

RETENTION STRATEGIES FOR TOP- AND MIDDLE-LEVEL MANAGERS

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ABSTRACT

Retaining and developing talented top- and middle-level managers who possess organisational-specific skills and experience, promotes competitive advantage for organisations and can be regarded as a long-term investment. The purpose of this study was to explore effective retention strategies for top- and middle-level managers. Current literature has been criticised for being too general containing few practical recommendations relating to the retention of managers. In addition, human resource managers are facing difficulties retaining managers due to ineffective retention strategies. This study aims to provide insight into suggested strategies to retain such managers. A cross-sectional survey, using an instrument developed for the study, was completed by ninety seven human resource management professionals registered with the South African Board of People Practices. An exploratory factor analysis was conducted as well as group comparisons. Results revealed that leadership and performance management practices are considered effective retention strategies for top- and middle-level managers. Having a deeper understanding of effective retention strategies for top- and middle-level managers will assist HR managers in effectively retaining these employees. This study adds to the insights of HR managers, line managers and leaders in organisations regarding effective retention strategies for top- and middle-level managers.

INTRODUCTION

Employee retention is one of the highest priorities in organisations, particularly with regard to top- and middle-level managers (Guthridge, Komm and Lawson, 2008). Employee retention is a long-term strategy that aims to identify talented employees and to develop and utilise these employees' talents to meet the growing demands of business (Hausknecht, Rodda and Howard, 2009). Employee retention is regarded as a strategic Human Resource (HR) practice as it involves long-term succession planning, forecasting strategic organisational needs and identifying, developing and retaining talented employees to fulfil future business needs (Govaerts, Kyndt, Dochy and Baert, 2011; Chuai and Preece, 2010; Ashton and Morton, 2005).

Top-level managers provide strength to organisations as they have knowledge and firm-specific experience (Tarique and Schuler, 2010). Middle-level managers are popularly regarded as being departmental heads and operational managers who interpret and convey information between the workforce and the leaders of the organisation (Monsen and Boss, 2009).

Organisations lose talent in managerial positions at an increasing rate (Doh, Smith, Stumpf and Tymon, 2011; Iles *et al.*, 2010; Tarique and Schuler, 2010) and replacing managers is difficult and expensive (Jaaskelainen, 2011). Since losing managers is costly for the organisation, there is an urgency to retain top-level managers (Van Dyk and Coetzee, 2012) and the temptation may exist to utilise quick, extrinsic incentives to retain these talented people (Cosack, Guthridge and Lawson, 2010). However, such incentives have not been found to decrease managerial turnover rates (Cosack *et al.*, 2010).

Retaining talented managers also plays an important role in the retention of intellectual capital for the organisation (Jaaskelainen, 2011) as the loss of talented managers impacts intellectual capital with regard to, competence capital, relationship capital and structural capital (Sveiby, 1997). Losing talented managers not only involves a loss of individual skill and ability but can also disrupt the relationship and networks between teams, clients, suppliers and other stakeholders, as well as the structural capital such as systems and processes (Longo and Mura, 2011; Jurczak, 2008). HR managers who are able to successfully implement effective employee retention strategies to retain managerial talent provide long-term benefits for organisational success over time, as well as contribute to the economic development and stability of South Africa (Van Dyk and Coetzee, 2012; Govaerts *et al.*, 2011; Kerr-Phillips and Thomas, 2009; Cappelli, 2008; Lewis and Heckman, 2006; Ashton and Morton, 2005). Accordingly, the present study seeks to provide insights into strategies of talent retention to be considered for these categories of managers.

RESEARCH OBJECTIVES

Allen and Bryant (2012) and Lewis and Heckman (2006) criticise current literature relating to employee retention as being too general, noting that while the literature explains what the problem is with regard to being unable to retain talented employees, it provides few practical recommendations to overcome this problem. Added to this problem, HR managers struggle to retain talented employees, specifically at top and middle organisational levels due to ineffective retention strategies (Tarique and Schuler, 2010; Lewis and Heckman, 2006).

The research question posed in this study is: what strategies can be used to retain top- and middle-level managers in South African organisations? Accordingly, the objective of this study was to gain insight from senior HR practitioners about the retention strategies that they believe HR managers use to retain talented top- and middle-level managers in South Africa.

LITERATURE REVIEW

The following section provides an overview of retention strategies that organisations and HR managers are currently using to retain talent. Although this section provides an overview of retention strategies for employees in general, the strategies are also applicable to the retention of top- and middle-level managers.

