV, like MSV, also measures discriminant validity.</td>
<td>&lt; AVE</td>
</tr>
</tbody>
</table>

If there are convergent validity issues, then the variables do not correlate well with each other in their parent factor. If there are discriminant validity issues, then the variables correlate more highly with variables outside their parent factor than with the variables in their parent factor.

5.8.2.3 Step 3: Structural equation modelling (SEM)

SEM is a multivariate procedure that combines multiple regression and factor analysis when examining the research hypotheses of causality in a system (Garson, 2008; Hair et al., 2010). SEM is divided into two different parts, namely a measurement model and a structural model. The measurement model deals with the relationships between the measured and latent variables, whereas the structural model only deals with the relationships between the latent variables. In the context of the present study, SEM analysis was performed in order to test the relationship
between the variables obtained from the CFA model. SEM analysis often invokes a measurement model that defines latent variables using one or more observed variables, and a structural model that imputes relationships between latent variables (Kaplan, 2007; Kline, 2011).

The ability of SEM to distinguish between the indirect and direct relationships between variables and to analyse the relationships between latent variables without random error, differentiates SEM from other simpler, relational modelling processes such as multiple regression analysis (Hoyle, 1995). Both EFA and CFA were employed in this study to understand the shared variance of measured variables that was believed to be attributable to a factor or latent construct (Suhr, 2006). Despite this similarity, however, EFA and CFA are conceptually and statistically distinct analyses. In this study, model adequacy was evaluated by means of goodness-of-fit measures.

5.8.3 Stage 3: Descriptive analysis and correlation analysis

This stage involved both descriptive and correlation analysis.

5.8.3.1 Step 1: Descriptive statistics

The means and standard deviations for all the dimensions of employee motivation, job satisfaction and employee retention were determined in the empirical study. The mean is the sum of all the scores in the distribution divided by the number of scores in the distribution. This mean is used to compute the average scores that are obtained for the different variables of the questionnaire (McBurney, 2001). Christensen (2001, p. 330) defined a standard deviation as a “measure of the extent to which a group of scores vary about their mean”. A small standard deviation indicates that the scores cluster closely around the mean, whereas a large standard deviation indicates that the scores deviate considerably from the mean (Christensen, 2001; Terre Blanche, & Durrheim, 1999). In this study, the value of the standard
deviation indicated how much the scores varied from the mean value. The more the scores varied, the more heterogeneous the sample of the foreign exchange employees would be in terms of their motivation, job satisfaction and retention.

According to Tredoux and Durrheim (2002), one of the main reasons why researchers construct frequency distribution is to describe the distribution of scores on a variable. Because the biographical items included in the measuring instruments are categorical, the responses to such questions are presented by means of frequency distribution.

5.8.3.2 Step 2: Correlation analysis

Correlation statistics tested the direction and strength of the relationship between the employee motivation construct variables (intrinsic motivation – challenge and enjoyment, and extrinsic motivation – outward and compensation), employee job satisfaction construct variables (pay, promotion, supervision, fringe benefits, contingent rewards, operating procedures, co-workers, nature of work, and communication) and employee retention construct. Pearson’s product moment correlation coefficient (r) is used to calculate the direction of and strength between variables (Steyn, 2001). A negative value reflects an inverse relationship. The strength of the linear relationship is determined by the absolute value of r.

For the purpose of this study, a cut-off point of $r \geq .30$ (medium effect) at $p \leq .05$ was used to determine the practical significance of correlation coefficients (Cohen, 1988, 1992).

5.8.4 Stage 4: Test for group mean differences

This stage involved testing for group differences. Conducting tests for significant mean differences enabled the researcher to determine whether significant differences existed between the groups of the biographical variables that acted as significant moderators between the independent (employee motivation and
employee satisfaction) construct and the dependent (employee retention) construct latent variates.

In order to determine whether there were any significant differences between the mean scores of groups, t-tests and analysis of variance (ANOVA) tests were conducted. The t-test is a statistical test for analysing the data differences between the means of two groups (Terre Blanche & Durrheim, 2002). The test for significant means difference was used to determine whether statistically significant differences existed between the groups of the biographical variables that acted as significant moderators between the independent employee motivation and job satisfaction construct and the dependent (employee retention) construct latent variates. ANOVA is a collection of statistical models used to analyse the differences between group means and their associated procedures; it compares the variability within groups to the variability between groups to determine if there are any differences between the means (DeCoster, 2006).

5.8.5 Level of significance

The level of significance expresses statistical significance in terms of giving the specific probability. In practice, a general level of significance of \( \leq 0.05 \) as a rule of thumb is chosen to test the hypothesis, which indicates that there is likelihood that there are approximately five chances in 100 that a researcher could reject the hypothesis when it should be accepted. Hence there is 95% confidence in the results being accepted as the standard when applied in other research contexts (Neuman, 2000; Steyn, 1999). However, the researcher can make two types of errors (Type I and Type II). A Type I error occurs when the researcher falsely rejects a null hypothesis, by stating that a relationship exists when in fact there is no relationship. A Type II error occurs when the researcher falsely accepts a null hypothesis by stating that a relationship exists, when in fact there is no relationship between the variables. Table 5.21 indicates the various levels of statistical significance.
Table 5.21: Different levels of statistical significance (Tredoux & Durrheim, 2002)

<table>
<thead>
<tr>
<th>Probability</th>
<th>Level</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>P ≤ .10</td>
<td>P ≥ .01 to .05</td>
<td>Less significant</td>
</tr>
<tr>
<td>P ≥ .001 to .01</td>
<td>Significant</td>
<td></td>
</tr>
<tr>
<td>P &gt; .01</td>
<td></td>
<td>Extremely significant</td>
</tr>
</tbody>
</table>

When a test of significance reveals a p-value lower than the chosen significance level, the null hypothesis is rejected and the results are referred to as being statistically significant.

5.8.5.1 Level of significance: Correlation statistical analysis

When statistically significant relationships are found through correlation coefficients, r-values (equal to magnitude) will be interpreted according to the following guidelines (Cohen, 1988; Cohen et al., 2003):

- \( r \leq .10 \) (small practical effect)
- \( r \geq .30 \leq .49 \) (medium practical effect)
- \( r \geq .50 \) (large practical effect)

Effect sizes can be used to determine whether the relationship between two variables is practically significant or important (Steyn, 2001). The significance levels of \( p \leq .05 \) and \( r \geq .30 \) (moderate practical effect size) were chosen as the cut-off point for rejecting the null hypotheses.

5.8.5.2 Model fit measure, description and threshold

It is important to examine the “fit” of an estimated model to determine how well it
models the data. This is a basic task in CFA and SEM modelling: forming the basis for accepting or rejecting models (Kaplan, 2007; Kline, 2011). A good fit between the model and the data does not mean that the model is “correct”, or even that it explains a large proportion of the covariance. A “good model fit” only indicates that the model is plausible (Jackson, Gillaspy, & Purc-Stephenson, 2009). Because different measures of fit capture different elements of the fit of the model, it is appropriate to report a selection of different fit measures (Suhr, 2006).

Table 5.22 summarises the various measures, description and threshold used in this study to test the fit of the model:

<table>
<thead>
<tr>
<th>Measure</th>
<th>Description</th>
<th>Prescribed threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-square/df (cmin/df)</td>
<td>Conceptually it is a function of the sample size and the difference between the observed covariance matrix and the model covariance matrix (Gatignon, 2010). Values closer to zero indicate a better fit (Schmitt, 2011).</td>
<td>&lt; 3 good, &lt; 5, sometimes permissible</td>
</tr>
<tr>
<td>Comparative Fit Index (CFI)</td>
<td>The CFI analyses the model fit by examining the discrepancy between the data and the hypothesised model, while adjusting for the issues of sample size inherent in the chi-squared test of model fit (Bentler &amp; Bonett, 1980; Gatignon, 2010). CFI values range from 0 to 1, with larger values indicating a better fit (Baumgartner &amp; Hombur, 1996).</td>
<td>&gt; .95 great, &gt; .90, traditional, &gt; .80, sometimes permissible</td>
</tr>
<tr>
<td>Goodness of fit index (GFI)</td>
<td>GFI is a measure of fit between the hypothesised model and the observed covariance matrix in the sample predicted by the estimates of the population (Tanaka, 1993).</td>
<td>&gt; .95</td>
</tr>
<tr>
<td>Adjusted goodness of fit index (AGFI)</td>
<td>AGFI corrects the GFI, which is affected by the number of indicators of each latent variable. A value of over 1.0 generally indicates acceptable model fit (Tanaka, 1993).</td>
<td>&gt; .80</td>
</tr>
<tr>
<td>Root mean square error of</td>
<td>RMSEA avoids issues of sample size by analysing the discrepancy between the hypothesised model, with</td>
<td>&lt; .05 good, .05 – .10</td>
</tr>
</tbody>
</table>
The primary principle of the RMSEA is that it evaluates the extent to which the model fails to fit the data (Browne & Cudeck, 1993; Hu & Bentler, 1999; Kline, 2011). The "PCLOSE" statistic that goes with this result is the probability of a hypothesis test that the population RMSEA is no greater than .05 (Hu & Bentler, 1999).

All of the above measures should be taken into account before the researcher deems a model unfit; all the measures play an essential part in assessing a good fit model.

5.8.5.3 Level of significance: Tests for significant mean differences

The analysis is only significant and valid if the probability associated with it is less than $p \leq .05$.

5.9 CHAPTER SUMMARY

This chapter described the empirical study involving step 1 (population and sample), step 2 (selection and or adaptation of questionnaire), step 3 (data collection), step 4 (data analysis) and step 5 (hypothesis formulation) of phase 2. The empirical research was presented and the aim of this chapter therefore achieved.

Chapter 6 discusses the reporting and interpretation of the results as well as the integration of the empirical findings according to the empirical research aims.
CHAPTER 6: RESEARCH RESULTS

6.1 INTRODUCTION

This chapter reports the statistical results of this study, and the empirical findings are outlined and discussed. The statistical results are reported in relation to the strategies employed in terms of cleaning and organising the data, scale development model construction, descriptive analysis, correlational analysis and testing for group differences.

The specific aims of the research that were addressed as follows:

- **Research aim 1:** To select and, or adapt a questionnaire measuring the independent variable of employee motivation

- **Research aim 2:** To select and, or adapt a questionnaire measuring the independent variable of job satisfaction

- **Research aim 3:** To select and, or adapt a questionnaire measuring the dependent variable of staff retention

- **Research aim 4:** To determine the empirical relationship between employee motivation and job satisfaction for staff retention practices in a foreign exchange banking organisation

- **Research aim 5:** To assess whether the biographical variables play a role in employee motivation and job satisfaction for staff retention practices

- **Research aim 6:** To develop an empirical model for employee motivation and job satisfaction for staff retention
6.2 CLEANING AND ORGANISING THE DATA FOR ANALYSIS

Data screening was the first phase and pre-empted the data analysis. This phase included the following three steps:

Step 1: Verifying the accuracy of data entered into the data file and checking and evaluating missing values

Step 2: Checking data for any outliers (univariate and multivariate) and unengaged responses

Step 3: Assessing the data in terms of deviations from normality and kurtosis

The data was reviewed case by case, to ensure that all the questions were answered and the items rated. Since there were no missing values, the data was deemed complete and sufficient for analysis. Next, the means and standard deviations of the data were inspected on a case-by-case basis in order to identify any possible outliers. No outliers were identified after the inspection. A further screening of the data involved the identification of cases in which all items were given the same ratings by a particular respondent, irrespective of the construct being measured. In other words, a respondent did not reveal any rating variation in his or her responses. This type of response structure is considered highly irregular and is contradictory given the aim of exploring variation in ratings across item sets, and is typically an indication of an unresponsive respondent. Three such cases were identified and after inspection excluded from further analysis.

Lastly, the ratios of kurtosis against standard error of the kurtosis were reviewed, and all ratios larger than three were identified and the distribution of responses inspected. The aim of this exercise was to identify items that showed hardly any variation. While some deviations were evident, none were deemed excessive and thus regarded as acceptable in relation to a sufficient sample size.
6.3 SCALE DEVELOPMENT AND MODEL CONSTRUCTION

During the second phase of the data analysis, exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) were performed. Firstly, EFA was performed to test H01, H02 and H03 in order to assess and identify the factors or dimensions that underlie the relations between a set of observed variables (employee motivation, employee job satisfaction and employee retention). This was followed by CFA to assess the validity and reliability of constructs and measures, in order to prepare for structural equation modelling. Lastly, structural equation modelling was performed to test H06 of this study.

6.3.1 Exploratory factor analysis (EFA)

EFA was used to uncover the underlying structure of a relatively large set of scale items; the researcher followed the following steps for each of the constructs before a final factor pattern matrix was derived:

- checking communalities to identify items not associated with underlying factors
- determining the adequacy of data by assessing the Kaiser-Meyer-Olkin (KMO) value and Bartlett’s test for sphericity
- assessing convergent and discriminant reliability
- assessing convergent and discriminant validity (including face validity)
- assessing and reviewing internal consistency reliability for each scale by means of the Cronbach alpha coefficient
6.3.1.1 Reporting on EFA for the WPI, JSS and ERQ

The communalities, adequacy, convergent and discriminant validity and the internal consistency of the data were examined. The data communalities and pattern matrix for employee motivation (WPI) appear in annexures 2 and 3, job satisfaction (JSS) in annexures 4 and 5, and employee retention (ERQ) in annexure 6. The extraction column of each of the data communalities was examined, together with the KMO, Bartlett’s test, pattern matrix and goodness-of-fit test before the final correlation matrix was derived for each of the three constructs (employee motivation, employee job satisfaction and employee retention).

All low communalities scores (< .4) were highlighted because the item did not seem to correlate strongly with all the other items. The pattern matrix was examined and both low loadings (< .7) as well as high cross loadings (less than .2 difference) in each factor were highlighted (Hair et al., 2010). Before any items were completely removed, the researcher reviewed each of the highlighted items to ensure face validity. Only once all these factors had been considered, the items were completely removed, in order to identify the factors and items for the next step of the analysis (CFA). This constituted an item reduction exercise with the aim of identifying this items that could be considered not being significantly reflective of the construct being measured.

The WPI originally contained 30 items, as indicated in annexure 2; once all the data had been reviewed, only 12 items were retained, as indicated in annexure 3. The JSS originally contained 39 items, as indicated in annexure 4; once all the data had been reviewed, only 21 items were retained, as indicated in annexure 5. The ERQ contained four items; all four items were retained, as indicated in annexure 6. Table 6.1 summarises the EFA results for the WPI, JSS and ERQ.

The results for the KMO, Bartlett’s test, percentage of variation explained and residuals for each of the constructs are presented in table 6.1.
Table 6.1: Summary of EFA results for employee motivation (WPI), job satisfaction (JSS) and employee retention (ERQ) and the factors identified and retained for CFA

<table>
<thead>
<tr>
<th>Employee motivation (WPI)</th>
<th>Job satisfaction (JSS)</th>
<th>Employee retention (ERQ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intrinsic motivation (IM): Challenge</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enjoymen t</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extrinsic motivation (EM): Outward</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supervision</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fringe benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nature of work</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>All four items retained</td>
<td></td>
</tr>
<tr>
<td>KMO = .79</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bartlett = .000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% variation explained:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>52.94%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residuals = 1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KMO = .91</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bartlett = .000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% variation explained:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>73.77%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residuals = 0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KMO = .78</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bartlett = .000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% variation explained:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>66.88%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residuals = 16%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From Table 6.1 it is evident that employee motivation contained four subscales, job satisfaction six subscales and employee retention no subscales. Once the EFA results had been closely examined, employee motivation retained all four subscales. However, job satisfaction retained only six of the original nine subscales, while employee retention remained unchanged.

