Subject: Human Resources Management and Finance.

Title: The Influence of Leadership Style and Staff Retention in UK Public Sectors.

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# Table of Contents

ACKNOWLEDGMENT: ................................................................. 12

1. CHAPTER 1 INTRODUCTION .................................................. 13
   1.1. Background ........................................................................... 14
   1.2. Aims and objectives of the study ........................................ 16
   1.3. Purpose of the study .............................................................. 16
   1.4. Significance of the study ...................................................... 17
   1.5. Ethical Issues ........................................................................ 17
   1.6. Theoretical Frame Work ...................................................... 18

2. CHAPTER 2 LITERATURE REVIEW .......................................... 18
   2.1. Introduction ........................................................................... 18
   2.2. Factors affecting employee retention .................................... 20
   2.3. Significance of Employee Retention ..................................... 21
   2.4. Why People leave? ............................................................... 21
   2.5. Motivational Factors ............................................................ 24
   2.6. Compensation ...................................................................... 24
   2.7. Job Features .......................................................................... 24
   2.8. Morale Development ............................................................ 25
   2.9. Employee Communication ................................................ 25
   2.10. Employee Survey ............................................................... 26
   2.11. Motivation and Motivational Theories ................................. 26
   2.12. Maslow Theory ................................................................... 27
   2.13. Herzberg’s Tow Factor Theory ........................................... 28
   2.14. Reward and Recognition .................................................. 30
   2.15. Promotion and Training ..................................................... 31
   2.16. Participation and Decision Making ..................................... 32
   2.17. Work Life Balance .............................................................. 33
   2.18. Employment Break ............................................................. 33
   2.19. Flexi Time Scheme ............................................................ 34
   2.20. Carry over excess Hours .................................................... 34
   2.21. Work Environment ............................................................. 35
   2.22. Health and Safety at Work ................................................ 35
2.23. Health Environment ................................................................. 35
2.24. Facilities Management ........................................................... 36
2.25. Leadership and Solution .......................................................... 36
2.26. Push Factors .............................................................................. 36
2.27. Job Security .................................................................................. 37
2.28. Job Satisfaction ........................................................................... 38
2.29. Good atmosphere in the work place ............................................ 38
2.30. Why do Employees leave? ............................................................ 39
2.31. Impact on Organizations ............................................................ 41
2.32. Knowledge and Employee Skills .................................................. 42
2.33. Recruiting Employees ................................................................. 42
2.34. Conceptual Reference ................................................................. 43

3. CHAPTER 3 METHODOLOGY .......................................................... 47
3.1. Introduction ................................................................................... 47
3.2. Data Analysis ................................................................................ 47
3.3. Demographic Results .................................................................. 47
3.4. Turnover Frequency .................................................................... 52
3.5. Retention Strategy ....................................................................... 52
3.6. Employee Turnover and Consequences ......................................... 53
3.7. Terms of Reference ..................................................................... 53
3.8. Purpose of this Research ............................................................... 54
3.9. Local Government Work Force Survey ........................................ 55
3.10. Consequences of Turnover ......................................................... 57
3.11. Feelings or not being appreciated ............................................... 58
3.12. Inadequate Supervision ............................................................... 58
3.13. Unequal or Substandard Wages ................................................... 58
3.14. Styles of Management ................................................................. 58
3.15. Motivation .................................................................................. 59
3.16. Comparison Survey .................................................................... 61
3.17. Departmental Population ............................................................. 61
3.18. Recommendation ....................................................................... 61
3.19. Literature Review ....................................................................... 66
4. **CHAPTER 4 MANAGING PEOPLE** ................................................................. 69
   4.1. Human Capital Management .............................................................. 70
   4.2. Human Resources System ................................................................. 71
   4.3. Models of HRM ........................................................... 71
   4.4. The Role of Front Line Manager ...................................................... 74
   4.5. International HRM ................................................................. 75
   4.6. The Strategic Role of HR ................................................................. 76