Leadership

The effectiveness of HR practices, particularly employee retention tactics in organisations is directly influenced by leaders (Boxall, 2012; Nishii, Lepak and Schneider, 2008; Lawler, 2008). The overt behaviour of leaders provides an insight into their attitudes towards their employees (Jaaskelainen, 2011). Poor and ineffective leadership styles play a critical role in the retention of talented employees (Doh *et al.*, 2011; Tansley, 2011; Guest and Conway, 2011; Govaerts *et al.*, 2011; Kerr-Phillips and Thomas, 2009; Lawler, 2008; Bhatnagar, 2007).

According to Tansley (2011), a high level of trust between employees and leaders is associated with high employee retention rates and employee commitment. Trust involves placing oneself in a vulnerable position in the hope of a positive outcome from the person or the situation (Castaldo,

Premazzi and Zerbini, 2010; Sharkie, 2009). Trust also underlies the concept of ethical leadership that is important for employee retention; increased employee turnover intention is caused by poor ethical leadership and unethical actions in organisations (Avey, Wernsing and Palanski, 2012; Kerr-Phillips and Thomas, 2009).

Organisational culture

According to Tansley (2011), Kerr-Phillips and Thomas (2009), Cappelli (2008), Ashton and Morton (2005), Bartlett and Ghoshal (2002) having and maintaining a strong organisational culture is imperative for retaining talented employees. Organisational culture refers to the general behaviour of employees, the characteristics of the organisation, and the shared meanings within the organisation (Taylor, Levy, Boyacigiller and Beechler, 2008). Organisational culture is evident in the structure of organisations, the values of organisations, general working conditions, the atmosphere among the employees, as well as the performance drive of employees (Devi, 2009).

Organisational culture is a reflection of how employees perceive and feel about the organisation (Van Dyk and Coetzee, 2012; Taylor *et al.*, 2008), is developed over time and is a long-term strategy which influences the dynamics of the organisation (Guthridge *et al.*, 2008). Depending on the organisation's context and the industry in which the organisation operates, organisational culture influences employees' behaviour and attitudes towards organisational commitment (Guthridge *et al.*, 2008).

An organisation's culture can also contribute to talent management architecture, as when HR managers, together with the leaders of an organisation consistently place emphasis on the concept of talent management, it embeds a mind-set of talent management within the organisational culture (Guthridge *et al.*, 2008, Ashton and Morton, 2005). Such an organisational culture potentially leads to employee retention (Bartlett and Ghoshal, 2002). It has been recommended, particularly in South Africa, that HR managers focus on creating organisational cultures that accommodate and support the diversity of the workforce in order for employees to feel a sense of acceptance and belonging and to avoid feelings of isolation (Kerr-Phillips and Thomas, 2009; Edwards and Cable, 2009). A culture that embraces employees and recognises their value to the organisation helps to create a sense of organisational identification that complements employee retention strategies (Edwards and Cable, 2009).

Leaders should articulate and live in accordance with the vision, mission and goals of the organisation (Doh *et al.*, 2011). Having a clear and strong vision is related to an increase in job satisfaction and employee retention (Yarnall, 2011). Committed employees become frustrated and develop turnover intention when they witness their work and input going to waste due to inconsistent strategies and visions (Conway and Coyle-Shapiro, 2012; Teck-Hong and Waheed, 2011; Döckel, Basson and Coetzee, 2006). Designing, acting on and achieving a long-term vision for the organisation empowers managers and influences retention as it demonstrates that employee input is substantial (Doh, *et al.*, 2011; Stein, Papadogiannis, Yip and Sitarenios, 2009). Moreover, organisations that have a strong vision and mission are able to attract and retain talent because the vision communicates purpose and direction to employees (Hausknecht *et al.*, 2009; Kim and Lee, 2007).

Organisational behaviour practices

The concept of organisational behaviour is popular because it indicates the value of employees to the organisation by identifying and utilising their strengths. Organisations that have low employee turnover levels tend to implement a soft approach to HR (Jaaskelainen, 2011; Collings and Mellahi, 2009) that involves treating employees as valuable resources and building engagement in the organisation (Shen, Chanda, D'Netto and Monga, 2009). Leaders and managers who use this approach promote a high level of trust, communication and understanding between themselves and their employees (Iles *et al.*, 2010). Organisational behaviour practices include personality assessments and personality fits, learning and development, applied motivational practices and employee wellness practices which are found to increase the skills of managers as well as assist HR managers in the

identification of managerial talent (McDonnell, Lamare, Gunnigle and Lavelle, 2010; Collings and Mellahi, 2009). The aim of instituting strong organisational behaviour practices is to improve the behaviour and attitudes of employees while, at the same time, creating job satisfaction and organisational commitment (Collings and Mellahi, 2009). The individual attention received by each employee as a result of organisational behaviour practices also stimulates organisational commitment and reduces turnover intention of talented employees (Iles *et al.*, 2010).