Employee motivation (WPI) had a KMO score of .79, job satisfaction (JSS) a KMO score of .91, and employee retention (ERQ) a KMO score of .78. All three constructs had a KMO score higher than the recommended .5, which indicates that the sample was adequate for factor analysis (Lance et al., 2006). Large KMO values indicate that the correlation patterns are relatively compact and that factor analysis would extract clearly separable and reliable factors. All three constructs had a score of zero for Bartlett’s test, which indicates that the correlation matrix was not an identity matrix and that factor analysis could be interpreted meaningfully (Hair et al., 2010). Three subscales for job satisfaction (contingent rewards, operating procedures and co-workers) were removed as they did not fit the data because of low communalities scores (< .4) and both had low loadings (< .7) and high cross-loadings (less than .2 difference).
6.3.1.2 Reporting of internal consistency reliability

This section reports on the internal consistency and item reliability of the following measurement instruments and subscales: the Work Preference Inventory (WPI), Job Satisfaction Survey (JSS) and Employee Retention Questionnaire (ERQ). The Cronbach alpha coefficients for the measuring instruments are reported in table 6.2 in the section below. The inter-item correlation mean score is also discussed, which examines the extent to which scores on one item are related to scores on all the other items in a scale. It provides an assessment of item redundancy, that is, the extent to which items on a scale assess the same content (Cohen & Swerdlik, 2005). Ideally, the average inter-item correlation for a set of items should be between .20 and .40, suggesting that while the items are reasonably homogeneous, they do contain sufficiently unique variance so as to not be isomorphic with each other (Cohen & Swerdlik, 2005).

Table 6.2: Internal reliability of the WPI, JSS and ERQ (n = 341)

<table>
<thead>
<tr>
<th>WPI Subscale</th>
<th>Number of items</th>
<th>Alpha score</th>
<th>Inter-item mean score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intrinsic motivation (IM):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Challenge</td>
<td>7</td>
<td>.66</td>
<td>.27</td>
</tr>
<tr>
<td>Enjoyment</td>
<td>8</td>
<td>.80</td>
<td>.34</td>
</tr>
<tr>
<td>Extrinsic motivation (EM):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outward</td>
<td>10</td>
<td>.79</td>
<td>.27</td>
</tr>
<tr>
<td>Compensation</td>
<td>5</td>
<td>.68</td>
<td>.30</td>
</tr>
<tr>
<td>Total WPI scale</td>
<td>30</td>
<td>.77</td>
<td></td>
</tr>
<tr>
<td>JSS subscale</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay</td>
<td>4</td>
<td>.90</td>
<td>.70</td>
</tr>
<tr>
<td>Promotion</td>
<td>4</td>
<td>.88</td>
<td>.65</td>
</tr>
<tr>
<td>Supervision</td>
<td>4</td>
<td>.89</td>
<td>.68</td>
</tr>
<tr>
<td>Fringe benefits</td>
<td>4</td>
<td>.73</td>
<td>.37</td>
</tr>
<tr>
<td>Nature of work</td>
<td>4</td>
<td>.91</td>
<td>.71</td>
</tr>
<tr>
<td>Communication</td>
<td>4</td>
<td>.84</td>
<td>.58</td>
</tr>
<tr>
<td>Total JSS Scale</td>
<td>24</td>
<td>.88</td>
<td></td>
</tr>
<tr>
<td>ERQ subscale</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item 1</td>
<td>1</td>
<td>.80</td>
<td>Not calculated</td>
</tr>
<tr>
<td>Item 2</td>
<td>1</td>
<td>.71</td>
<td>Not calculated</td>
</tr>
<tr>
<td>Item 3</td>
<td>1</td>
<td>.80</td>
<td>Not calculated</td>
</tr>
<tr>
<td>Item 4</td>
<td>1</td>
<td>.70</td>
<td>Not calculated</td>
</tr>
<tr>
<td>Total ERQ scale</td>
<td>4</td>
<td>.89</td>
<td>.67</td>
</tr>
</tbody>
</table>
The internal consistency coefficients for WPI ranged from .66 to .80 (high) for the total sample (n = 341). The total WPI scale obtained a Cronbach alpha coefficient of .77 (high), which could be considered adequate for the purpose of the current study (Hair et al., 2006). The inter-item correlation mean score for the variables was between .27 and .34, suggesting that they were within the suggested threshold (Cohen & Swerdlik, 2005). Overall, for the purpose of this study, the psychometric properties of the WPI were regarded as acceptable as per previous research conducted by Abuhamdeh and Csikszentmihalyi (2009).

The internal consistency reliability coefficients for the JSS ranged from .73 to .91 (high) for the total sample (n = 341). The total JSS scale obtained a Cronbach alpha coefficient of .88 (high), which could be considered adequate for the purpose of the current study (Hair et al., 2006). The inter-item correlation mean score for the variables ranged between .37 and .71, which suggests that one variable (benefits) fell within the suggested threshold. However, pay, promotion, supervision, nature of work and communication fell above the .40 suggested threshold, which suggests that the items might have only captured a small bandwidth of the construct (Cohen & Swerdlik, 2005). Hence the psychometric properties of the JSS were deemed acceptable as per previous research conducted by Astrauskaité et al. (2011), which obtained similar results in this regard.

The internal consistency coefficients for ERQ ranged from .70 to .80 (high) for the total sample (n = 341). The total ERQ scale obtained a Cronbach alpha coefficient of .89 (high), which could be considered adequate for the purpose of the current study (Hair et al., 2006). The inter-item correlation mean score for ERQ was .67, which fell above the suggested .40 threshold. This suggests the items may have captured only a small bandwidth of the construct (Cohen & Swerdlik, 2005). Hence the psychometric properties of the ERQ were deemed acceptable as per previous research conducted by Yin-Fah et al. (2010), which obtained similar results in this regard.
6.3.2 Confirmatory factor analysis (CFA)

Once the subscales of each construct had been identified in EFA, the data revealed valid and reliable factors ready for the next step in the data analysis, namely CFA. The aim of conducting CFAs was to test whether the measures of a construct were consistent with a researcher's understanding of the nature of that construct.

6.3.2.1 Reporting on CFA for employee motivation (WPI)

The first default model for employee motivation is presented in figure 6.1, followed by the model fit statistics as well as an assessment of the validity and reliability (see tables 6.3 and 6.4 respectively).

Figure 6.1: Baseline model for employee motivation (WPI)
The initial baseline model (as shown in figure 6.1) had a good fit with the following fit statistics reported in table 6.3: All the statistics were in line with the prescribed threshold, as outlined by Hu and Bentler (1999), where CFI > .95, CMIN/df < 3, GFI > .95, AGFI > .80, RMSEA < .05 and PCLOSE > .05. Since this data should not be viewed in isolation, the validity and reliability of the model were evaluated for each separate dimension, as indicated in table 6.4 below.

Table 6.4 reports a number of reliability and validity statistics for the reported model. While the reliability (CR) for EM_Outward and EM_Compensation was less than the recommended threshold of .70 (Hair et al., 2010), it was evaluated as only marginal and the constructs were retained. However, convergent reliability (AVE) for EM_Compensation was significantly lower than the recommended .50 prescribed by Hair et al. (2010) and was thus removed from the model. The discriminant validity (MSV and ASV) for all the construct fell within the recommended threshold, where MSV<AVE and ASV<AVE (Hair et al., 2010). The validity, reliability and fit statistics were recalculated to confirm a good fit of the model following the modifications indicated in figure 6.2.
Figure 6.2: Final model for employee motivation (WPI)

Table 6.5: Final model fit for employee motivation (WPI)

<table>
<thead>
<tr>
<th></th>
<th>CMIN/DF</th>
<th>GFI</th>
<th>AGFI</th>
<th>CFI</th>
<th>RMSEA</th>
<th>PCLOSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modified model</td>
<td>2.28</td>
<td>.97</td>
<td>.94</td>
<td>.98</td>
<td>.06</td>
<td>.21</td>
</tr>
</tbody>
</table>

The model presented in figure 6.2, following the removal of EM_Compensation, reveals similar good fit, reliability and validity statistics compared to the first default model of employee motivation. All the scores were in line with the prescribed threshold as outlined by Hu and Bentler (1999), where CFI > .95, CMIN/df < 3, GFI > .95, AGFI > .80 and PCLOSE >.05. RMSEA is above the .05, but considered only marginal as per table 6.5. Since this model data should not be viewed in isolation, the validity and reliability of the model were evaluated, as indicated in table 6.6.
Table 6.6: Reliability and validity for the final model of employee motivation (WPI)

<table>
<thead>
<tr>
<th>Construct</th>
<th>CR</th>
<th>AVE</th>
<th>MSV</th>
<th>ASV</th>
</tr>
</thead>
<tbody>
<tr>
<td>IM_Enjoyment</td>
<td>.76</td>
<td>.53</td>
<td>.29</td>
<td>.23</td>
</tr>
<tr>
<td>IM_Challenge</td>
<td>.86</td>
<td>.67</td>
<td>.29</td>
<td>.19</td>
</tr>
<tr>
<td>EM_Outward</td>
<td>.69</td>
<td>.54</td>
<td>.18</td>
<td>.14</td>
</tr>
</tbody>
</table>

EM_Outward was only marginal under the proposed threshold of .7 (Hair et al., 2010). Convergent reliability (AVE) for all the constructs fell within the prescribed threshold of .5 (Hair et al., 2010). The discriminant validity (MSV and ASV) for all the constructs fell within the recommended threshold, where MSV<AVE and ASV<AVE (Hair et al., 2010). Hence the model did not highlight any reliability or validity issues. Taking into account the good fit results in table 6.5 and the reliability and validity results in table 6.6, the modified model, as presented in figure 6.2, was accepted and therefore retained for the next step of the analysis, namely SEM.

6.3.2.2 Reporting on CFA for employee job satisfaction (JSS)

The first default model for employee job satisfaction is presented in figure 6.3, followed by the statistical results for the model fit and validity and reliability, as indicated in tables 6.7 and 6.8 respectively.
The initial baseline model (as presented in figure 6.3) had good fit with the following fit statistics reported in table 6.7: All the statistics were in line with the prescribed threshold, as outlined by Hu and Bentler (1999), where CFI > .95, CMIN/df < 3, GFI > .95, AGFI > .80, RMSEA < .05 and PCLOSE > .05. Since this data should not be
viewed in isolation, the validity and reliability of the model were evaluated, as indicated in table 6.8.

**Table 6.8: Reliability and validity for baseline model for job satisfaction (JSS)**

<table>
<thead>
<tr>
<th>Construct</th>
<th>CR</th>
<th>AVE</th>
<th>MSV</th>
<th>ASV</th>
</tr>
</thead>
<tbody>
<tr>
<td>JS_Benefits</td>
<td>.90</td>
<td>.76</td>
<td>.38</td>
<td>.27</td>
</tr>
<tr>
<td>JS_Pay</td>
<td>.90</td>
<td>.70</td>
<td>.48</td>
<td>.31</td>
</tr>
<tr>
<td>JS_Supervision</td>
<td>.89</td>
<td>.69</td>
<td>.30</td>
<td>.25</td>
</tr>
<tr>
<td>JS_Nature</td>
<td>.90</td>
<td>.71</td>
<td>.17</td>
<td>.13</td>
</tr>
<tr>
<td>JS_Promotion</td>
<td>.86</td>
<td>.66</td>
<td>.48</td>
<td>.30</td>
</tr>
<tr>
<td>JS_Communication</td>
<td>.80</td>
<td>.58</td>
<td>.36</td>
<td>.28</td>
</tr>
</tbody>
</table>

Table 6.8 indicates a number of reliability and validity statistics for the reported model. Since the reliability (CR) for all the constructs was above the recommended threshold of .70 as suggested by Hair et al. (2010), all the constructs were retained. The convergent reliability (AVE) for all the constructs was above the recommended .50 prescribed by Hair et al. (2010), and was thus retained in the model. The discriminant validity (MSV and ASV) for all the constructs fell within the recommended threshold, where MSV<AVE and ASV<AVE (Hair et al., 2010). Taking into account the good fit results in table 6.7 and the reliability and validity results in table 6.8, the baseline model, as presented in figure 6.3, was accepted and therefore retained for the next step of the analysis, namely SEM.

**6.3.2.3 Reporting on CFA for employee retention (ERQ)**

The baseline model for employee retention is presented in figure 6.4, followed by the statistical results for the model fit and validity and reliability, as indicated in tables 6.9 and 6.10 respectively.
The initial baseline model (depicted in figure 6.3) had a good fit with the following fit statistics reported in table 6.9: All the statistics were in line with the prescribed threshold as outlined by Hu and Bentler (1999), where CFI < .95, CMIN/df < 3, GFI > .95, AGFI > .80, RMSEA < .05 and PCLOSE >.05. Since this data should not be viewed in isolation, the validity and reliability of the model were evaluated, as indicated in table 6.10.

Table 6.10: Reliability and validity for final model of employee retention (ERQ)

<table>
<thead>
<tr>
<th>CR</th>
<th>AVE</th>
<th>MSV</th>
<th>ASV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee retention</td>
<td>.89</td>
<td>.67</td>
<td>.45</td>
</tr>
</tbody>
</table>

Table 6.10 indicates a number of reliability and validity statistics for the reported model. Since the reliability (CR) for the variable was above the recommended threshold of .70 proposed by Hair et al. (2010), the variable was retained. The convergent reliability (AVE) for the variable was above the recommended .50 prescribed by Hair et al. (2010) and was thus retained in the model. The discriminant
validity (MSV and ASV) for all the constructs fell within the recommended threshold, where MSV < AVE and ASV < AVE (Hair et al., 2010). Taking into account the good fit results in table 6.9 and the reliability and validity results in table 6.10, the baseline model, as presented in figure 6.4, was accepted and therefore retained for the next step of the analysis, namely SEM.

6.3.3 Structural equation modelling (SEM)

On the grounds of the significant relationships reported between the constructs, only one structural equation model was investigated in line with the objectives of this study in order to test H06. The baseline model for employee motivation and job satisfaction for employee retention practices for foreign exchange banking individuals is presented in figure 6.5, followed by the statistical results for the model fit and validity and reliability in tables 6.11 and 6.12 respectively.

Table 6.11: Model fit for employee motivation and job satisfaction for the retention strategies of a foreign exchange banking organisation model

<table>
<thead>
<tr>
<th>Model</th>
<th>CMIN/DF</th>
<th>GFI</th>
<th>AGFI</th>
<th>CFI</th>
<th>RMSEA</th>
<th>PCLOSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline model</td>
<td>2.36</td>
<td>.95</td>
<td>.92</td>
<td>.97</td>
<td>.05</td>
<td>.06</td>
</tr>
</tbody>
</table>

The initial baseline model (as indicated in figure 6.5) had an overall good fit to the data because of the high CFI fit statistics (CFI = .97), with a CMIN/df = 2.36; GFI = .95; AGFI = .92; RMSEA = .06, and PCLOSE = .06. All the scores were in line with the prescribed threshold, as prescribed by Hu and Bentler (1999), where CFI > .95, CMIN/df <3 and GFI > .95, AGFI > .80, RMSEA < .05 and PCLOSE > .05.
Table 6.12: Reliability and validity for employee motivation and job satisfaction for the retention strategies of a foreign exchange banking organisation model

<table>
<thead>
<tr>
<th></th>
<th>CR</th>
<th>AVE</th>
<th>MSV</th>
<th>ASV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job satisfaction</td>
<td>.90</td>
<td>.60</td>
<td>.45</td>
<td>.23</td>
</tr>
<tr>
<td>Motivation</td>
<td>.77</td>
<td>.54</td>
<td>.03</td>
<td>.02</td>
</tr>
<tr>
<td>Retention</td>
<td>.89</td>
<td>.67</td>
<td>.45</td>
<td>.24</td>
</tr>
</tbody>
</table>

There were no validity and reliability concerns in above table for the above model because reliability (CR) for all variables was above .7. Convergent reliability was acceptable (AVE > .5). The discriminant validity (MSV and ASV) for all the constructs was acceptable (MSV< AVE and ASV < AVE). All the results in table 6.12 were in line with the threshold prescribed by Hair et al. (2010). Taking into account the good fit results in table 6.11 and the reliability and validity results in table 6.12, the model presented in figure 6.5 was deemed acceptable.

Figure 6.5 specifies the standardised path coefficient estimates between the employee motivation construct variate and its variables; the standardised path coefficient estimates between employee job satisfaction and its variables; and the standardised path coefficient estimates between employee job satisfaction and its variables. The standardised path coefficient estimates between the employee motivation construct, the employee job satisfaction construct and the employee retention construct are also specified. All standardised path coefficient estimates were significant at p ≤ .001.
Figure 6.5: Model for employee motivation and job satisfaction for the retention strategies of a foreign exchange banking organisation
The model fit (shown in figure 6.5) revealed that the model (employee motivation and employee job satisfaction) explained an estimated 46% of the variance in the employee retention construct. In terms of relative importance, the employee motivation construct was mostly explained by the enjoyment variable. The job satisfaction construct was mostly explained by the pay and promotion construct. The job satisfaction construct in the model was explained by an estimated 66% of the variance in the employee retention construct, while the employee motivation construct only explained 8% of the variance, and therefore contributed the least in explaining the variance in the employee retention construct.

The highest coefficients (and thus strongest relationship) were evident between the job satisfaction construct and the employee retention construct, and a weaker coefficient was evident between the employee motivation construct and the employee retention construct. These results imply that should an individual show high levels of job satisfaction (pay, promotion, supervision, benefits, nature of work and communication) and lower levels of motivation (challenge, enjoyment and outward behaviour), he or she would have a stronger fit towards remaining in the organisation. This was not supported by the literature review, where a study conducted in a banking environment in Pakistan suggested that high job satisfaction seems to create the high level of motivation among the employees, and a high level of motivation tends to lower the level of turnover (Sajjad et al., 2013). There could be various explanations for why motivation explained only 8% of the variance of this study, which could include understanding external environment characteristics, individual characteristics, job characteristics and work environment characteristics. These explanations are further explored in section 6.6.

The model in figure 6.5 indicated a good overall fit between the theoretically proposed employee motivation and job satisfaction for employee motivation and the empirically derived structural model. The empirically manifested structural model could therefore be utilised in a retention context to identify employee motivation and job satisfaction interventions that might help to retain talented staff. The results provided supportive evidence for Ha6: To develop and test an employee motivation and job satisfaction for staff retention model with the empirical data to ensure good fit.
6.4 DESCRIPTIVE STATISTICS AND CORRELATION STATISTICS

This section provides the results for the descriptive statistics and Pearson product moment correlations on each of the three instruments and their subscales: WPI, JSS, and ERQ, in order to test H04.

6.4.1 Reporting of means and standard deviations

This section provides the descriptive information on each of the three instruments and their subscales. The means, standard deviations, minimum and maximum for each of the three measuring instruments, namely the WPI, JSS and ERQ, were calculated and are reported in the subsections below in tables 6.13 to 6.15.

6.4.1.1 Work Preference Inventory (WPI)

Table 6.13 provides the descriptive information, which consists of the minimum score, the maximum score, the mean and the standard deviation for each subscale.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Mean</th>
<th>SD</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Challenge (IM_C)</td>
<td>4.24</td>
<td>.70</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Enjoyment (IM_E)</td>
<td>4.28</td>
<td>.68</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Outward (EM_O)</td>
<td>3.82</td>
<td>.92</td>
<td>1.00</td>
<td>5.00</td>
</tr>
</tbody>
</table>

The mean scores ranged from 3.82 to 4.28 for the subscales. The sample of participants obtained the highest scores on the enjoyment subscale (M = 4.28; SD = .68), and the lowest scores on the outward subscale (M = 3.82; SD = .92). The standard deviations of the subscales were similar, all ranging from .68 to .92.
According to the Human Sciences Research Council (HSRC) (Martins & Geldenhuys, 2016), a mean score below the threshold of 3.2 is considered developmental, whereas a mean score above 3.2 is considered positive. For the purpose of this study, the baseline (threshold) mean of 3.2 was used to interpret the mean results for motivation.

The mean scores for motivation were all above the proposed 3.2 threshold, which suggests that the employees in the foreign exchange banking organisation were positively motivated by challenge, enjoyment and outward behaviour in their workplace. The overall motivational score (M = 4.11) was above the 3.2 threshold, which suggests that, overall, the participants were positively motivated.

6.4.1.2 Job Satisfaction Survey (JSS)

Table 6.14 provides the descriptive information, which consists of the minimum score, the maximum score, the mean and the standard deviation for each subscale.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Mean</th>
<th>SD</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay</td>
<td>2.74</td>
<td>.98</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Promotion</td>
<td>2.59</td>
<td>1.06</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Supervision</td>
<td>3.65</td>
<td>.95</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Fringe benefits</td>
<td>3.31</td>
<td>1.01</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Nature of work</td>
<td>3.92</td>
<td>.83</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Communication</td>
<td>3.48</td>
<td>.91</td>
<td>1.00</td>
<td>5.00</td>
</tr>
</tbody>
</table>

The mean scores ranged from 2.74 to 3.92 for the subscales. The sample of participants obtained the highest scores on the nature of work subscale (M = 3.92; SD = .83), and the lowest scores on the promotion subscale (M = 2.59; SD = 1.06). The standard deviations of the subscales were similar, all ranging from .83 to 1.06. According to the HSRC (Martins & Geldenhuys, 2016), a mean score below the
threshold of 3.2 is considered developmental, whereas a mean score above 3.2 is considered positive. For the purpose of this study, the baseline (threshold) mean of 3.2 was used to interpret the mean results for job satisfaction.

Pay and promotion had mean scores below 3.2, which suggests that the employees were not satisfied with these variables in the foreign exchange banking organisation. The organisation should therefore consider these variables as developmental areas. Higher means scores (above 3.2) were obtained for supervision, fringe benefits, nature of work and communication, which suggests that employees were satisfied with their supervisor, with the fringe benefits they received from the organisation, with the job they performed in the organisation and with the communication they received from their organisation. The overall job satisfaction mean score (M = 3.28) was above the 3.2 threshold, which suggests that, overall, the participants were positively satisfied with the organisation.

6.4.1.3 Employee Retention Questionnaire (ERQ)

Table 6.15 provides the descriptive information, which consists of the minimum score, the maximum score, the mean and the standard deviation for each subscale.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Mean</th>
<th>SD</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee retention</td>
<td>3.46</td>
<td>1.06</td>
<td>1.00</td>
<td>5.0</td>
</tr>
</tbody>
</table>

The mean score for the scale was 3.46 and the standard deviation of the scale 1.06. According to the HSRC (Martins & Geldenhuys, 2016), a mean score below the threshold of 3.2 is considered developmental, whereas a mean score above 3.2 is considered positive. For the purpose of this study, the baseline (threshold) mean of 3.2 was used to interpret the mean results for retention. The score obtained for employee retention was above the recommended mean score of 3.2, which suggests
that the employees were likely to remain in their current role or organisation.

6.4.2 Reporting of the Pearson product moment correlation coefficients between variables

In order to investigate the relationship between the variables in this study, the descriptive statistics had to be transformed into correlational statistics to determine whether the results provided adequate evidence to support the research hypotheses:

**H04:** There is no strong positive relationship between employee motivation, job satisfaction and employee retention.

**Ha4:** There is a strong positive relationship between employee motivation, job satisfaction and employee retention.

Since the data was considered to be parametric, the inter-relationships between the variables were computed using Pearson’s product moment correlations. These correlations allowed the researcher to identify the direction and strength of the linear relationship between each of the variables, $r \leq .10$ (small practical effect), $r \geq .30 \leq .49$ (medium practical effect) and $r \geq .50$ (large practical effect), according to Pallant (2011).

Table 6.16 summarises the small, medium and large practical significance constructs in relation to this study (see annexure 7 for the full correlation results).
Table 6.16: Summary of the Pearson’s correlation of medium to large practically significant constructs

<table>
<thead>
<tr>
<th>Construct</th>
<th>Relationship construct</th>
<th>r score</th>
<th>P score</th>
<th>Effect size</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IM_Challenge</strong></td>
<td>IM_Enjoyment</td>
<td>.59***</td>
<td>≤.05</td>
<td>large</td>
</tr>
<tr>
<td></td>
<td>IM_Outward</td>
<td>.31**</td>
<td>≤.05</td>
<td>medium</td>
</tr>
<tr>
<td></td>
<td>JS_Benefits</td>
<td>.16*</td>
<td>≤.05</td>
<td>small</td>
</tr>
<tr>
<td></td>
<td>JS_Nature of work</td>
<td>.25*</td>
<td>≤.05</td>
<td>small</td>
</tr>
<tr>
<td></td>
<td>JS_Communication</td>
<td>.19*</td>
<td>≤.05</td>
<td>small</td>
</tr>
<tr>
<td></td>
<td>Employee retention</td>
<td>.16*</td>
<td>≤.05</td>
<td>small</td>
</tr>
<tr>
<td><strong>IM_Enjoyment</strong></td>
<td>EM_Challenge</td>
<td>.59***</td>
<td>≤.05</td>
<td>large</td>
</tr>
<tr>
<td></td>
<td>EM_Outward</td>
<td>.44*</td>
<td>≤.05</td>
<td>medium</td>
</tr>
<tr>
<td></td>
<td>JS_Nature of work</td>
<td>.18*</td>
<td>≤.05</td>
<td>small</td>
</tr>
<tr>
<td></td>
<td>JS_Communication</td>
<td>.17*</td>
<td>≤.05</td>
<td>small</td>
</tr>
<tr>
<td><strong>EM_Outward</strong></td>
<td>IM_Challenge</td>
<td>.31*</td>
<td>≤.05</td>
<td>medium</td>
</tr>
<tr>
<td></td>
<td>IM_Enjoyment</td>
<td>.44*</td>
<td>≤.05</td>
<td>medium</td>
</tr>
<tr>
<td></td>
<td>JS_Nature of work</td>
<td>.13*</td>
<td>≤.05</td>
<td>small</td>
</tr>
<tr>
<td></td>
<td>JS_Communication</td>
<td>.17*</td>
<td>≤.05</td>
<td>small</td>
</tr>
<tr>
<td><strong>JS_Pay</strong></td>
<td>JS_Promotion</td>
<td>.63***</td>
<td>≤.05</td>
<td>large</td>
</tr>
<tr>
<td></td>
<td>JS_supervisor</td>
<td>.51***</td>
<td>≤.05</td>
<td>large</td>
</tr>
<tr>
<td></td>
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<td>large</td>
</tr>
<tr>
<td></td>
<td>JS_Nature of work</td>
<td>.32*</td>
<td>≤.05</td>
<td>medium</td>
</tr>
<tr>
<td></td>
<td>JS_Communication</td>
<td>.48*</td>
<td>≤.05</td>
<td>medium</td>
</tr>
<tr>
<td></td>
<td>Employee retention</td>
<td>.53***</td>
<td>≤.05</td>
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<tr>
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<td>large</td>
</tr>
<tr>
<td></td>
<td>JS_Supervisor</td>
<td>.48*</td>
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</tr>
<tr>
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<td>≤.05</td>
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<tr>
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<tr>
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<td>Employee retention</td>
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<tr>
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<td>Employee retention</td>
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<tr>
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<tr>
<td></td>
<td>JS_Pay</td>
<td>.56***</td>
<td>≤.05</td>
<td>large</td>
</tr>
<tr>
<td></td>
<td>JS_Promotion</td>
<td>.43*</td>
<td>≤.05</td>
<td>medium</td>
</tr>
<tr>
<td></td>
<td>JS_Supervisor</td>
<td>.45*</td>
<td>≤.05</td>
<td>medium</td>
</tr>
<tr>
<td></td>
<td>JS_Nature of work</td>
<td>.31*</td>
<td>≤.05</td>
<td>medium</td>
</tr>
<tr>
<td></td>
<td>JS_Communication</td>
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<td>Employee retention</td>
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<td>IM_Enjoyment</td>
<td>.18*</td>
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Based on the data in table 6.16, the following results were evident:

Specific relationships could be derived between the WPI, JSS and the ERQ variables. The first small positive relationships observed between employee motivation dimensions (challenge, enjoyment and outward) and some job satisfaction dimensions (benefits, nature of work and communication) and employee retention suggested that the participants’ motivation (challenge) might increase satisfaction in their job and in the way the organisation communicates with them, and therefore result in increased intention to remain in the organisation, but only if their jobs were challenging. These findings are similar to those of Abo (2012), who indicated that some motivational factors such as achievement and challenge contribute to the finding of job satisfaction, and if any employee is not motivated by the factors, the quitting tendency is observed. However, when only enjoyment and outward motivation are present, participants express satisfaction in the nature of
work and communication, and no intention to remain in the organisation.

A second positive relationship was observed between the job satisfaction dimensions and employee retention, suggesting that individuals who were satisfied with their pay, promotion opportunities, supervisor feedback, benefits, nature of work and communication in their organisation, felt a stronger sense of remaining in the organisation. This means that when an individual’s satisfaction levels meshes with or complements the job variables, it enhances his or her intention to remain in the organisation. The greater the satisfaction, the greater the forces towards job retention will be. These findings are in line with those of Yang et al. (2008), which indicate that where pay is often cited as a determinant of job satisfaction, the benefits have been found to impact on job satisfaction (Arnold & Spell, 2006; Suliman & Iles, 2000). The nature of work performed by workers also has an effect on the levels of job satisfaction (Ivancevich & Matteson, 2005), which provides opportunities for learning and promotion (Cockburn & Haydin, 2004). Ultimately, these factors influence employees’ intention to remain in the organisation (Wilson, 2006).

Hence an individual with strong motivation and satisfaction with dimensions such as pay, promotion, supervisor feedback, benefits, nature of work and communication, will choose to remain with the organisation. This, in turn, will have a positive effect on the retention of talented staff. This is supported by Wilson’s findings (2006), which indicated that satisfaction on a job might be motivated by the nature of the job, its pervasive social climate and the extent to which workers’ peculiar needs are met. Pay, satisfaction, promotion opportunities and task clarity can be directly influenced by organisations, and therefore promote employee turnover.

6.5 TESTS FOR GROUP MEAN DIFFERENCES

This section provides the results for the tests for assumptions by means of t-tests in order to test H05 and Ha5:
**H05:** The biographical groups do not differ significantly in terms of construct levels of employee motivation, job satisfaction and employee.

**Ha5:** The biographical groups differ significantly in terms of construct levels of employee motivation, job satisfaction and employee.

### 6.5.1 Tests for group mean differences

The aim of this section is to address research aim 5, namely to empirically investigate whether or not there were significant differences between the groups of biographical variables that acted as significant moderators between the independent employee motivation and job satisfaction construct and the dependent (employee retention) construct latent variates.

The research results of the t-test and mean scores investigating the relationship between the employee motivation (WPI), job satisfaction (JSS), employee retention (ERQ) and the demographic variable of gender, age, race, number of dependants, marital status, educational level, job tenure, number of subordinates, occupational level and work schedules are summarised below. The mean and standard deviation scores for the biographical data for the WPI, JSS and EQ variables (n = 341) are indicated in annexure 8.

Only significant mean differences for the sample are summarised in table 6.17 and discussed below.
Table 6.17: Summary of significant mean differences between the groups of biographical variables

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Biographical age groups</th>
<th>Mean difference</th>
<th>Sig.</th>
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</thead>
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<td>Higher mean score</td>
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<tr>
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<td>24-33</td>
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<td>JSPay_x</td>
<td>41-49</td>
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<td>50-69</td>
<td>24-33</td>
<td>.70805*</td>
</tr>
<tr>
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<td>24-33</td>
<td>.44014</td>
</tr>
<tr>
<td></td>
<td>50-69</td>
<td>24-33</td>
<td>.49069</td>
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<table>
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<th>Biographical race group</th>
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<td></td>
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<tr>
<td>JSPay_x</td>
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<td>African</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Coloured</td>
<td>.58401</td>
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<td>African</td>
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<tr>
<td></td>
<td></td>
<td>Coloured</td>
<td>.55893*</td>
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<tr>
<td>JSNature_x</td>
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<td>African</td>
<td>.51610</td>
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<tr>
<td></td>
<td></td>
<td>Indian</td>
<td>.43476*</td>
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<tr>
<td>Retention_x</td>
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<td>African</td>
<td>.79943</td>
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<tr>
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<td></td>
<td>Coloured</td>
<td>.68494*</td>
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<table>
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<th>Mean difference</th>
<th>Sig.</th>
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<td>Lower mean score</td>
<td></td>
</tr>
<tr>
<td>JSNature_x</td>
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<td>Single</td>
<td>.42088*</td>
</tr>
<tr>
<td></td>
<td>Divorced/Widowed)</td>
<td>Single</td>
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<tr>
<td>Retention_x</td>
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<td>Single</td>
<td>.37457*</td>
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<table>
<thead>
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<th>Sig.</th>
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<td>Lower mean score</td>
<td></td>
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<td>.62277</td>
</tr>
<tr>
<td></td>
<td>21-30 years</td>
<td>2-5 years</td>
<td>.72881</td>
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<tr>
<td></td>
<td>11-20 years</td>
<td>.59581*</td>
<td>.000</td>
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<tr>
<td>JSBenefits_x</td>
<td>Less than 2 years</td>
<td>6-10 years</td>
<td>.69870*</td>
</tr>
<tr>
<td></td>
<td>11-20 years</td>
<td>.79907*</td>
<td>.004</td>
</tr>
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<td>JSNature_x</td>
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<td>2-5 years</td>
<td>.53890</td>
</tr>
<tr>
<td></td>
<td>More than 30 years</td>
<td>2-5 years</td>
<td>.59545</td>
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<td>2-5 years</td>
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<td>More than 30 years</td>
<td>2-5 years</td>
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<td></td>
<td>6-10 years</td>
<td>.70152*</td>
<td>.015</td>
</tr>
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6.5.1.1 Reporting differences in mean scores for gender groups (WPI, JSS and ERQ)

The t-test results and mean scores indicate that no significant differences were observed between males and females and the variables of motivation, satisfaction and retention. However, the female participants obtained higher mean scores for enjoyment (M = 3.82; SD = .56) and outward behaviour (M = 3.21; SD = .65). In addition, the female participants obtained a higher mean score for benefits (M = 3.36; SD = .95), communication (M = 3.20; SD = .76) and pay (M = 2.63; SD = .91). The male participants obtained higher mean scores for challenge (M = 3.96; SD = .51), nature of work (M = 4.02; SD = .72), supervision (M = 2.99 SD=.76) and employee retention (M = 2.77; SD = .79) No significant differences were observed between the various gender groups regarding their satisfaction with promotion (see annexure 8).