Performance management

Performance management is the formal and systematic communication between senior managers and employees regarding behavioural expectations, objectives and goals and ensures that feedback is provided to employees relating to their performance (Doh *et al.*, 2011; Edwards and Cable, 2009; Lewis and Heckman, 2006). Performance management, as a relevant HR practice, should not operate in isolation, but rather supplement talent management by ensuring that regular cyclical results of employee performance are documented (Bhatnagar, 2007). Performance management is used by HR managers to identify talented employees as well as to identify and exit employees who sabotage productivity (Bartlett and Ghoshal, 2002).

As an employee retention strategy, managers are often given the opportunity to work with HR managers and senior managers of the organisation to understand managerial expectations, the long-term objectives of the organisation and targets set by the organisation (Doh *et al.*, 2011; Edwards and Cable, 2009; Lawler, 2008). This practice develops, in managers, an appreciation of what is demanded of themselves and their teams and, in turn, this contributes to feelings of job autonomy (Doh *et al.*, 2011; Lawler, 2008).

Reward management

Reward management, which is closely associated to, and follows on from the practice of performance management, is also utilised as a strategy to retain managerial talent (Tansley, 2011). However, the rewards offered to employees must be tailored to suit and satisfy top- and middle-level managers (Cosack *et al.*, 2010; Bhatnagar, 2007; Döckel *et al.*, 2006; Birt, Wallis and Winternitz, 2004). While not completely excluding extrinsic rewards, employees at managerial levels generally prefer intrinsic rewards that promote self-fulfilment (Doh *et al.*, 2011; Meyer and Maltin 2010; Hausknecht *et al.*, 2009).

When rewards match the desires of managers, which may differ at each level, it enhances the psychological contract, stimulates commitment, reduces turnover intention and retains the managerial talent (Avey *et al.*, 2012; Wagar and Rondeau, 2006). Furthermore, customising intrinsic rewards for managers is known to promote retention (Tymon, Stumpf and Doh, 2010). When managers receive intrinsic rewards that are applicable and meaningful to them, they develop stronger relationships with organisation and become more emotionally attached to their work (Doh *et al.*, 2011; Meyer and Maltin, 2010; Hausknecht *et al.*, 2009).

Learning and development

Learning and development is another key HR practice that plays a role in retaining talented employees (Van Dyk and Coetzee, 2012; McDonnell *et al.*, 2010; Devi, 2009; Bhatnagar, 2007; Bartlett and Ghoshal, 2002). Learning and development programmes include HR practices that aid in improving individual and organisational performance, as well as contribute to employees' personal growth and self-mastery (Doh *et al.*, 2011; McDonnell *et al.*, 2010). Learning and development programmes, which will differ according to the context of the organisation, help employees address changes in the external environment and teach employees the importance of being change-fit and flexible in a

dynamic and volatile working environment (Govaerts, *et al.*, 2011; Tarique and Schuler, 2010). Being proactive towards the environment and being adaptable not only benefits the organisation, but it also contributes to employees' knowledge, awareness and job security (Govaerts *et al.*, 2011; Tarique and Schuler, 2010).

Learning and development programmes are linked to talent management as they assist HR managers in identifying talented employees (Doh *et al.*, 2011) and allow HR managers to provide developmental opportunities to existing as well as to potentially talented employees (Van Dyk and Coetzee, 2012; McDonnell *et al.*, 2010; Bhatnagar, 2007; Bartlett and Ghoshal, 2002). Learning and development strategies also complement other HR practices such as succession planning and performance management because they help HR managers in addressing the present performance of the organisation while planning for the future needs of the organisation (Ashton and Morton, 2005).

Learning and development are seen as positive strategies to retain talented employees in South African organisations, in both the public and private sectors (Van Dyk and Coetzee, 2012) and accordingly, there should be an investment in time, energy and money in learning and development programmes that best suit the business environment (Lewis and Heckman, 2006). It is important for leaders and senior managers to understand the positive impact of this investment and to support HR managers in implementing effective learning and development programmes (Lewis and Heckman, 2006). In support of this strategy, Govaerts *et al.* (2011) claimed that investment in learning and development programmes creates sound returns due to the talent opportunities and skills of employees that emerge during the provision of such programmes.

Developing an internal talent pool is not only less costly for the organisation over a long period of time, but is less disruptive for the organisation when a new vacancy is required to be filled (Cappelli, 2008). Having an internal talent pool is an investment for the organisation as it widens the human capital base, stimulates a learning culture and creates a sense of pride for employees (Allen and Bryant, 2012). Recruiting internally from a talent pool can serve as an intrinsic incentive for employees; it can boost employee morale and lead to more sustained organisational commitment (Van Dyk and Coetzee, 2012; Cappelli, 2008).

RESEARCH METHODOLOGY

This section addresses the research approach and method followed.