6.5.1.2 Reporting differences in mean scores for age groups (WPI, JSS and ERQ)

The t-test results and mean scores provided in table 6.17 and annexure 8 indicate that the participants aged between 24 and 33 years (M = 4.00; SD = .83) obtained
significantly higher mean scores for outward behaviour than the participants aged between 41 and 49 years (M = 3.63; SD =.94). Participants aged between 41 and 49 years (M = 3.01; SD = 1.05) obtained a significantly higher mean score for pay than participants aged between 24 and 33 years (M = 2.55; SD = .91). Participants aged between 24 and 33 years (M = 3.63; SD=.95) obtained significantly lower mean scores for nature of job than participants aged between 41 and 49 years (M = 4.13; SD = .71) and between 50 and 69 years (M = 4.14; SD = .83). Participants aged between 24 and 33 years (M = 3.06; SD = 1.23) obtained significantly lower mean scores for retention than participants aged between 41 and 49 (M = 3.70; SD = 1.00) and participants aged between 50 and 69 years (M = 3.77; SD = .86). No significant differences were observed between the various age groups regarding challenge, enjoyment, satisfaction with promotion, supervision, benefits and communication.

6.5.1.3 Reporting differences in mean scores for race groups (WPI, JSS and ERQ)

The t-test results and mean scores provided in table 6.17 and annexure 8 indicate that the white (M = 3.13; SD = .94) participants obtained significantly higher mean scores for pay than the African (M = 2.54; SD = .95) and coloured (M = 2.55; SD = .95) participants. The white (M = 3.94; SD = .87) participants also scored significantly higher mean scores for supervisor feedback than the African (M = 3.58; SD = .97) and coloured (M = 3.38; SD = .92) participants. The white (M = 4.16; SD = .68) and Indian (M = 4.08; SD = .69) participants obtained significantly higher mean scores for nature of job than the African participants (M=3.64; SD = .96). The white participants (M = 3.95; SD = .78) obtained significantly higher mean scores for retention than the African (M = 3.15; SD = 1.20) and coloured (M = 3.26; SD = .98) participants. No significant differences were observed between the various race groups regarding challenge, enjoyment, outward behaviour, satisfaction of promotion, benefits and communication.
6.5.1.4 Reporting differences in mean scores for number of dependants groups (WPI, JSS and ERQ)

The t-test results and mean scores indicate that no significant differences were observed between the various number of dependants and the variables of motivation, satisfaction and retention. However, of interest was the fact that the participants with no dependants obtained a higher mean score for pay (M = 2.83; SD = .97) and benefits (M = 3.46; SD = 1.090. The participants with three (M = 4.02; SD = .71) and four or more (M = 4.02; SD = .90) dependants obtained the highest mean score for nature of work. Participants with two (M = 3.57; SD = .97) dependants obtained the highest means score for retention (see annexure 8).

6.5.1.5 Reporting differences in mean scores for marital status groups (WPI, JSS and ERQ)

The t-test results and mean scores provided in table 6.17 and annexure 8 indicate that the single participants (M =3.59; SD = .95) obtained significantly lower mean scores for nature of work than married (M = 4.01; SD = .72) and divorced or widowed (M = 4.32; SD = .76) participants. Single (M = 3.19; SD = 1.23) participants obtained significantly lower mean scores for retention than married (M = 3.56; SD = .95) and divorced or widowed (M = 3.80; SD = .91) participants. No significant differences were observed between the various marital status groups regarding challenge, enjoyment, outward behaviour, satisfaction with pay, promotion, supervision, benefits and communication.

6.5.1.6 Reporting differences in mean scores for educational level groups (WPI, JSS and ERQ)

The t-test results and mean scores indicate that no significant differences were observed between the various educational level groups and the variables of
motivation, satisfaction and retention. However, participants with a postgraduate degree obtained the highest mean score for pay (M = 2.96; SD = .87). Participants with a diploma (M = 3.58; SD = 1.06) obtained the highest mean score for retention (see annexure 8).

6.5.1.7 Reporting differences in mean scores for job tenure groups (WPI, JSS and ERQ)

The t-test results and mean scores provided in table 6.17 and annexure 8 indicate that the participants who had been in the organisation for less than two years (M = 3.04; SD = .76) obtained significantly higher mean scores for pay than participants who had been in the organisation for between two and five years (M = 2.42; SD = .89). The participants who had been in the organisation for between two and five years (M = 2.42; SD = .89) and between 11 and 20 years (M = 2.55; SD = .95) obtained significantly lower mean scores for pay than participants who had been in the organisation for between 21 and 30 years (M = 3.15; SD = .98). The participants who had been in the organisation for less than two years (M = 3.90; SD = .84) obtained significantly higher mean scores for benefits than participants who had been in the organisation for between six and ten years (M = 3.21; SD = 1.03) and between 11 and 20 years (M = 3.11; SD = .95). Participants who had been in the organisation for between two and five years (M = 3.63; SD = .91) obtained significantly lower mean scores for nature of work than participants who had been in the organisation for between 21 and 30 years (M = 4.17; SD = .79) and for more than 30 years (M = 4.22; SD = .71). Participants who had been in the organisation for between two and five years (M = 3.06; SD = 1.24) and six and ten years (M = 3.; SD = 1.11) obtained significantly lower mean scores for retention than participants who had been in the organisation for between 21 and 30 years (M = 3.85; SD = .91) and participants who had been in the organisation for more than 30 years (M = 3.83; SD = .80). No significant differences were observed between the various job tenure groups regarding challenge, enjoyment, outward behaviour, satisfaction with promotion, supervision and communication.
6.5.1.8 *Reporting differences in mean scores for number of subordinates groups (WPI, JSS and ERQ)*

The t-test results and mean scores indicate that no significant differences were observed between the various number of subordinate groups regarding the variables of motivation, satisfaction and retention. However, participants with one to ten subordinates obtained the highest mean score for retention (M = 3.64; SD = 1.03). The participants with more than 11 subordinates obtained the highest mean scores for the dimensions of challenge (M = 4.28; SD = .67), pay (M = 2.99; SD = 1.02), promotion (M = 2.77; SD = 1.04), supervisor feedback (M = 3.72; SD = .90), benefits (M = 3.44; SD = 1.01), nature of job (M = 4.03; SD = .85), and communication (M = 3.58; SD = .93) (see annexure 8).

6.5.1.9 *Reporting differences in mean scores for level in the organisation groups (WPI, JSS and ERQ)*

The t-test results and mean scores provided in table 6.17 and annexure 8 indicate that the managerial participants (M = 2.98; SD = .91) and team leader participants (M = 3.00; SD = 1.10) obtained significantly higher mean scores for pay than the non-managerial participants (M = 2.52; SD = .96). The managerial participants (M = 2.87; SD = .95) obtained significantly higher mean scores for promotion than non-managerial participants (M = 2.38; SD = 1.08). The managerial participants (M = 3.90; SD = .71) obtained significantly higher mean scores for supervisor feedback than the non-managerial participants (M = 3.46; SD = 1.04). The managerial participants (M = 4.16; SD = .63) and team leader participants (M = 4.11; SD = .83) obtained significantly higher mean scores for nature of job than the non-managerial participants (M = 3.69; SD = .92). The managerial participants (M = 3.87; SD = .78) and team leader participants (M = 3.64; SD = .98) obtained significantly higher mean scores for retention than the non-managerial participants (M = 3.14; SD = 1.15). No significant differences were observed between the various occupational level groups regarding challenge, enjoyment, outward behaviour, satisfaction with benefits and communication.
6.5.1.10 Reporting differences in mean scores for work schedule groups (WPI, JSS and ERQ)

The t-test results and mean scores indicate that no significant differences were observed between the various work schedule groups regarding the variables of motivation, satisfaction and retention. However, the flexible working participants obtained the highest mean scores for the dimensions of challenge (M = 4.31; SD = .63), pay (M = 2.91; SD = .97), promotion (M = 2.76; SD = 1.04), and supervisor feedback (M = 3.81; SD = .72). The normal working hour participants obtained high mean scores for enjoyment (M = 4.33; SD = .66) and outward behaviour (M = 3.83; SD = .92) (see annexure 8).

The biographical profile obtained from the sample showed that it comprised predominantly married African females between the ages of 34 and 49 (generation Y), in full-time employment as non-managers with a matric certificate, with 11 to 20 years’ experience in their job. It therefore seems as if participants in this group could benefit from the increased motivation and satisfaction in order to retain them as valuable staff members.

6.6 INTEGRATION OF EMPIRICAL RESEARCH

The empirical findings of this research provided the researcher with vital and insightful information on employee motivation and job satisfaction for the retention of skilled and valuable employees in a foreign exchange banking organisation. This section discusses and integrates all the empirical findings.

The empirical findings of this study identified three motivational variables (enjoyment, challenge and outward behaviour); compensation was removed because of the low reliability score during the CFA stage of the research. During the EFA stage of the empirical research, six job satisfaction variables (pay, promotion, supervisor, benefit,
nature of job and communication) were identified. Three variables, namely contingent rewards, operating procedure and co-workers, were removed because of low communalities. The retention variable retained its original items for the empirical research.

As previously discussed in section 6.3.3 (see figure 6.5), motivation only explained 8% variance of retention, whereas job satisfaction explained 66% variance of retention. Considering the three variables of motivation (challenge, enjoyment and outward behaviour), the researcher deemed it important to gain a deeper understanding of the composition of motivation in order to grasp the possible reasons for the low variance. The highest contributing variable of motivation was enjoyment (91% variance), followed by challenge (68% variance) and outward behaviour (58% variance).

The overall mean scores for challenge, enjoyment and outward behaviour were above the suggested 3.2 threshold, which suggests that participants were positively motivated mostly by a challenging and enjoyable job, where a good job was acknowledged. These findings were in line with the large positive relationships found between enjoyment and challenge, which suggested that as one's enjoyment for the job increases, so does the need for taking on more challenging tasks, and vice versa. These findings also suggested that the participants were most motivated by challenging and enjoyable tasks, where they could grow and develop their skills and experience feelings of purpose. Individuals who thrive on challenge are motivated to become catalysts in their environment (Ferreira, 2012). These participants might be more likely to remain with their current organisation because they regard the cost of leaving the organisation as too high. Highly challenged individuals are therefore characterised by cognitive flexibility and tolerance for ambiguity (Mazur, 2010). The challenge of the work itself appears to motivate employees and is thus associated with job satisfaction, as proposed by Owens (1995).

However, the feelings of outward behaviour as they relate to motivation were lower (M = 3.82) in the current findings, compared to challenge (M = 4.24) and enjoyment (M = 4.28), which implies that the participants might have felt less confident in their current role because of poor recognition and team work in the work context (Tolbize,
When considering the various biographical groups, the only motivational variable that resulted in significantly higher mean scores for the various age groups was outward behaviour (see table 6.17). Where participants aged between 24 and 33 years (M = 4.00) scored outward behaviour significantly higher than participants aged between 41 and 49 years (M = 3.63), these findings suggest that participants aged between 24 and 33 years were highly motivated by outward behaviour. Therefore, overall, the participants appeared to be more intrinsically motivated in this study. In the current research, no large positive relationship was found between the motivational variables, job satisfaction and retention, which contradicts other similar research, which suggested that certain motivational factors contribute to job satisfaction and retention (Abo, 2012; Brown & Shepherd, 1997; Chess, 1994; Stokes et al., 1995).

Jobs satisfaction explained 66% variance of retention. The highest contributing variables of satisfaction were pay (86% variance) and promotion (86% variance), followed by communication (81% variance), nature of job (80% variance), benefits (78% variance) and supervisor (76% variance). These findings suggest that if organisations wish to retain their most talented and skilled employees, they need to ensure that they are satisfied with all the above variables. Hence if there are variables that employees are dissatisfied with, their retention level will decrease.

The overall mean scores for supervision, benefits, nature of job and communication were above the suggested 3.2 threshold, which suggests that participants were positively satisfied with these variables. However, pay and promotion were both below the suggested 3.2 threshold, which suggests that the participants were dissatisfied with these variables and required some sort of intervention in the organisation. These findings were in line with the large positive relationships found between pay, promotion, supervisor feedback, benefits and communication. The participants’ recognised nature of work as the most satisfying variable embedded in their job satisfaction, had the highest recorded mean score of 3.92. They seemed satisfied with the job they performed, which also implies that the job tasks were interesting and provided opportunities for learning and gaining responsibility, which in turn could also boost their confidence. A possible reason for this finding could be that the majority of the participants were full time, who enjoyed a fun working
environment and demanded meaning in the work that they engaged in.

However, pay and promotion seemed to be the least satisfying variable in the organisation, which implies that the participants were dissatisfied with how they were being rewarded for their role in the organisation and indicated that opportunities for promotion were limited. Opportunities for promotion were less satisfying than pay for these participants. This finding is similar to research by Smucker and Kent (2004), who found that promotion was generally seen as the job variable that employees rated as most dissatisfying when evaluating their level of job satisfaction. These two variables have a large positive relationship – if an employee’s satisfaction for pay increases, so does his or her satisfaction with promotion. These findings were explained by the SEM (figure 6.3) where pay and promotion contributed to the highest variance of job satisfaction in this study. The results also indicated that white participants were generally more satisfied than their African and coloured colleagues. These findings are in line with research by Martin and Roodt (2008), who reported that white employees were generally more satisfied with their jobs than their African counterparts.

Job satisfaction and motivation explained 46% variance of retention, but satisfaction explained 66% variance of retention alone. These findings suggest that if organisations wish to retain their most talented and skilled employees they need to ensure that they are satisfied with pay, promotion, communication, nature of work, benefits and supervisor. In terms of the job satisfaction variables, the large positive relationships were between pay, promotion, nature of work, supervisor and retention (see table 6.16). These findings suggest that as the individual’s satisfaction variable increases (pay, promotion, nature of work and supervisor) so does his or her intention to remain in the organisation.

In the current study, the overall mean score for retention was above the suggested 3.2 threshold, which suggests that the employees had fewer intentions of exiting the organisation. The reasons for leaving the organisation could be influenced by dissatisfaction with pay and promotion opportunities, either because the employees feel they have been overlooked or they may feel they are underpaid for the job they perform and therefore have weaker sense of obligation towards their employer.
Because each employee is unique, his or her needs and expectations are different when it comes to work. These findings are in line with those of Sarker, Crossman and Chinmeteepituk (2003), where the underlying assumption behind job satisfaction was that dissatisfied employees resign, while satisfied ones stay with the organisation. Employees who are satisfied have higher intentions of persisting with their organisation, which results in a lower turnover rate (Mobley et al., 1979).

6.7 RESEARCH HYPOTHESES

The research hypotheses for the study will now be discussed. Table 6.18 below summarises the research hypotheses formulated for this study.