Research approach

A quantitative approach was followed and a cross-sectional field survey was conducted based on the literature review.

Research method

The research method details the participants, the measuring instrument used, the research procedure adopted as well as the statistical analyses employed.

Respondents

The study population was 3 132 HR professionals registered with the South African Board of People Practices (SABPP) in the categories of HR Professionals, Chartered HR Professionals and Master HR professionals. All HR professionals in the above categories received an email requesting their assistance in completing an online survey. The number of respondents ($n = 97$) (the sample) included: 44 HR Professionals (Degree + three years' experience), 43 Chartered HR Professionals (Honours degree + four years' experience) and 10 Master HR Professionals (Master's/ doctorate degree + six years' experience).

The single most represented industry was Industrial with 20.6 per cent respondents, followed by the Public Services Industry (14.4 per cent) and the Consumer Goods Industry (11.5 per cent). The industries were then divided into economic sectors (Cottini and Lucifora, 2013) for the purpose of group comparison analyses. The three groups represented the extractive sector, the manufacturing and construction sector, and the services sector. The size of the extractive sector ($n = 18$) was relatively smaller compared to the manufacturing and construction sector ($n = 43$) and the service sector ($n = 31$). The manufacturing and construction sector consisted of industries that are directly involved with the construction of intermediate or finished goods and services using labour and tools (Kujansivu and Lönnqvist, 2007). The service sector involves industries that render services and sometimes goods to customers and clients (Kolko, 2010). Comparisons were conducted between the manufacturing and construction sector and the service sector with an appropriate sample size ($n > 30$) (Watt and van den Berg, 1995).

Measures

A self-administered questionnaire was constructed to measure retention strategies and challenges. The questionnaire consisted of 40 items. Two subscales were developed to measure retention strategies. The subscale relating to leadership consisted of seven items, examples being “what is the probability of the trust between line managers and direct reports contributing to the retention of top- and middle-level managers” and “what is the probability of the ethical leadership of executives contributing to the retention of top- and middle-level managers”. Items were based on the theoretical work of (Guest and Conway, 2011; Edwards and Cable, 2009; Lewis and Heckman, 2006; Ashton and Morton, 2005), among others. The subscale relating to pay for performance was measured with seven items (e.g., “to what extent do rewards for meeting targets contribute to the retention of top- and middle-level managers and “to what extent do meaningful rewards to suit the preferences of direct reports contribute to the retention of top- and middle-level managers”) (Allen and Bryant, 2012; Tymon *et al.*, 2010; Lawler, 2008; Bhatnagar, 2007).

Four subscales were developed to measure retention challenges. The subscale relating to organisational context, consisted of seven items, examples being “what is the probability of external job offers and international mobility contributing to the turnover of top- and middle-level managers” (McDonnell *et al.*, 2010; Ashton and Morton, 2005; Docquier *et al.*, 2004). The subscale relating to HR function (Boxall, 2012; Birt *et al.*, 2004), was measured with five items (e.g., “the retention of top- and middle-level managers is a strategic priority for the HR department” and “the availability of more financial resources to support retention will contribute to the retention of top- and middle-level managers”). The subscale relating to job context consisted of ten items, examples being “what is the probability of micro-management and lack of challenging work contributing to the turnover of top- and middle-level managers” (Allen and Bryant, 2012; White, 2010; Bhatnagar, 2007). Employee wellness (Jaaskelainen, 2011; Amah, 2009) was measured by means of a subscale comprising four items (e.g., “to what extent does a lack of concern from line managers and a lack of assistance from colleagues contribute to the retention of top- and middle-level managers”).

The 40 items were answered on a five-point Likert scale. All items, except the subscale relating to the HR function, required participants to select a response each for top- and middle-level managers ranging from 1 (“not probable”) to 5 (“very probable”). The second Likert scale which was only used to measure the HR function ranged from 1 (“never”) to 5 (“always”).

Strategies to ensure quality of the instrument

The questions were designed to only measure one HR concept at a time. Where there were similar or related HR concepts in the questions, the concepts were referred to in separate questions. Validity of the questionnaire was ensured by providing a brief background to the study to ensure that the respondents fully understood the issues under investigation. A pilot study was conducted with colleagues and fellow academics before the online questionnaire went live in order to combat any irregularities within the questionnaire. Feedback from the pilot study was recorded and the suggested

changes were implemented which involved the rephrasing of four questions to ensure that they could be easily understood.

Research procedure

Data collection

The questionnaire was electronically distributed to the study population. Respondents received an email containing a covering letter which explained why these SABPP members had been selected and provided a link which directed respondents to the survey. The introductory letter explained to the respondents the purpose of the study, that participation was voluntary and that they could withdraw at any time. Respondents were also given the opportunity to remain anonymous.