Table 6.18: Summary of the research hypotheses

<table>
<thead>
<tr>
<th>Research hypotheses</th>
<th>Description</th>
<th>Hypotheses supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>H01</td>
<td>A four-factor structure is not expected to underlie the employee motivation questionnaire in order to support the four originally identified dimensions of the scale.</td>
<td>Accepted</td>
</tr>
<tr>
<td>Ha1</td>
<td>A four-factor structure is expected to underlie the employee motivation questionnaire in order to support the four identified dimensions of the scale.</td>
<td>Rejected</td>
</tr>
<tr>
<td>H02</td>
<td>A nine-factor structure is not expected to underlie the job satisfaction questionnaire in order to support the nine originally identified dimensions of the scale.</td>
<td>Accepted</td>
</tr>
<tr>
<td>Ha2</td>
<td>A nine-factor structure is expected to underlie the job satisfaction questionnaire in order to support the nine originally identified dimensions of the scale.</td>
<td>Rejected</td>
</tr>
<tr>
<td>H03</td>
<td>A one-factor structure is not expected to underlie the employee retention questionnaire in order to support the one identified dimension of the scale.</td>
<td>Rejected</td>
</tr>
</tbody>
</table>
A one-factor structure is expected to underlie the employee retention questionnaire in order to support the one originally identified dimension of the scale.

There is a no strong positive relationship between employee motivation, job satisfaction and employee retention.

There is a strong positive relationship between employee motivation, job satisfaction and employee retention.

The biographical groups do not differ significantly in terms of construct levels of employee motivation, job satisfaction and employee.

The biographical groups differ significantly in terms of construct levels of employee motivation, job satisfaction and employee retention.

Empirically test the model for employee motivation and job satisfaction by way of structural equation modelling to find no support for the theoretical model.

Empirically test the model for employee motivation and job satisfaction by way of structural equation modelling to find support for the theoretical model.

This completes all the steps in the empirical investigation, and the empirical research questions have been answered.

6.8 CHAPTER SUMMARY

In this chapter, the statistical results of the study were outlined and discussed. The descriptive, correlational and inferential statistics of relevance to this research were reported, which included data cleaning and organising, scale and model development, descriptive and correlational analysis and mean group differences. The results were also interpreted to enable the researcher to integrate the findings of the literature review with the empirical research findings. The results provided supportive evidence for the formulated research hypotheses. All the research aims were achieved in this chapter.
Herewith, research aims 1, 2, 3, 4, 5 and 6 have been achieved, as outlined at the beginning of this chapter.

Chapter 7 addresses research aim 7, namely to make recommendations for the discipline of industrial and organisational psychology practices and for possible future research, based on the findings of this research study. The chapter also includes the conclusions, limitations and recommendations for the research.
7.1 INTRODUCTION

The previous chapter covered step 6 (results) of phase 2, the empirical research, as part of the research methodology presented in section 1.8. This chapter deals with step 8 (conclusions, limitations and recommendations) of the same phase, in order to conclude the research study.

This chapter addresses empirical research aim 7, namely to make recommendations for the discipline of industrial and organisational psychology and human resource management on talent retention practices and future research. In this final chapter, firstly, conclusions are drawn on both the theoretical and empirical parts of this research. Secondly, the limitations of this research are outlined for both the literature review and empirical results of the study. Lastly, the recommendations are made for the practical application of the findings and for future research studies.

7.2 CONCLUSIONS

This research was conducted in two phases. A theoretical model of employee motivation, job satisfaction and employee retention was developed on the basis of the literature study, after which the empirical model was constructed and tested using structural equation modelling (SEM).

The general aim of this research was formulated in section 1.3.1 in order to develop a scientific model of employee motivation and job satisfaction for staff retention practices in a foreign exchange banking organisation. The general aim was achieved through the achievement of the specific aims (as set in section 1.3.2), and the central hypothesis of this research (section 1.6.2.4) is discussed in the sections below.
7.2.1 The literature research

The literature research was conducted by presenting research on employee motivation, job satisfaction and employee retention.

7.2.1.1 Specific aims pertaining to the literature research on employee motivation, job satisfaction and employee retention

During this research, the seven specific aims (as formulated in section 1.3.2.1) of phase 1 (the literature research) were achieved as follows:

Research aim 1: To conceptualise the construct of employee motivation and determine its key components from a theoretical perspective

This objective was achieved in chapter 2. In achieving the objective, the following information came to light:

- While general motivation refers to the effort made to achieve any goal, employee motivation refers to the effort made to achieve organisational goals. Robbins and Coulter (1996) described employee motivation as the willingness of an employee to exert some effort or action in order to achieve the organisational goals, conditioned by the action’s ability to satisfy the employee’s individual needs. Pinder (2008) added that employee motivation is a set of energetic forces that originate both within as well as beyond an individual’s being, to initiate work-related behaviour and to determine its form, direction, intensity and duration.

- Both intrinsic and extrinsic factors influence individual motivation (section 2.4). Armstrong (2006) defined intrinsic motivation as employees who are intrinsically or internally motivated and generally do not need external rewards such as pay or praise to do well in a job. Extrinsic motivation is defined as employees who are externally motivated, generally do not enjoy the tasks, but

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are motivated to perform well by some kind of reward, pay, promotion, praise or avoidance of any negative consequences (Armstrong, 2006).

- Theories of motivation that were studied included content and process theories, as highlighted below:
  
  o Content theories (section 2.5.1) imply that basic needs have to be fulfilled prior to the accomplishment of certain tasks. The content theories discussed included Maslow’s hierarchy of needs theory, Alderfer’s ERG theory, Herzberg’s two-factor theory, McClelland’s theory of needs and McGregor’s Theory X and Theory Y.
  
  o The process theories (section 2.5.2) maintain that individuals’ thought processes direct their behaviour, and this implies that levels of motivation depend on how behaviour is initiated, directed and sustained. The process theories that were discussed included the self-determination theory, goal-setting theory, self-efficacy theory, Adams’ equity theory and Vroom’s expectancy theory.

- The theories of motivation presented in this research are not in competition, because if one is found to be valid, it does not automatically mean that the others are invalid. Hence aspects of each theory were used to develop a scientific model of employee motivation and identify the measuring tool used to identify the key components (figure 4.11):
  
  o intrinsic motivation – challenge and enjoyment

  o extrinsic motivation – outward behaviour and compensation

- A number of variables influence employee motivation, namely individual characteristics, job characteristics, work environment characteristics and external work environments (section 2.6), as outlined by Porter and Miles (1974).

- The positive and negative consequences of employee motivation were discussed (section 2.7).
For the purpose of this study, the researcher defined employee motivation as the feeling, effort, energy and driving force an employee uses to achieve individual and or organisational goals. The employee will feel motivated to perform if his or her own needs, interests and goals are achieved through this process, and he or she will therefore direct his or her behaviour accordingly.

**Research aim 2:** To conceptualise the construct of job satisfaction and determine its key components from a theoretical perspective

This objective was achieved in chapter 3. In achieving the objective, the following information came to light:

- According to Hulin and Judge (2003), job satisfaction includes multidimensional psychological responses to one’s job, and such responses have cognitive (evaluative), affective (emotional) and behavioural components.

- Theories of job satisfaction are divided into three categories (Anderson et al., 2001), which include the situational, dispositional and interactive theories.
  - Situational theories (section 3.3.1) relate to the nature of one’s job or other aspects of the environment. The situational theories discussed included Herzberg’s two-factor theory, the social information processing model and the job characteristics model.
  - Dispositional approaches theories (section 3.3.2) are rooted in the personological make-up of the individual.
  - Interactive theories (section 3.3.3) involve the interplay of the situation and personality. The interactive theories discussed included the Cornell model and the value-percept theory.

- Both intrinsic and extrinsic factors influence individual job satisfaction (section 3.4). Spector (1997) highlighted the following nine facets of job satisfaction: pay, promotion, supervision, fringe benefits, contingent rewards, operating
procedures, co-workers, nature of work and communication, as per figure 4.11. These factors were used as the basis for measuring job satisfaction in this study.

- Intrinsic factors are associated with job tasks itself such as autonomy and variety (Hirschfield, 2000). Intrinsic job satisfaction is therefore associated with the impact of the nature of job tasks, which includes promotion, contingent rewards and nature of work.

- Extrinsic factors relate to variables not associated with the job itself or work-specific factors – that is, any other external factors that could impact on job satisfaction (Hirschfield, 2000). Hence, extrinsic job satisfaction is about how workers feel about elements outside of the work situation which are not included in the specific task, such as pay, supervision, benefits, operating procedures, co-workers and communication.

- Different variables influence job satisfaction, namely individual characteristics, job characteristics, work environment characteristics and external work environments (section 3.5).

- The consequences of job satisfaction were discussed as they relate to this study. These included productivity, withdrawal behaviour, life satisfaction, organisation citizenship behaviour, burnout and counterproductive behaviour (section 3.6).

- For the purpose of this study, the researcher defined job satisfaction as an emotion, attitude and personality trait that an employee has towards the organisation and his or her job. The satisfaction that employee experiences as it relates to the organisation and job is dependent on many factors, experiences, values and needs, which are determined not only by the employee, but also by the employer and external environment. An organisation can do its best to satisfy employees’ needs and/or values, but some employees may have a predisposition towards dissatisfaction, or the organisation may not acknowledge the exact facets that motivate employees to perform.
**Research aim 3:** To conceptualise the construct of staff retention and determine its key components from a theoretical perspective

This objective was achieved in chapter 4. In realising the objective, the following information came to light:

- According to Cascio (2003), retention can be described as initiatives taken by management to prevent employees from leaving the organisation, such as rewarding them for performing their jobs effectively; ensuring harmonious working relations between employees and managers; and maintaining a safe and healthy work environment.

- In order to develop retention strategies, it was necessary for the researcher to understand employee turnover. Mobley (1977) defined turnover as a process whereby an employee decides to leave or quit the organisation.

- Models of employee retention according to Peterson (2004) were grouped as follows: the employee turnover models were grouped into three broad categories, namely the process, socialisation and comprehensive models, as described below.

  - Process theories (section 4.3.1) describe the process of employee turnover and retention. The following theories were discussed: the intermediate linkages model (Mobley, 1977) and the unfolding model of voluntary turnover (Lee & Mitchell, 1994).

  - Socialisation models (section 4.3.2) associate individual characteristics with the organisational processes of socialisation.

  - Comprehensive models (section 4.3.3) are multidimensional in nature when they explain employee retention. The comprehensive theories discussed included the expanded model of turnover (Mobley et al., 1979), the model of turnover (Steers & Mowday, 1981) and the model of turnover determinants (McCarthy et al., 2002).
Retention factors were identified and discussed, which included training and development, supervisor support, career opportunities, job characteristics (which included skill variety, job autonomy and job challenge), work/life balance and compensation, as outlined by Döckel (2003) (section 4.4).

A number of variables influence employee retention, namely individual characteristics, job characteristics, work environment characteristics and external work environments (section 4.5).

The consequences of job satisfaction were discussed as they related to this study, namely cost effectiveness, job satisfaction, performance and employee motivation (section 4.6).

For the purpose of this study, the researcher defined employee retention as the strategy required by an organisation to retain not only talented, but also skilled employees, by understanding the factors associated with employee retention in order to curb unnecessary turnover.

**Research aim 4:** To determine the theoretical relationships between employee motivation and job satisfaction in order to understand staff retention practices

This objective was achieved in chapter 4. In realising the objective, the following information came to light:

- A wealth of literature, research theories, factors and variables were discussed in relation to employee motivation, job satisfaction and employee retention. Understanding each of the constructs and how they are interrelated was essential for this study as it assisted the researcher to develop a comprehensive model pertaining to the foreign exchange banking environment, as depicted in figure 4.11 (section 4.8).

- Research by Pienaar et al. (2007) indicated that job satisfaction is the most significant predictor of turnover intention and is strongly and negatively correlated with turnover intention.
Financial services institutions have found that greater importance is attached to intrinsic motivation than extrinsic motivational variables. Furthermore, motivation improves workers’ job satisfaction (Birt et al., 2004).

High job satisfaction seems to create a high level of motivation among employees, which tends to lower the level of turnover (Wan-Huggins et al., 1998).

Retention factors incorporating the needs and desires of employees at any age enhance levels of individual job satisfaction, loyalty and commitment (Boomer Authority, 2009).

**Research aim 5:** To conceptualise the influence of individuals’ biographical characteristics on employee motivation and job satisfaction for staff retention practices.

This objective was achieved in chapters 2, 3 and 4. In realising the objective, the following information came to light:

Differences in employee motivation, job satisfaction and employee retention across the biographical and demographical categories of generation, gender, race, job tenure, occupational level and educational level were discussed. Previous research reported both significant and non-significant differences.

**Research aim 6:** To outline the key implications of employee motivation and job satisfaction for staff retention practices for organisations

In realising the objective, the following information came to light:

The positive and negative consequences of employee motivation were discussed (section 2.7), and they included job satisfaction, performance and retention strategies.
The positive and negative consequences of job satisfaction were discussed (section 3.6), and they included productivity issues, withdrawal behaviour, life satisfaction, organisation citizenship behaviour, burnout and counterproductive behaviour.

The positive and negative consequences of employee retention were discussed (section 4.6), and they included cost effectiveness, job satisfaction, performance and employee motivation.

**Research aim 7:** To develop a theoretical model of employee motivation and job satisfaction for staff retention practices

This objective was achieved in chapter 4. In realising the objective, the following information came to light:

- All three constructs identified in research aims 1 to 6 were integrated.

- Rediscovering the role of purpose in work is key to understanding the new work and the motivation of today’s employees. Organisations now find themselves competing to attract and retain workers on the basis of the meaningfulness of their jobs.

- The above-mentioned theoretical framework guided the research. Although it identified possible factors, the models and consequences that impacted on foreign exchange motivation and job satisfaction, the exact nature and extent of this influence for the banking employees were unclear. The empirical investigation enabled the researcher to determine this and highlight the significance of the study.

- All the research that has been conducted on employee motivation, job satisfaction and employee retention has been based on various theoretical frameworks, which form the basis of all studies, including this one. As outlined in figure 4.11 (section 4.8.1) employee motivation, job satisfaction and retention cannot be measured in isolation. There are various other characteristics that play a role in understanding employee behaviour, such as
the external environment characteristics, individual characteristics, job characteristics and work environment characteristics.

- A theoretical model identifying the factors that need to be taken into consideration in addressing the issue of employee motivation and job satisfaction for the retention of staff in a foreign exchange banking organisation, was developed on the basis of the literature review. An integrated theoretical model based on the detailed model was presented in chapter 4 (figure 4.11).

- The model first outlines the external characteristics, individual characteristics, job characteristics and work environment characteristics that are all required to understand employee motivation and job satisfaction for the retention of skilled and talented staff.

- The external characteristics refer to factors such as socio-cultural factors, political and legal, economic, technological and natural environmental factors that could influence employee motivation, job satisfaction and retention of employees in an organisation. The individual characteristics refer to the human make-up of employees, which includes personality traits, person-job fit, individual differences and demographic information. The job characteristics are identified by the skill variety, task identity, task significance, autonomy and job feedback, which tend to differ among employees and job role in the organisation. Work environment characteristics may include the following: working conditions, organisation actions, organisational climate, organisational structure, work load, work schedules, work-family conflict, control, role variables and job stress. These characteristics could affect employee motivation, job satisfaction and retention.

- Taking into account the various types of motivation variables identified in this study (challenge, enjoyment, outward behaviour and compensation), as well as the various satisfaction variables (pay, promotion, supervision, benefits, contingent rewards, operating procedures, co-workers, nature of work and communication), together with the external environment characteristics, individual characteristics, job characteristics and work environment
characteristics, all these factors could impact on the implementation of the organisation’s goals and retention strategies. Identifying the strategic risks of losing skilled and talented employees is therefore imperative.

- It can be concluded that identifying the potential risks of skilled employees leaving the organisation and enhancing employees’ satisfaction and motivation needs would indicate to the organisation where to focus its efforts if it wishes to retain skilled and talented employees. Hence the organisation should design and implement retention strategies that would ultimately contribute to the retention of foreign exchange banking employees.

7.2.2 The empirical research

The empirical research was conducted by presenting research on employee motivation, job satisfaction and employee retention.

7.2.2.1 Specific aims pertaining to the empirical research on employee motivation, job satisfaction and employee retention

In this research, the seven specific aims (as formulated in section 1.3.2.2) of phase 2 (the empirical research) were achieved as follows:

**Research aim 1:** To select and, or adapt a questionnaire measuring the independent variable of employee motivation with reference to the foreign exchange banking organisation

This objective was achieved in chapters 5 and 6. In realising the objective, the following information came to light:

- The Work Preference Inventory (WPI) was selected to measure employee motivation. The questionnaire was designed to measure whether adults perceive themselves to be intrinsically (challenge and enjoyment) and/or
extrinsically (outward and compensation) motivated towards what they do in work situations, using a five-point Likert-type scale.

- The validity and reliability of the WPI were discussed in sections 6.3.1.2 and 6.3.2.1 respectively. The validity of this questionnaire was investigated by means of exploratory factor analysis. One variable was removed because of poor validity, namely compensation, from the factor structure during the CFA phase of the analysis. The reliability was indicated by a Cronbach alpha value of .77.

**Research aim 2:** To select and, or adapt a questionnaire measuring the independent variable of job satisfaction with specific reference to the foreign exchange banking organisation.

This objective was achieved in chapters 5 and 6. In realising the objective, the following information came to light:

- The Job Satisfaction Survey (JSS) was selected to measure job satisfaction. The survey was developed to assess employee attitudes towards the job and aspects of the job, using a five-point Likert-type scale. The survey included the following nine variables: pay, promotion, supervision, benefits, co-workers, rewards, operating procedures, nature of job and communication.

- The validity and reliability of the JSS were discussed in sections 6.3.1.2 and 6.3.2.2 respectively. The validity of this questionnaire was investigated by means of exploratory factor analysis. Owing to low loadings and poor pattern matrices, three variables were removed from the scale, namely co-workers, operating procedures and contingent rewards during the CFA phase of the analysis. The reliability was indicated by a Cronbach alpha value of .88.

**Research aim 3:** To select and, or adapt a questionnaire measuring the dependent variable of staff retention with specific reference to the foreign exchange banking organisation.
This objective was achieved in chapters 5 and 6. In realising the objective, the following information came to light:

- The employee retention questionnaire (ERQ) was selected to measure employee retention. This measure contains questions on the employees’ desire to remain associated with their respective organisations, using a five-point Likert-type scale.

- The validity and reliability of the ERQ were discussed in sections 6.3.1.2 and 6.3.2.3 respectively. The validity of this questionnaire was investigated by means of exploratory factor analysis. All the variables were retained during the CFA phase of analysis. The reliability was indicated by a Cronbach alpha value of .89.

**Research aim 4:** To determine the empirical relationship between employee motivation and job satisfaction for staff retention practices in a foreign exchange banking organisation.

This objective was achieved in chapter 6. In realising the objective, the following information came to light:

- The relationships between employee motivation, job satisfaction and employee retention were tested by means of a Pearson correlation coefficient in section 6.4.2. Various small, medium and large positive significant relationships were identified and discussed.

- Positive relationships were observed between employee motivation variables (challenge, enjoyment and outward) and some job satisfaction variables (benefits, nature of work and communication) and employee retention.

- Individuals’ intrinsic motivation (challenge) may increase satisfaction in their job and in the way the organisation communicates with them. Hence there is increased intention among employees to remain in the organisation, but only if their jobs are challenging.
- An individual who experiences strong motivation and satisfaction with variables such as pay, promotion, supervisor feedback, benefits, nature of work and communication will choose to remain with the organisation, and this, in turn, will have a positive effect on the retention of talented staff.

**Research aim 5:** To assess whether the biographical variables play a role in employee motivation and job satisfaction for staff retention practices among foreign exchange banking individuals

In achieving this objective, the following information came to light:

- Differences in employee motivation, job satisfaction and employee retention across the biographical and demographical categories of gender, age, race, number of dependants, marital status, educational level, job tenure, number of subordinates, occupational level and work schedules were elucidated in section 6.5 and summarised in table 6.17. Both significant and non-significant mean differences were reported and discussed in section 6.5. The main findings are highlighted below:

  o The female participants obtained a higher mean score for benefits (M = 3.36; SD = .95), communication (M = 3.20; SD = .76) and pay (M = 2.63; SD = .91).

  o Male participants obtained higher mean scores for challenge (M = 3.96; SD = .51), nature of work (M = 4.02; SD = .72), supervision (M = 2.99; SD = .76) and employee retention (M = 2.77; SD = .79).

  o Participants aged between 24 and 33 years (M = 3.06; SD = 1.23) obtained significantly lower mean scores for retention than participants aged between 41 and 49 (M = 3.70; SD = 1.00) and participants aged between 50 and 69 years (M = 3.77; SD = .86).
o No significant differences were observed between the various age groups regarding challenge, enjoyment, satisfaction of promotion, supervision, benefits and communication.

o White participants (M = 3.95; SD = .78) obtained significantly higher mean scores for retention than African (M = 3.15; SD = 1.20) and coloured (M = 3.26; SD = .98) participants.

o No significant differences were observed between the various race groups regarding challenge, enjoyment, outward behaviour, satisfaction of promotion, benefits and communication.

o No significant differences were observed between the various numbers of dependants and the variables of motivation, satisfaction and retention.

o Single participants (M = 3.19; SD = 1.23) obtained a significantly lower mean score for retention than married (M = 3.56; SD = .95) and divorced or widowed (M = 3.80; SD = .91) participants.

o No significant differences were observed between the various marital status groups regarding challenge, enjoyment, outward behaviour, satisfaction of pay, promotion, supervision, benefits and communication.

o No significant differences were observed between the various educational level groups and the variables of motivation, satisfaction and retention.

o Participants who had been in the organisation for between two and five years (M = 3.06; SD = 1.24) and six and ten years (M = 3.13; SD = 1.11) obtained significantly lower mean scores for retention than participants who had been in the organisation for between 21 and 30 years (M = 3.85; SD = .91) and participants who had been in the organisation for more than 30 years (M = 3.83; SD = .80).
No significant differences were observed between the various job tenure groups regarding challenge, enjoyment, outward behaviour, satisfaction with promotion, supervision and communication.

No significant differences were observed between the various numbers of subordinate groups regarding the variables of motivation, satisfaction and retention.

The managerial participants (M = 3.87; SD = .78) and team leader (M = 3.64; SD = .98) participants obtained a significantly higher mean score for retention than the non-managerial participants (M = 3.14; SD = 1.15).

No significant differences were observed between the various occupational level groups regarding challenge, enjoyment, outward behaviour, satisfaction with benefits and communication.

No significant differences were observed between the various work schedule groups regarding the variables of motivation, satisfaction and retention.

The biographical profile obtained from the sample showed that it comprised predominantly married African females between the ages of 34 and 49 (generation Y), in full-time employment as non-managers with a matric certificate, with 11 to 20 years’ experience in their job.

Research aim 6: To develop an empirical model for employee motivation and job satisfaction for staff retention

In achieving the objective, the following information came to light:

The relationship between employee motivation (measured by means of the WPI), job satisfaction (measured by means of the JSS) and employee retention (measured by means of the ERQ) was tested by means of SEM in section 6.3.3. Support for the model was obtained in section 6.3.3.1. This
research finding therefore concluded that the empirically manifested structural model could be utilised in a retention context to identify employee motivation and job satisfaction interventions that might help to retain talented staff.

- The model fit revealed that the model (employee motivation and employee job satisfaction) explained an estimated 46% of the variance in the employee retention construct. The job satisfaction construct in the model explained an estimated 66% of the variance in the employee retention construct, while the employee motivation construct explained only 8% of the variance.

- This research suggests that when an employee working in the foreign exchange banking organisation has a strong sense of job satisfaction, and a lower sense of motivation, he or she would probably remain in the organisation because he or she experiences a sense of belonging to it. A strong sense of satisfaction in the foreign exchange banking organisation might, in turn, have a positive effect on the retention of talented staff in the organisation.

- In figure 7.1 the model first outlines the external characteristics, individual characteristics, job characteristics and the work environment characteristics that are all required for understanding the theoretical and empirical components of employee motivation and job satisfaction for the retention of skilled and talented staff.

- The external characteristics, job characteristics, personality traits, person-job fit and individual differences in this study were not measured. Working conditions, organisation actions, organisational climate, organisational structure, work load, work-family conflict, control, role variables and job stress were also not measured. Furthermore, the consequences of employee motivation, job satisfaction and employee retention were not measured. The demographic component of the individual characteristics (generational cohort, gender, race, job tenure, occupational level, educational level, number of dependants, and number of subordinates), together with the work environment characteristics (work schedules), were measured by means of the biographical questionnaire (Figure 7.1).
Figure 7.1: An integrated empirical model: Employee motivation and job satisfaction model for retention of employees in a foreign exchange banking environment

Notes:
1. _____ Indicates a medium to large practical relationship of measured constructs.
2. ...... Indicates a small practical relationship of the measured constructs.
3. _ . _ . Indicates the constructs measured.
• Taking into account the various types of motivation variables identified in this study, only three motivational variables (challenge, enjoyment and outward behaviour) were identified as valid and reliable for this study. With due consideration of the various types of job satisfaction variables identified in this study, only six variables (pay, promotion, supervision, benefits, nature of work and communication) were identified as valid and reliable for this study (Figure 7.1).

• The external environment characteristics, individual characteristics, job characteristics, work environment characteristics, motivation variables and job satisfaction variables could impact on the implementation of the organisation’s goals and retention strategies. It is therefore imperative to identify the strategic risks of losing skilled and talented employees.

• It can be concluded that the SEM model produced a more streamlined model that would be easier to interpret than the theoretically derived model, which comprises a number of dimensions and subdimensions. There was a small practical relationship between employee motivation and job satisfaction, which would imply that if employees had a high satisfaction level, their motivation would only increase slightly, and vice versa. Furthermore, it would appear that after studying previous research, the researcher noted that this particular study identified the fact that job satisfaction contributed most to the retention of foreign exchange banking individuals. If satisfaction variables are not satisfied, the risks of employees leaving the organisation are higher. Although motivation only contributed a small percentage (8%) to retention in this study, it should not be ignored.

• A further conclusion, based on the findings of this study, was that the results were not in line with previous research, which would suggest that the individual characteristics, job characteristics and work environment characteristics were in fact different, and this might have contributed to the unique findings in this study. Job satisfaction contributed more than motivation when employees were considering remaining in the organisation.
• Conclusions pertaining to the central hypothesis and other hypotheses included the following:

  o **The central hypothesis**: There was an acceptable goodness-of-fit between the theoretical and empirical model of employee motivation and job satisfaction for staff retention practices in a foreign exchange banking organisation.

  o **Hypothesis 1**: A four-factor structure was expected to underlie the employee motivation questionnaire in order to support the four identified dimensions of the scale. The hypothesis was rejected in the empirical research for the study (section 6.3.2.1). Compensation was removed from the four-factor structure because of low reliability (convergent), and employee motivation was thus identified as a three-factor structure.

  o **Hypothesis 2**: A nine-factor structure was expected to underlie the job satisfaction questionnaire in order to support the nine originally identified dimensions of the scale. The hypothesis was rejected in the empirical research for the study (section 6.3.1.1). Contingent rewards, operating procedures, and co-workers were removed as they did not fit the data because of low communality scores (< .4) and both low loadings (< .7) and high cross-loadings (less than .2 difference). Hence a six-factor structure was identified to underlie the job satisfaction construct.

  o **Hypothesis 3**: A one-factor structure was expected to underlie the employee retention questionnaire in order to support the one originally identified dimension of the scale. The hypothesis was accepted (sections 6.3.1.1 and 6.3.2.3).

  o **Hypothesis 4**: There was a strong positive relationship between employee motivation, job satisfaction and employee retention. The hypothesis was accepted and discussed in section 6.4.2, and summarised in section 7.2.2.1 above (Research aim 4: To determine
the theoretical relationships between employee motivation and job satisfaction in order to understand staff retention practices).

- **Hypothesis 5:** The biographical groups differed significantly in terms of the construct levels of employee motivation, job satisfaction and employee. The hypothesis was accepted and discussed in section 6.5.1, and summarised in section 7.2.2.1 above (Research aim 5: To conceptualise the influence of individuals' biographical characteristics on employee motivation and job satisfaction for staff retention practices).

- **Hypothesis 6:** The model for employee motivation and job satisfaction was empirically tested by means of structural equation modelling to find support for the theoretical model. The hypothesis was accepted and discussed in section 6.3.3.

The limitations of the study are discussed below.

### 7.3 LIMITATIONS

The limitations of this research are explained in two steps, namely the limitations of the literature study and the limitations of the empirical research.

#### 7.3.1 Limitations of the literature study

The literature and research of employee motivation, job satisfaction and employee retention are well documented and date back many years (Arnold & Feldman, 1996; Parvin & Kabir, 2001; Paul, 2012; Swanepoel et al, 2003; Walker, 1980). Various sources were used and cited in this study. Owing to the specific nature of this study, hardly any research was found relating specifically to foreign exchange individuals working in a banking organisation. Hence the literature review was concluded with a
generic view of employee motivation, job satisfaction and retention.

Although the researcher decided that various characteristics, such as personality traits and commitment would be excluded from the literature review, these variables may have had the potential to add more value to the current research findings.

7.3.2 Limitations of the empirical research

All psychometric assessments are conducted in a specific context. The context in which the empirical part of this research was conducted was described in section 5.3 as a financial services organisation in South Africa. The sample was described in terms of the distribution of gender, age, race, number of dependants, marital status, educational level, job tenure, number of subordinates, occupational level and work schedules and geographical region. In summary, the sample was dominated by whites and Africans, mostly married females, mostly non-managers, mostly in the age range between 34 to 47, mostly with between 11 and 20 years of working in the organisation, and mostly located at the head office in Johannesburg. A larger sample would therefore have been preferable, with the inclusion of populations with more balanced proportions of demographics.

Through a process of convenience and availability, these sampling techniques were used in this study rather than random sampling. Because the sample consisted of employees from only one organisation, the findings of this study might not be representative of the motivation, job satisfaction and retention of employees in other organisations. The sample was therefore not only unrepresentative of the South African population, but also represented a group that was homogeneous in terms of the skills and the culture of the organisation. The population was thus somewhat homogeneous (the population would therefore have differed from a randomised sample of general South African citizens).

The researcher encountered a challenge when distributing the e-mail with the questionnaire web link for completion, in terms of various areas in the organisation
not having access to the internet, and those employees not being able to access the link. This issue was only identified after the researcher had received calls from participants who were unable to complete the questionnaire. Participants who were not able to access the questionnaire were therefore excluded from survey. The assumption that everyone in the organisation has internet access made it a reality – that is, something as simple as internet is not always accessible, even in large organisations.

The above considerations influenced the present empirical research in the following three ways:

- It could be argued that the findings were specific to the organisation used in the study, and this posed challenges in the generalisation of these findings to the wider South Africa, and internationally.
- Because the group was fairly homogeneous, less variation could be expected in the assessment scores, resulting in a dampened statistical effect.
- Not all the areas of the foreign exchange organisation were fairly represented owing to the lack of internet access.

The recommendations are discussed below.

### 7.4 RECOMMENDATIONS

In the following sections, recommendations are first specifically made for the participating organisation, and then for industrial and organisational psychologists and practitioners in general.

In the literature study, current literature was reviewed and a model for employee motivation and job satisfaction for the retention of employees was developed and explained in section 4.8.1. The empirical research indicated good support for the model to be used in the participating organisation, as indicated in section 6.3.3.1. A
model for employee motivation and job satisfaction for the retention of employees was developed and explained in section 7.2.2.1.

7.4.1 Recommendations for the participating organisation

Foreign exchange is a unique banking organisation, and assumes that the employees working for the organisation are highly skilled because of the high-risk nature of the job. The researcher therefore felt that a new model explaining motivation and job satisfaction for the retention of these talented and skilled employees would be essential for the success of the organisation. It costs the organisation millions of rand a year in time and money to upskill new employees, in order for them to be equipped to manage client requests, queries and the requirements for foreign exchange.

On the basis of the empirical research results, it is recommended that organisational retention strategies should be aimed at improving organisational promotion and pay practices in order to retain talented and skilled employees. These employees are particularly satisfied with the nature of their work, the benefits they receive and the communication channels available. Being happy with the job and the environment in which one works is a huge achievement for the organisation. This implies that there is potential to improve performance, job satisfaction and motivation by clearly understanding what opportunities employees seek.

The organisation should take cognisance of the significant differences between the motivation, job satisfaction and retention variables of the biographical and demographical groups of race, position level, age and geographical region. In practical terms, this would mean that an emphasis on specific biographical and demographical groups might improve motivation and satisfaction for the retention of employees. This relates specifically to the biographical criteria where significant mean differences were identified (generational cohort, gender, race, job tenure and occupational level).
There is a consensus that employees do not feel that they can discuss the identified issues with their manager for fear of being overlooked in their career growth. The participating organisation should consider reintroducing the 360-feedback assessment for this would allow employees to provide feedback to the organisation on the managers’ strengths and weaknesses.