Data analysis

An exploratory factor analysis (EFA) and a reliability analysis were conducted. This was followed by a Shapiro-Wilk test and Kolmogorov-Smirnov test to ascertain normality, followed by a Mann-Whitney U test and a Paired Samples t-test for the group comparisons between industries, as well as between top- and middle-level managers.

Ethical considerations

Permission was obtained from the professional body, the SABPP, in order to access its registered members. Consent was received from the respondents before commencing with the online questionnaire. Participation was voluntary. Respondents remained anonymous and data were stored in a secure and confidential manner.

RESULTS

After the descriptive statistics had been addressed, an EFA and reliability tests were conducted followed by group comparisons between the factors and the managerial levels, as well as the factors and the economic sectors.

Respondent's responses were positive for both managerial levels. The mean and standard deviations for top-level managers were as follows: job context ($M = 3.396$, $SD = 0.915$), performance management ($M = 4.018$, $SD = 0.818$), leadership ($M = 3.982$, $SD = 0.862$), employee wellbeing ($M = 3.249$, $SD = 0.984$), and organisational context ($M = 3.464$, $SD = 0.088$). In general, the respondents rated the challenges to retention, as well as the retention strategies for top-level managers as moderately important with mean values between 3 and 4.

The descriptive statistics for middle-level managers were: Job context ($M = 3.787$, $SD = 0.475$), performance management ($M = 4.096$, $SD = 0.773$), leadership ($M = 4.136$, $SD = 0.704$), employee wellbeing ($M = 3.403$, $SD = 1.007$), and organisational context ($M = 3.738$, $SD = 0.743$). Similar to top-level managers, the respondents rated the challenges to retention, as well as the retention strategies for middle-level managers as moderately important with mean values between 3 and 4.

The first phase of the data analysis consists of the EFA, which was sub-divided into a first- and second-order EFA.

A first-order EFA was conducted on all questionnaire items. Due to one weak correlation coefficient value, the EFA was conducted with the omission of the weak correlation coefficient item where the question referred to the communication between line managers and direct reports contributing to the retention of top- and middle-level managers ($MSA = 0.576$). The remainder of the items had correlation coefficients greater than 0.3 indicating that the items were moderately and positively correlated (Beaumont, 2012; Pallant, 2007). A suitable number of components had correlations above the threshold value of 0.3. Therefore, the data were appropriate for an EFA.

The Kaiser-Meyer-Olkin value was 0.761. This value was larger than the required value of 0.7 (Pallant, 2007). The Bartlett's Test of Sphericity reached statistical significance at the 0.1 per cent level ($p = 0.000$). Pallant (2007) and Ferguson and Cox (1993) claim that there is significance if the significance value is smaller than 0.050.

The eigenvalues for the factors extracted from the first-order EFA along with the title of the factors are displayed. The titles of the factors were informed by the names of the subscales of the questionnaire (Table 1).

**TABLE 1
EIGENVALUES FROM THE FIRST ORDER ANALYSIS**

Factor number	Eigenvalues from first order analysis	Factor name
Factor 1	9.328	Job context
Factor 2	4.506	Performance management
Factor 3	2.866	Leadership
Factor 4	1.954	Employee wellbeing
Factor 5	1.758	Organisational context
Factor 6	1.316	Workplace environment
Factor 7	1.105	Priority of retention

The loadings for each factor were produced by the first-order total variance noted in Table 1. The first seven factors from the first order analysis have a total variance greater than one indicating that the top seven factors explain a significant portion of the variation in the sample data.

Second-order factor analysis

The second order factor analysis generated factor correlations from the first order analysis (Wind, Green and Jain, 1973). The Kaiser-Meyer-Olkin value for the second order factor analysis was 0.681 and is considered to be an adequate score for a second factor analysis (Pallant, 2007). The value of Bartlett's Test of Sphericity for the second factor analysis reached statistical significance at 0.1 per cent ($p = 0.000$) (Pallant, 2007; Ferguson and Cox, 1993).

In the second order factor analysis only the first two factors have eigenvalues greater than one; thus they are considered valid factors (Table 2) (Beaumont 2012), namely Factor 1 (job context) and Factor 2 (performance management). These two factors explain 60.1 per cent of the variance. The Oblimin with Kaiser Normalisation method was used as a rotation method. The Kaiser Normalisation reached convergence after three iterations (or rotations).

**TABLE 2
EFA TOTAL VARIANCE EXPLAINED FROM THE SECOND ORDER ANALYSIS**

Factor	Initial eigenvalues	Extraction sums of squared loadings			Rotation sums of squared loadings		
	Total	Percentage of variance	Cumulative percentage	Total	Percentage of variance	Cumulative percentage	Total
1	2.633	37.615	37.615	2.111	30.155	30.155	1.844
2	1.573	22.467	60.082	1.033	14.754	44.909	1.564
3	0.838	11.972	72.053				
4	0.658	9.397	81.451				
5	0.534	7.626	89.077				
6	0.433	6.190	95.267				
7	0.331	4.733	100.000				

The pattern matrix demonstrates the factor loadings from the second-order factor analysis and classifies each factor either under challenges to retention or retention strategies. From the pattern matrix, Factor 3, leadership, had a high loading value of 0.755 under retention strategies. Factor 2, performance management, and Factor 7, priority of retention, also had relatively high loading values of 0.551 and 0.545 under retention strategies, respectively (Table 3).

TABLE 3
EFA PATTERN MATRIX AND RELIABILITY SCORES

First order factor analysis				
		Factors		Cronbach alpha coefficient
Factor	Factor name	Challenges to retention	Retention strategies	First order factor analysis
5	Organisational Context	0.757		0.690
6	Workplace environment	0.703		0.690
1	Job context	0.679	0.254	0.888
4	Employee wellbeing	0.376	0.367	0.847
3	Leadership		0.755	0.904
2	Performance management		0.551	0.900
7	Priority of retention		0.545	Single item- excluded from analysis
Second order factor analysis				
Challenges to retention				0.898
Retention strategies				0.902

The internal consistency of the scale for top-level managers was considered to be reliable for the top four factors in the first order rotated analysis (De Winter, Dodou and Wieringa, 2009; Pallant, 2007). The retention strategy factors, namely, Factors 2 (performance management) and 3 (leadership), had Cronbach alpha coefficients of 0.900 and 0.904 in the first order analysis, respectively. In the second order rotated analysis, the Cronbach alpha coefficients remained almost exactly the same for factors challenges to retention and retention strategies, which indicates strong reliability of the factors within their respective groups (Table 3).

The second phase of the data analysis consisted of group comparison tests. The first group comparison was conducted between the economic sectors namely, the manufacturing and construction sector and the service sector. This was followed by the group comparisons between the factors for top- and middle-level managers. Due to the small group size of the extractive sector, it was decided to exclude this sector from the sample.

Economic sector comparison

A Shapiro-Wilk test indicated ($p < 0.05$) that the distributions of the data to be used for the economic sector comparisons, were skewed. Therefore, a Mann-Whitney U test was performed to compare response within the manufacturing and construction sectors as well as the service sector between two independent groups (i.e. top- and middle-level managers) (Pallant, 2007). In answering the research question, comparisons were conducted to ascertain significant different retention strategies between top- and middle-level managers. The results of the group comparisons are reported in Table 4.

TABLE 4
COMPARISON BETWEEN ECONOMIC SECTORS

Factor	Managerial level	Test statistics	Manufacturing and construction sector	Service sector
Leadership	Top-level managers	$z = -1.987$ $p = 0.047^*$ $r = -0.31$	$n = 40$ Mdn = 4.357	$n = 38$ Mdn = 4.000
	Middle-level managers	$z = -0.333$ $p = 0.739$ $r = -0.05$	$n = 40$ Mdn = 4.357	$n = 37$ Mdn = 4.143
Performance management	Top-level managers	$z = -1.319$ $p = 0.187$ $r = -0.21$	$n = 39$ Mdn = 4.286	$n = 38$ Mdn = 4.000
	Middle-level managers	$z = -0.881$ $p = 0.378$ $r = -0.14$	$n = 40$ Mdn = 4.357	$n = 37$ Mdn = 4.143

* $p < 0.05$

A Mann-Whitney U test revealed that only one comparison between the two sectors in terms of effective retention strategies was significant, namely leadership ($p = 0.047$). Leadership, as a retention strategy for top-level management, is more important (medium effect, $r = -0.32$, (Cohen, 1988) in the manufacturing and construction sector (Mdn = 4.357, $n = 40$) compared to the services sector (Mdn = 4.000, $n = 38$). No other comparisons were statistically significant (Table 4).

A Kolmogorov-Smirnov test was conducted as there were more than 50 respondents per group (Razali and Wah, 2011), and revealed that the data were normally distributed. Subsequently, a t-test was considered to be appropriate for the next set of comparisons as the sample size was big enough (Ramsey and Schafer, 2013).

The results of paired sample t-tests for the comparison between top- and middle-level managers for leadership and performance management are provided in Table 5. Paired Samples t-tests were conducted for this particular group comparison so that the mean score for two different groups could be compared (Pallant, 2007).