Lastly, it is recommended that an effort should be made in the participating organisation to equip managers to manage employees’ intentions and expectations regarding promotion and pay. This would promote open and fair performance appraisals and train managers to provide constructive feedback, and understand the employees’ needs. Human nature assumes that if “I am doing a good job I will be paid more and I will be promoted”; this seems to be the principal reason for employees wanting to exit the organisation.

### 7.4.2 Recommendations for industrial and organisational psychologists and practitioners

The theoretical integration model of employee motivation and job satisfaction for employee retention was developed and discussed in section 4.8, integrating the current research on all three constructs. This theoretical model supports the fact that motivation, job satisfaction and employee retention are interlinked. The literature study and theoretical model suggest that in order to improve organisational retention, interventions need to focus not only on individuals’ differences in motivation and job satisfaction, but also consider the environment in which the individuals work.

The theoretical model was partially supported by the empirical research in the participating foreign exchange banking organisation. These recommendations were therefore based on the literature review and empirical research. The new model (figure 7.2) suggests that only three variables of employee motivation (challenge, enjoyment and outward) are relevant and influence employee retention, even though motivation only contributes less than 10% to the retention of foreign exchange banking individuals. The model also suggests that only six of the recommended nine
dimensions of job satisfaction are relevant to foreign exchange banking individuals, namely pay, promotion, benefits, supervisor feedback, nature of work and communication. The results of the empirical research show that job satisfaction contributes 66% to the retention of foreign exchange banking individuals, even though retention only explains 46% of the total variation of motivation and job satisfaction. The model also suggests that motivation and job satisfaction were positively related, but only accounted for a tiny significant relationship.

The new model therefore suggests that this study is unique, in that the results reported are different to what previous research has reported. This could be mostly due to the unique working environment of foreign exchange, together with the unique individual characteristics and job characteristics required for this type of role. It is therefore recommended that the model suggested in figure 7.2 be considered when planning the retention strategies of the suggested banking organisation.
Figure 7.2: Employee motivation and job satisfaction model for retention of employees in a foreign exchange banking environment

Notes:
1. Indicates a medium to large practical relationship of the measured constructs.
2. Indicates a small practical relationship of the measured constructs.
7.5 RECOMMENDATIONS FOR FURTHER RESEARCH

This research did provide some support for the structural equation model of employee motivation and job satisfaction for retention practices specific to foreign exchange employees. It is therefore suggested that the new model (figure 7.2) be tested in a banking organisation. There was an effect between motivation and job satisfaction, albeit extremely weak. More research on moderators for the effect of motivation on job satisfaction would be required.

From the discussion on the limitations in the empirical research, it is evident that the research was conducted in a sample that was limited to a single financial organisation. It is therefore recommended that the same study be repeated in other organisations where other employees could be selected for other typical characteristics, utilising the same or similar motivation, satisfaction and retention instruments.

A psychometric challenge still remains, namely the fact that there are still valid and reliable scales but these are worded in such a way that they tend to confuse participants and use old terminology to explain 21st century work environments and situations. Hence the face validity of each scale should be followed before a scale is used to ensure that the variables being measured are clear and in line with the literature research. It is also recommended that future studies should investigate cross-cultural invariance of the three measuring instruments.

Future studies can possibly investigate the moderating influence of work context and job content on job satisfaction.

7.6 EVALUATION OF THE STUDY

The study investigated the existence of a relationship between employee motivation and job satisfaction, as a set of composite retention-related variables. The results
suggested that there is a relationship between the variables of relevance to this study and that the aforementioned variables might provide insight into retention practices.

7.6.1 Value added at a theoretical level

The literature review suggests the existence of a relationship between employee motivation, job satisfaction and employee retention. Skills shortages and increased mobility opportunities resulting from globalisation, and the changing nature of careers and work, have compelled organisations to turn their focus to informed retention strategies. Globalisation and increased competition have resulted in individuals moving between organisations more easily than before. Employee motivation and job satisfaction variables have been labelled as important in considering the retention of employees. Differences between biographical groups in terms of their attitudes towards the organisation have to be considered. The literature review was used to construct a theoretical model of employee motivation and job satisfaction for staff retention purposes.

7.6.2 Value added at an empirical level

At an empirical level, the research has contributed to constructing an empirically tested and validated model for employee motivation and job satisfaction that could be used to inform retention practices for foreign exchange employees. Significant relationships were found between the variables, identifying core variables that influence the employee motivation and job satisfaction of an individual. This is potentially ground-breaking research because there is no existing study on the relationship dynamics between the employee motivation variables (challenge, enjoyment and outward behaviour), job satisfaction variables (pay, promotion, supervision, benefits, nature of work and communication), especially in a staff retention context. Studies on the relationship between these constructs are rare, especially in the South African foreign exchange context.
The study is original in its investigation of the interrelationships and overall relationships between the constructs of relevance to this research and in empirically testing a model of employee motivation and job satisfaction for the retention of staff in a foreign exchange banking environment. In the light of the current organisational multicultural context, which is characterised by cultural and generational diversity, the results should prove valuable in the retention of talented staff. This can be done by identifying differences in terms of biographical information, motivational variables and satisfaction variables that address the needs of a diverse group of staff members.

7.6.3 Value-added at a practical level

At a practical level, if industrial psychologists and human resource practitioners could better understand the motivation and job satisfaction constructs of individuals in a foreign exchange banking organisation, this could have a positive impact on the retention of valuable talented employees. Every individual needs to be treated in a manner that is appropriate to him or her in order to promote motivation and satisfaction, which will culminate in increased performance and intention to remain in the organisation. Another positive outcome was the realisation of the way in which employees’ motivation and satisfaction influence their level of intention to remain in their current organisation.

Where empirically tested practical significant relationships were found, the findings should prove useful for future researchers in exploring the possibility of overcoming the effects of low motivation and job satisfaction in promotion in attempts to retain talented employees. Furthermore, the research results should contribute to the body of knowledge relating to the motivational and satisfaction factors that influence staff retention in the South African organisational context.

In conclusion, the researcher hopes the findings of this study will provide valuable insight into how the interrelationships and overall relationships between the constructs of relevance to the study have contributed to constructing and empirically
validating a model for employee motivation and job satisfaction for staff retention practices. Hopefully, industrial and organisational psychologists and managers will be able to effectively utilise the new insights into enhancing retention strategies. Talent retention has become a prominent focus in many organisations because of the competitive nature of today’s work environment. In addition, the multicultural South African context highlights the need to consider differences between biographical groups regarding the variables of relevance to this study. Recommendations were also made for future research, and this study should be seen as a step towards making a positive contribution to the field of industrial and organisational psychology in the South African context.

7.7 CHAPTER SUMMARY

This chapter discussed the conclusions of the study, in terms of both the theoretical and empirical objectives. Possible limitations of the study were explained with reference to both the theoretical and empirical studies. Recommendations were made for the organisation, industrial and organisational psychologists and for future researchers.

Chapter 7 achieved the following research aim, namely to make recommendations for the discipline of industrial and organisational psychology and human resource management talent retention practices and future research.

This concludes the research project.


Hulin, C. L. (1991). Adaptation, persistence, commitment in organisations. In M. Dunnette, & L. Hough (Eds.), *Handbook of industrial and organisational...


estimate causal effects using cross-sectional data. Paper presented at Department of Economics Monash University, Johannesburg.


Pallant, J. (2011). *SPSS survival manual: A step by step guide to data analysis using*


Town Press.


ANNEXURE 1: Questionnaire

Dear colleague

Welcome to the employee motivation and job satisfaction for staff retention questionnaire.

Michelle de Sousa Sabbagha is a student at the University of South Africa. She is currently conducting a questionnaire-based survey as part of the fulfilment of the requirements for her Doctorate in Industrial and Organisational Psychology.

The purpose of the questionnaire is to develop a model of employee motivation and job satisfaction for staff retention practices for the organisation’s foreign exchange banking department.

All information gathered will be confidential and participation is entirely voluntary. No reporting or feedback provided in respect of this research study will refer to any specific individual.

The questionnaire consists of four sections: namely biographical information, employee motivation questionnaire, job satisfaction questionnaire and the staff retention questionnaire.

In order to complete the questionnaires entirely and correctly please choose only one answer per question. You may withdraw from the questionnaire at any point.

If you any questions about the survey, please contact Michelle de Sousa Sabbagha at michellesabbagha@gmail.com.

Welcome to My Survey
ANNEXURE 2: Initial results for 30 items’ communalities and pattern matrix for the WPI

<table>
<thead>
<tr>
<th>WPI items</th>
<th>Communalities</th>
<th>Pattern matrix</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Initial</td>
<td>Extraction</td>
<td>1</td>
</tr>
<tr>
<td>16.1 I enjoy tackling problems that are completely new to me</td>
<td>.616</td>
<td>.663</td>
<td>.776</td>
</tr>
<tr>
<td>16.2 I enjoy trying to solve complex problems.</td>
<td>.656</td>
<td>.741</td>
<td>.839</td>
</tr>
<tr>
<td>16.3 I prefer work I know I can do well over work that stretches my abilities.</td>
<td>.355</td>
<td>.170</td>
<td>.389</td>
</tr>
<tr>
<td>16.4 The more difficult the problem, the more I enjoy trying to solve it.</td>
<td>.543</td>
<td>.600</td>
<td>.757</td>
</tr>
<tr>
<td>16.5 I want my work to provide me with opportunities for increasing my knowledge and skills.</td>
<td>.605</td>
<td>.580</td>
<td>.546</td>
</tr>
<tr>
<td>16.6 Curiosity is the driving force behind much of what I do.</td>
<td>.373</td>
<td>.351</td>
<td>.355</td>
</tr>
<tr>
<td>16.7 I enjoy relatively simple, straightforward tasks.</td>
<td>.349</td>
<td>.261</td>
<td>.437</td>
</tr>
<tr>
<td>16.8 I want to find out how good I really can be at my work.</td>
<td>.531</td>
<td>.465</td>
<td>.529</td>
</tr>
<tr>
<td>16.9 I prefer to figure things out for myself.</td>
<td>.316</td>
<td>.255</td>
<td>.350</td>
</tr>
<tr>
<td>16.10 What matters most to me is enjoying what I do.</td>
<td>.551</td>
<td>.473</td>
<td>.671</td>
</tr>
<tr>
<td>16.11 It is important for me to have an outlet for self-expression.</td>
<td>.437</td>
<td>.436</td>
<td>.713</td>
</tr>
<tr>
<td>16.12 No matter what the outcome of a project, I am satisfied if I feel I gained a new experience.</td>
<td>.374</td>
<td>.349</td>
<td>.534</td>
</tr>
<tr>
<td>16.13 I am more comfortable when I can set my own goals.</td>
<td>.315</td>
<td>.269</td>
<td>.591</td>
</tr>
<tr>
<td>16.14 I enjoy doing work that is so absorbing that I forget about everything else.</td>
<td>.232</td>
<td>.217</td>
<td>.421</td>
</tr>
<tr>
<td>16.15 It is important for me to be able to do what I most enjoy.</td>
<td>.530</td>
<td>.508</td>
<td>.752</td>
</tr>
<tr>
<td>16.16 I want other people to find out how good I really can be at my work.</td>
<td>.497</td>
<td>.351</td>
<td>.430</td>
</tr>
<tr>
<td>16.17 I am concerned about what other people think of my work.</td>
<td>.499</td>
<td>.406</td>
<td>.585</td>
</tr>
<tr>
<td>16.18 I prefer having someone set clear goals for me in my work.</td>
<td>.338</td>
<td>.294</td>
<td>.536</td>
</tr>
<tr>
<td>16.19 I am concerned with what work I do than what I get for it.</td>
<td>.269</td>
<td>.285</td>
<td>.551</td>
</tr>
<tr>
<td>16.20 I am concerned about how other people are going to react to my ideas.</td>
<td>.388</td>
<td>.454</td>
<td>.748</td>
</tr>
<tr>
<td>16.21 I believe that there is benefit in doing a good job if somebody else knows about it.</td>
<td>.394</td>
<td>.347</td>
<td>.396</td>
</tr>
<tr>
<td>16.22 I prefer working on projects with clearly specified procedures.</td>
<td>.375</td>
<td>.275</td>
<td>.400</td>
</tr>
<tr>
<td>16.23 I am strongly motivated by the recognition I can earn from other people.</td>
<td>.450</td>
<td>.378</td>
<td>.416</td>
</tr>
<tr>
<td>16.24 To me, success means doing better than other people.</td>
<td>.273</td>
<td>.209</td>
<td>.319</td>
</tr>
<tr>
<td>16.25 I have to feel that I am earning something for what I do.</td>
<td>.378</td>
<td>.414</td>
<td>.684</td>
</tr>
<tr>
<td>16.26 I am strongly motivated by the money I can earn.</td>
<td>.378</td>
<td>.466</td>
<td>.712</td>
</tr>
<tr>
<td>16.27 I am aware of the performance goals I have set for myself.</td>
<td>.469</td>
<td>.364</td>
<td>.455</td>
</tr>
<tr>
<td>16.28 I often think about salary and promotions.</td>
<td>.388</td>
<td>.386</td>
<td>.563</td>
</tr>
<tr>
<td>16.29 As long as I can do what I enjoy, I am concerned about exactly what I am paid.</td>
<td>.392</td>
<td>.319</td>
<td>.301</td>
</tr>
<tr>
<td>16.30 I am aware of the performance goals I require to receive promotions and salary.</td>
<td>.317</td>
<td>.202</td>
<td>.245</td>
</tr>
</tbody>
</table>
ANNEXURE 3: Results for 12 items’ communalities and pattern matrix for the WPI

<table>
<thead>
<tr>
<th>WPI items</th>
<th>Communalities</th>
<th>Pattern matrix</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Initial</td>
<td>Extraction</td>
</tr>
<tr>
<td>16.1 I enjoy tackling problems that are completely new to me.</td>
<td>.563</td>
<td>.655</td>
</tr>
<tr>
<td>16.2 I enjoy trying to solve complex problems.</td>
<td>.625</td>
<td>.802</td>
</tr>
<tr>
<td>16.4 The more difficult the problem, the more I enjoy trying to solve it.</td>
<td>.502</td>
<td>.571</td>
</tr>
<tr>
<td>16.10 What matters most to me is enjoying what I do.</td>
<td>.485</td>
<td>.632</td>
</tr>
<tr>
<td>16.12 No matter what the outcome of a project, I am satisfied if I feel I gained a new experience.</td>
<td>.287</td>
<td>.335</td>
</tr>
<tr>
<td>16.15 It is important for me to be able to do what I most enjoy.</td>
<td>.438</td>
<td>.624</td>
</tr>
<tr>
<td>16.16 I want other people to find out how good I really can be at my work.</td>
<td>.363</td>
<td>.410</td>
</tr>
<tr>
<td>16.17 I am concerned about what other people think of my work.</td>
<td>.438</td>
<td>.742</td>
</tr>
<tr>
<td>16.20 I am concerned about how other people are going to react to my ideas.</td>
<td>.269</td>
<td>.336</td>
</tr>
<tr>
<td>16.25 I have to feel that I am earning something for what I do.</td>
<td>.246</td>
<td>.342</td>
</tr>
<tr>
<td>16.26 I am strongly motivated by the money I can earn.</td>
<td>.306</td>
<td>.555</td>
</tr>
<tr>
<td>16.28 I often think about salary and promotions.</td>
<td>.263</td>
<td>.347</td>
</tr>
</tbody>
</table>
## ANNEXURE 4: Initial results for 39 items’ communalities and pattern matrix for the JSS