TABLE 5
PAIRED SAMPLE T-TESTS FOR THE COMPARISONS BETWEEN TOP- AND MIDDLE-LEVEL MANAGERS

Factor	Test statistics	Managerial level	
		Top-level managers	Middle-level managers
Leadership	$t(95) = -2.708$ $p = 0.008^*$ Effect size (η^2) = 0.07	$n = 96$ Mdn = 3.99 SD = 0.861	$n = 96$ Mdn = 4.14 SD = 0.704
Performance management	$t(94) = -2.084$ $p = 0.040^*$ Effect size (η^2) = 0.04	$n = 95$ Mdn = 4.02 SD = 0.822	$n = 95$ Mdn = 4.10 SD = 0.774

* $p < 0.05$

Both comparisons were significant ($p < 0.05$) which indicates a significant difference for leadership and performance management between top- and middle-level managers (Table 5). There was a significant difference for leadership, between top-level managers ($M = 3.99$, $SD = 0.861$) and middle-level managers ($M = 4.14$, $SD = 0.704$); $t(95) = -2.708$, $p = 0.008$ (two-tailed). The effect size was of a moderate effect ($\eta^2 = 0.07$). Leadership, according to HR managers, seems to be more effective for middle-level managers compared to top-level managers. A difference, of a small effect size

($\eta^2 = 0.05$), was also noted for performance management between top-level managers ($M = 4.02$, $SD = 0.822$) and middle-level managers ($M = 4.10$, $SD = 0.774$); $t(94) = -2.084$, $p = 0.040$ (two-tailed). According to the respondents, performance management seems to be a more effective retention strategy for middle-level managers than it is for top-level managers.

DISCUSSION

The objective of this study was to explore retention strategies for top- and middle-level managers. The descriptive statistics revealed that both the retention factors were rated positively for both top- and middle-level managers. In the group comparison tests, the factors are slightly higher for middle-level managers compared to top-level managers. This may imply that the two retention strategies, namely leadership and performance management maybe more effective for middle-level managers.

Leadership

Leadership appears to be a more effective retention strategy for top-level managers in the manufacturing and construction sector compared to the service sector. According to Clark, Hartline and Jones (2009), the service sector lacks employee empowerment due to poor leadership. Conflict and negative views of leadership styles are present in the service sector, which can have an influence on the turnover of employees (White, 2010; Tymon *et al.*, 2010; Clark *et al.*, 2009).

Leadership is important to retain top-level managers. Since the leadership of an organisation can shape and influence HR practices, HR managers should continue to encourage the leaders of the organisation to be involved in HR practices to ensure the retention of top-level managers (Boxall, 2012; Nishii *et al.*, 2008; Lawler, 2008). Doing so will positively impact the morale of employees and reduce employee turnover (Govaerts *et al.*, 2011).

The respondents perceive the retention of middle-level managers to be influenced by the leadership of the organisation. The group comparison highlights that leadership is a more effective retention strategy for middle-level managers than for top-level managers. This may indicate that middle-level managers find effective leadership attractive and are therefore more likely to remain committed to the organisation. Lawler (2008) suggests that leaders who follow a more liberal and servant-like leadership style tend to have better relationships with employees. Having effective leadership styles and qualities in the organisation symbolises an open-door policy which enables employees to be more independent and voice their ideas, concerns or complaints (White, 2010; Lawler, 2008). Trust between line managers and direct reports tend to play an important role in the retention of middle-level managers (Chun, Shin, Choi and Kim, 2013). Trust is an important issue when it comes to leadership (Sharkie, 2009). A high level of trust between employees and leaders not only creates a better organisational culture, but also stimulates employee commitment toward the organisation (Tansley, 2011; Devi, 2009).

Performance management

Performance management appeared to be a popular response of HR professionals to retaining top-level managers. This emerged as an unusual strategy to retain top-level managers as Doh *et al.*, (2011) and Hausknecht *et al.*, (2009), found that managers tend to prefer rewards of intrinsic value such as recognition, increased responsibilities and other non-monetary incentives. Intrinsic rewards are known to be more fulfilling to top-level managers and contribute to their sense of purpose in the organisation (Hausknecht *et al.*, 2009). The response to this factor indicated that an almost equal number of HR professionals claimed that top-level managers are more likely to be retained when receiving extrinsic rewards for meeting targets, as well as receiving recognition for achieving goals, which is a more intrinsically inclined reward. Although top- and middle-level managers show preference for intrinsic rewards, extrinsic rewards should not be excluded from their reward system (Cosack *et al.*, 2010; Döckel *et al.*, 2006; Birt *et al.*, 2004). HR managers should continue to create reward systems that

have a balanced variety of intrinsic and extrinsic rewards in order to retain managers (Döckel *et al.*, 2006).

Top-managers, in particular, are more attracted to intrinsic rewards because of their intellectual status, experience in the field and tend to have more of a need for achievement rather than materialism (Mda, 2010). However, the fact that a large number of top-level managers are still motivated by extrinsic rewards can also possibly be associated with the current status of the South African economy (Birt *et al.*, 2004). Other studies have found that employees who work in developing nations with struggling economies are more motivated by extrinsic rewards, as there is a greater demand for money and monetary savings per capita (Teck-Hong and Waheed, 2011; Chandler *et al.*, 2009).

In this study, the respondents claimed that receiving recognition for achieving developmental goals is more likely to retain middle-level managers. Providing employees with developmental opportunities to enrich their career growth serves as an inducement to the psychological contract that employees hold toward the organisation (De Vos and Meganck, 2008). Furthermore, when there is a lack of recognition of employees there is a decrease in job satisfaction levels and an increase in employees desire to leave the organisation (Van Dyk and Coetzee, 2012; Stein *et al.*, 2009).

The findings between top- and middle-level managers with regard to receiving rewards for meeting targets are similar. The respondents indicated that both groups of managers also show an interest in receiving rewards for meeting targets. Extrinsic rewards appear to be attractive prior to recruitment and the in the early stages of employment (Kim and Lee, 2007). However, over time, as managers develop themselves and their careers, they begin to evidence more interests in intrinsic rewards (Döckel *et al.*, 2011; Kim and Lee, 2007). This suggests that, assuming managers progress from middle- to top-level managers, they should become more attracted to intrinsic rewards.

From the group comparison between top- and middle-level managers, performance management is perceived by the respondents to be a more effective retention strategy for middle-level managers than it is for top-level managers. This may indicate that middle-level managers find performance management factors mentioned above attractive and, as a result, are more likely to stay with the organisation. The quality and attractiveness of performance management systems can positively impact the retention of managers and can strengthen the relationship between managers and the leaders of the organisation (Ladyshewsky, 2010; Læg Reid, Roness and Rubecksen, 2006).

Practical implications

In terms of implementing effective retention strategies for top- and middle level managers, it is recommended that HR managers focus on the retention strategies noted below.

HR managers should work together with the leaders of the organisation to create healthy relationships between leaders and employees. The leaders' intentions for the organisation should be communicated transparently and consistently to create an atmosphere of trust. HR managers should also work with the leaders to ensure that leadership behaviour and all business practices are ethically sound. Executives, directors, line managers and other employees holding leadership roles should work collaboratively with HR managers when implementing leadership retention practices. The importance of HR managers being involved and working together with the leaders of the organisation should also be considered. HR managers should have a formal position at the strategy table to create and ensure alignment between the leaders, the employees and the HR practices in organisations.

HR managers should ensure that performance management systems are effective, on-going and built into overall strategies of the organisation. Performance management systems include setting performance targets and developmental goals, as well as to determine incentives collaboratively with HR managers and direct reports. If these performance management practices are not prioritised, managers will become despondent toward their work and the organisation. Line managers, who work directly with managers and monitor their performance, are also able to contribute toward the effective implementation of performance management practices by ensuring that the goals, expectations and rewards for employees are met.

Limitations

The findings are based on the perceptions of HR professionals regarding effective retention strategies for top- and middle-level managers. Therefore, the perceptions may be subjective.

Secondly, the response rate was considered marginally adequate for the data analysis. The response rate could be due to online questionnaires often neglected due to a disinterest in impersonal emails.

The findings cannot be generalised to a larger population. Therefore, the findings on effective retention strategies for retaining top- and middle-level managers cannot be applied in a global context.

A final limitation relates to the participation across the different industries. There was a poor response rate from some industries. This means that the findings do not necessarily reflect the views of HR managers across all the industries and different types of organisations.

Overall, the findings from this study must be treated and generalised with caution.

Suggestions for future research

Given that this study was based on the perceptions of HR professionals only, it is recommended that a similar study be conducted with top- and middle-level managers themselves. This will enable managers to identify effective retention strategies that will be applicable to them.

As this is a South African-specific study, future research could focus on exploring effective retention strategies faced by HR managers in international contexts as results may differ. Employee retention strategies should not be a 'one-size fits all' approach, but should rather be customised to suit the environment in which the organisation operates.

The findings in this study involve various South African industries. A more accurate analysis would entail conducting this study in one particular industry at a time. This would provide HR managers with industry-specific retention strategies that are likely to be more effective (Hausknecht *et al.*, 2009). Also, since the respondents all belong to the professional body, it would be interesting to understand responses of other HR managers that are not necessarily registered with the SABPP.

CONCLUSION

The objective of the study was to explore effective retention strategies to retain top- and middle-level managers. The findings indicate that the leadership of organisations, along with effective performance management systems are regarded as effective retention strategies for top- and middle-level managers. However, it was indicated that the retention strategies are perceived to be more applicable for middle-level managers than for top-level managers.

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The authors declare that they have no financial or personal relationship(s) that may have inappropriately influenced them in writing this article.

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