<table>
<thead>
<tr>
<th>JSS items</th>
<th>Communalities Extraction</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.1 I feel I am being paid a fair amount for the work I do.</td>
<td>.646 .661</td>
<td></td>
<td></td>
<td></td>
<td>.741</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.2 I feel I receive enough salary increases.</td>
<td>.705 .766</td>
<td></td>
<td></td>
<td></td>
<td>.973</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.3 I feel appreciated by the organisation when I think about what they pay me.</td>
<td>.748 .800</td>
<td></td>
<td></td>
<td></td>
<td>.953</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.4 I feel satisfied with my chances for salary increases.</td>
<td>.654 .653</td>
<td></td>
<td></td>
<td></td>
<td>.663</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.5 There is a great chance for promotion on my job.</td>
<td>.642 .678</td>
<td></td>
<td></td>
<td></td>
<td>.901</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.6 Those who do well on the job stand a fair chance of being promoted.</td>
<td>.681 .692</td>
<td></td>
<td></td>
<td></td>
<td>.677</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.7 People get ahead as fast here as they do in other places.</td>
<td>.557 .510</td>
<td></td>
<td></td>
<td></td>
<td>.562</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.8 I am satisfied with my chances for promotion.</td>
<td>.713 .792</td>
<td></td>
<td></td>
<td></td>
<td>.914</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.9 My supervisor is quite competent in doing his/her job.</td>
<td>.536 .523</td>
<td></td>
<td></td>
<td></td>
<td>.688</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.10 My supervisor is fair to me.</td>
<td>.755 .793</td>
<td></td>
<td></td>
<td></td>
<td>.859</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.11 My supervisor shows enough interest in the feelings of subordinates.</td>
<td>.749 .808</td>
<td></td>
<td></td>
<td></td>
<td>.891</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.12 I like my supervisor.</td>
<td>.643 .683</td>
<td></td>
<td></td>
<td></td>
<td>.831</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.13 I am satisfied with the benefits I receive.</td>
<td>.705 .752</td>
<td></td>
<td></td>
<td></td>
<td>.816</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.14 The benefits we receive are as good as most other organisations offer.</td>
<td>.682 .766</td>
<td></td>
<td></td>
<td></td>
<td>.925</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.15 The benefit package we have is equitable.</td>
<td>.744 .806</td>
<td></td>
<td></td>
<td></td>
<td>.817</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.16 There are benefits I think we should have.</td>
<td>.174 .084</td>
<td></td>
<td></td>
<td></td>
<td>.212</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.17 When I do a good job, I receive the recognition for it that I should receive.</td>
<td>.750 .790</td>
<td></td>
<td></td>
<td></td>
<td>.953</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.18 I feel that the work I do is appreciated.</td>
<td>.760 .784</td>
<td></td>
<td></td>
<td></td>
<td>.892</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.19 There are good rewards for those who work here.</td>
<td>.803 .751</td>
<td></td>
<td></td>
<td></td>
<td>.623</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.20 I feel my efforts are rewarded the way they should be.</td>
<td>.778 .764</td>
<td></td>
<td></td>
<td></td>
<td>.264</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.21 Many of our rules and procedures make doing a good job easy.</td>
<td>.553 .662</td>
<td></td>
<td></td>
<td></td>
<td>.772</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.22 My efforts to do a good job are free from red tape.</td>
<td>.517 .627</td>
<td></td>
<td></td>
<td></td>
<td>.814</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.23 I have enough to do at work.</td>
<td>.231 .087</td>
<td></td>
<td></td>
<td></td>
<td>.334</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.24 I have little paperwork.</td>
<td>.250 .156</td>
<td></td>
<td></td>
<td></td>
<td>.632</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.25 I like the people I work with.</td>
<td>.532 .483</td>
<td></td>
<td></td>
<td></td>
<td>.623</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.26 I find I work hard at my job.</td>
<td>.245 .202</td>
<td></td>
<td></td>
<td></td>
<td>.228</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
because of the competence of people I work with.

<table>
<thead>
<tr>
<th>Item</th>
<th>Factor 1</th>
<th>Factor 2</th>
<th>Factor 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.27 I enjoy my co-workers.</td>
<td>.577</td>
<td>.954</td>
<td>1.014</td>
</tr>
<tr>
<td>17.28 There is little bickering and fighting at work.</td>
<td>.285</td>
<td>.206</td>
<td>.309</td>
</tr>
<tr>
<td>17.29 I feel my job is meaningful.</td>
<td>.592</td>
<td>.540</td>
<td>.715</td>
</tr>
<tr>
<td>17.30 I like doing the things I do at work.</td>
<td>.768</td>
<td>.769</td>
<td>.909</td>
</tr>
<tr>
<td>17.31 I feel a sense of pride in doing my job.</td>
<td>.689</td>
<td>.662</td>
<td>.860</td>
</tr>
<tr>
<td>17.32 My job is enjoyable.</td>
<td>.818</td>
<td>.854</td>
<td>.980</td>
</tr>
<tr>
<td>17.33 Communications to employees are good within this organisation.</td>
<td>.563</td>
<td>.587</td>
<td>.578</td>
</tr>
<tr>
<td>17.34 The goals of this organisation are clear to me.</td>
<td>.601</td>
<td>.674</td>
<td>.829</td>
</tr>
<tr>
<td>17.35 I often feel that I know what is going on with the organisation.</td>
<td>.516</td>
<td>.536</td>
<td>.691</td>
</tr>
<tr>
<td>17.36 Work assignments are fully explained.</td>
<td>.621</td>
<td>.639</td>
<td>.618</td>
</tr>
<tr>
<td>17.37 In general, I like my job.</td>
<td>.804</td>
<td>.780</td>
<td>.858</td>
</tr>
<tr>
<td>17.38 All in all, I am satisfied with my job.</td>
<td>.803</td>
<td>.775</td>
<td>.792</td>
</tr>
<tr>
<td>17.39 In general, I like working here.</td>
<td>.731</td>
<td>.686</td>
<td>.660</td>
</tr>
</tbody>
</table>
ANNEXURE 5: Results for 21 items’ communalities and pattern matrix for the JSS

<table>
<thead>
<tr>
<th>JSS items</th>
<th>Communalities Initial Extraction</th>
<th>Pattern matrix</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.1 I feel I am being paid a fair amount for the work I do.</td>
<td>0.613, 0.658</td>
<td>0.754</td>
</tr>
<tr>
<td>17.2 I feel I receive enough salary increases.</td>
<td>0.683, 0.750</td>
<td>0.917</td>
</tr>
<tr>
<td>17.3 I feel appreciated by the organisation when I think about what they pay me.</td>
<td>0.717, 0.999</td>
<td>0.879, 0.497</td>
</tr>
<tr>
<td>17.4 I feel satisfied with my chances for salary increases.</td>
<td>0.622, 0.704</td>
<td>0.720</td>
</tr>
<tr>
<td>17.5 There is a great chance for promotion on my job.</td>
<td>0.617, 0.822</td>
<td>0.976</td>
</tr>
<tr>
<td>17.6 Those who do well on the job stand a fair chance of being promoted.</td>
<td>0.644, 0.722</td>
<td>0.492, 0.300</td>
</tr>
<tr>
<td>17.8 I am satisfied with my chances for promotion.</td>
<td>0.674, 0.824</td>
<td>0.763, 0.344</td>
</tr>
<tr>
<td>17.9 My supervisor is quite competent in doing his/her job.</td>
<td>0.489, 0.518.706</td>
<td>0.798</td>
</tr>
<tr>
<td>17.10 My supervisor is fair to me.</td>
<td>0.727, 0.820</td>
<td>0.870</td>
</tr>
<tr>
<td>17.11 My supervisor shows enough interest in the feelings of subordinates.</td>
<td>0.732, 0.833</td>
<td>0.924</td>
</tr>
<tr>
<td>17.12 I like my supervisor.</td>
<td>0.616, 0.673</td>
<td>0.824</td>
</tr>
<tr>
<td>17.13 I am satisfied with the benefits I receive.</td>
<td>0.683, 0.747</td>
<td>0.798</td>
</tr>
<tr>
<td>17.14 The benefits we receive are as good as what most other organisations offer.</td>
<td>0.654, 0.770</td>
<td>0.962</td>
</tr>
<tr>
<td>17.15 The benefit package we have is equitable.</td>
<td>0.727, 0.806</td>
<td>0.816</td>
</tr>
<tr>
<td>17.29 I feel my job is meaningful.</td>
<td>0.518, 0.624.639</td>
<td>0.435</td>
</tr>
<tr>
<td>17.30 I like doing the things I do at work.</td>
<td>0.742, 0.826</td>
<td>0.865</td>
</tr>
<tr>
<td>17.31 I feel a sense of pride in doing my job.</td>
<td>0.653, 0.716</td>
<td>0.823</td>
</tr>
<tr>
<td>17.32 My job is enjoyable.</td>
<td>0.763, 0.854</td>
<td>0.897</td>
</tr>
<tr>
<td>17.33 Communications to employees are good within this organisation.</td>
<td>0.501, 0.585</td>
<td>0.647</td>
</tr>
<tr>
<td>17.34 The goals of this organisation are clear to me.</td>
<td>0.485, 0.677</td>
<td>0.889</td>
</tr>
<tr>
<td>17.35 I often feel that I know what is going on with the organisation.</td>
<td>0.463, 0.565</td>
<td>0.692</td>
</tr>
</tbody>
</table>
### ANNEXURE 6: Results for items’ communalities and pattern matrix for the ERQ

<table>
<thead>
<tr>
<th>ERQ items</th>
<th>Initial</th>
<th>Extraction</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.40 I think about staying in the organisation.</td>
<td>.745</td>
<td>.842</td>
</tr>
<tr>
<td>18.41 I am not actively seeking alternative employment.</td>
<td>.513</td>
<td>.501</td>
</tr>
<tr>
<td>18.42 I will stay in the organisation.</td>
<td>.744</td>
<td>.839</td>
</tr>
<tr>
<td>18.43 If I had another job offer that paid the same as my job, I would still stay in the organisation.</td>
<td>.506</td>
<td>.493</td>
</tr>
</tbody>
</table>
### ANNEXURE 7: Pearson's Correlation Coefficient

<table>
<thead>
<tr>
<th></th>
<th>IM_ Challenge</th>
<th>IM_ Enjoyment</th>
<th>EM_ Outward</th>
<th>EM_ Compensation</th>
<th>JS_ Pay</th>
<th>JS_ Promotion</th>
<th>JS_ Supervision</th>
<th>JS_ Benefits</th>
<th>JS_ Nature</th>
<th>JS_ Communication</th>
<th>Employee retention</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IM_ Challenge</strong></td>
<td>r 1.00</td>
<td>0.590</td>
<td>0.308</td>
<td>0.382</td>
<td>0.072</td>
<td>0.064</td>
<td>0.056</td>
<td>0.163</td>
<td>0.253</td>
<td>0.193</td>
<td>0.161</td>
</tr>
<tr>
<td><strong>p</strong></td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.003</td>
</tr>
<tr>
<td><strong>IM_ Enjoyment</strong></td>
<td>r 0.590</td>
<td>1.000</td>
<td>0.442</td>
<td>0.450</td>
<td>-0.020</td>
<td>0.007</td>
<td>-0.071</td>
<td>0.025</td>
<td>0.184</td>
<td>0.171</td>
<td>0.063</td>
</tr>
<tr>
<td><strong>p</strong></td>
<td>0.000</td>
<td>0.000</td>
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<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.001</td>
<td>0.001</td>
<td>0.243</td>
</tr>
<tr>
<td><strong>EM_ Outward</strong></td>
<td>r 0.308</td>
<td>0.442**</td>
<td>1.000</td>
<td>0.537</td>
<td>0.029</td>
<td>0.083</td>
<td>0.011</td>
<td>0.020</td>
<td>0.126</td>
<td>0.174</td>
<td>0.018</td>
</tr>
<tr>
<td><strong>p</strong></td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.001</td>
<td>0.735</td>
</tr>
<tr>
<td><strong>EM_ Compensation</strong></td>
<td>r 0.382</td>
<td>0.450**</td>
<td>0.537</td>
<td>1.000</td>
<td>-0.039</td>
<td>0.004</td>
<td>-0.005</td>
<td>-0.019</td>
<td>0.165</td>
<td>0.102</td>
<td>0.033</td>
</tr>
<tr>
<td><strong>p</strong></td>
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<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.002</td>
<td>0.059</td>
<td>0.543</td>
</tr>
<tr>
<td><strong>JS_ Pay</strong></td>
<td>r 0.072</td>
<td>-0.020</td>
<td>0.029</td>
<td>-0.039</td>
<td>1.000</td>
<td>0.627</td>
<td>0.510</td>
<td>0.560</td>
<td>0.320</td>
<td>0.483</td>
<td>0.532</td>
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<tr>
<td><strong>p</strong></td>
<td>0.181</td>
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<tr>
<td><strong>JS_ Promotion</strong></td>
<td>r 0.064</td>
<td>0.007</td>
<td>0.083</td>
<td>0.004</td>
<td>0.627</td>
<td>1.000</td>
<td>0.482</td>
<td>0.434</td>
<td>0.307</td>
<td>0.546</td>
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<tr>
<td><strong>p</strong></td>
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<tr>
<td><strong>JS_ Supervision</strong></td>
<td>r 0.056</td>
<td>-0.071</td>
<td>0.011</td>
<td>-0.005</td>
<td>0.510</td>
<td>0.482</td>
<td>1.000</td>
<td>0.449</td>
<td>0.355</td>
<td>0.494</td>
<td>0.511</td>
</tr>
<tr>
<td><strong>p</strong></td>
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</tr>
<tr>
<td><strong>JS_ Benefits</strong></td>
<td>r 0.163</td>
<td>0.025</td>
<td>0.020</td>
<td>-0.019</td>
<td>0.560</td>
<td>0.434</td>
<td>0.449</td>
<td>1.000</td>
<td>0.313</td>
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</tr>
<tr>
<td><strong>JS_ Rewards</strong></td>
<td>r 0.103</td>
<td>-0.030</td>
<td>0.082</td>
<td>-0.021</td>
<td>0.704</td>
<td>0.689</td>
<td>0.610</td>
<td>0.595</td>
<td>0.428</td>
<td>0.596</td>
<td>0.574</td>
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<td>0.057</td>
<td>0.585</td>
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<td>0.000</td>
<td>0.000</td>
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<tr>
<td><strong>JS_ Procedures</strong></td>
<td>r 0.032</td>
<td>0.076</td>
<td>0.117</td>
<td>0.035</td>
<td>0.331</td>
<td>0.481</td>
<td>0.390</td>
<td>0.382</td>
<td>0.237</td>
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<td><strong>p</strong></td>
<td>0.560</td>
<td>0.162</td>
<td>0.030</td>
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<td>0.000</td>
<td>0.000</td>
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<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td><strong>JS_ Co-workers</strong></td>
<td>r 0.337</td>
<td>0.226</td>
<td>0.212</td>
<td>0.283</td>
<td>0.297</td>
<td>0.239</td>
<td>0.330</td>
<td>0.303</td>
<td>0.336</td>
<td>0.411</td>
<td>0.382</td>
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<td>0.000</td>
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<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td><strong>JS_ Nature</strong></td>
<td>r 0.253</td>
<td>0.184</td>
<td>0.126</td>
<td>0.165</td>
<td>0.320</td>
<td>0.307</td>
<td>0.355</td>
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<td>0.410</td>
<td>0.523</td>
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<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td><strong>JS_ Communication</strong></td>
<td>r 0.193</td>
<td>0.171</td>
<td>0.174</td>
<td>0.102</td>
<td>0.483</td>
<td>0.546</td>
<td>0.494</td>
<td>0.508</td>
<td>0.410</td>
<td>1.000</td>
<td>0.490</td>
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<td><strong>p</strong></td>
<td>0.000</td>
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<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td><strong>Employee retention</strong></td>
<td>r 0.161</td>
<td>0.063</td>
<td>0.018</td>
<td>0.033</td>
<td>0.532</td>
<td>0.515</td>
<td>0.511</td>
<td>0.593</td>
<td>0.523</td>
<td>0.490</td>
<td>1.000</td>
</tr>
<tr>
<td><strong>p</strong></td>
<td>0.003</td>
<td>0.243</td>
<td>0.735</td>
<td>0.543</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
</tbody>
</table>

\[ p < 0.05 \]

* Practically significant: \( r = 0.10 \) (small effect)

** Practically significant: \( r = 0.30 \) (medium effect)

***Practically significant: \( r = 0.50 \) (large effect)
ANNEXURE 8:  Mean and standard deviation scores for biographical data for the WPI, JSS and EQ variables (n = 341)

<table>
<thead>
<tr>
<th>Gender</th>
<th>IM_Challenge</th>
<th>IM_Enjoyment</th>
<th>EM_Outward</th>
<th>JS_Pay</th>
<th>JS_Promotion</th>
<th>JS_Supervision</th>
<th>JS_Benefits</th>
<th>JS_Nature</th>
<th>JS_Communication</th>
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