5. **CHAPTER 5 PEOPLE RESORUCING** ....................................................... 78
   5.1. HR Planning ............................................................................... 78
   5.2. Monitoring and Review ................................................................. 79
   5.3. Talent Management ...................................................................... 79
   5.4. Recruiting and Selection ............................................................... 80
   5.5. Recruitment Feedback .................................................................. 81
   5.6. Selection and interviewing .............................................................. 82
   5.7. Recruitment Process ...................................................................... 82
   5.8. Release from the organization ........................................................ 89

6. **CHAPTER 6 MOTIVATION & JOB SATISFACTION** ............................... 92
   6.1. Job Satisfaction in UK Public Sectors ............................................. 93
   6.2. Evidence of Post-Referendum Optimism ......................................... 93
   6.3. HR and People Management .......................................................... 94
   6.4. McCartney Continues ................................................................... 95
   6.5. Employee Benefits ....................................................................... 97
   6.6. Conclusion .................................................................................. 106

7. **CHAPTER 7 PERFORMANCE MANGEMENT** ........................................... 107
   7.1. Performance Management ............................................................. 107
   7.2. Employment Practice ................................................................. 108
   7.3. Links to other procedures ............................................................. 111
   7.4. Outcomes of annual review ........................................................... 112
   7.5. Incremental Progression ............................................................... 112
   7.6. Appeals .................................................................................... 112
Human Resources Management: The Influence of Leadership Style and Staff Retention.

7.7. New Employees ................................................................. 113
7.8. Maternity Leave ................................................................. 113
7.9. Employees on long term sickness ........................................... 114
7.10. Employees with disabilities .................................................. 114
7.11. Capability Procedure .......................................................... 115
7.12. Capability interview ............................................................ 115
7.13. Fundamental Principles of Good management practice .............. 116
7.15. Formal Procedure ............................................................... 116
7.16. Redundancy Procedure ........................................................ 117
7.17. Disciplinary Procedure ........................................................ 118

8. CHAPTER 8 HRM & THE CREATIVE MANAGER ......................... 120
8.1. The Coping Cycle ................................................................. 121
8.2. Overcoming Resistance to change .......................................... 122
8.3. Tactic for Managing Change .................................................. 123
8.4. Change and organizational Culture ......................................... 125
8.5. The ingredient for success in managing change ....................... 127
8.6. Change management ............................................................ 128
8.7. Does it work? ...................................................................... 128
8.8. Episodic versus continues change ......................................... 130
8.9. Transitional and transformational change ............................... 131
8.10. System thinking and change ............................................... 133

9. STRATEGIC MANAGEMENT AND LEADERSHIP PART I ............. 136
9.1. Rensis Likert ........................................................................ 138
9.2. McGregor’s Theory ............................................................... 138
9.3. Blake and Mouton’s managerial grid ........................................ 140
9.4. Task Management ............................................................... 141
9.5. Team Leader ...................................................................... 141
9.6. Chris Handy Spectrum ........................................................ 143
9.7. Motivation ........................................................................... 145
9.8. McClelland Argument of needs ............................................ 146
9.9. Motivation and Empowering ............................................... 148
10. CHAPTER 10 STRATEGIC MANAGEMENT & LEADERSHIP PART II...150

10.1. Henry Mintzberg ................................................................. 151
10.2. The 7s Models of Management........................................ 154
10.3. Empowerment ................................................................. 156
10.4. What is leadership?......................................................... 158
10.5. Leadership Characteristics ............................................. 160
10.6. Theories of leadership..................................................... 161
10.7. Goleman ........................................................................... 164
10.8. Charismatic and Leadership............................................ 165
10.9. The search light of attention........................................... 166
10.10. Pulling all of them......................................................... 166
10.11. Leading the team............................................................ 166
10.12. Performing unconventional behavior............................ 167
10.13. Transformational Leadership......................................... 168
10.15. Intellectual Stimulation .................................................. 169
10.16. Individualized Consideration ........................................ 169
10.17. Types of Transactional Leadership................................. 170
10.18. What do leaders do?...................................................... 171
10.19. Leadership and Vision.................................................. 172
10.20. Leadership and change............................................... 173
10.21. Leadership and Effectiveness....................................... 174

11. CHAPTER 11 STRATEGIC MANGEMENT & LEADERSHIP PART III ...175

11.1. Developing Leadership skills ........................................... 176
11.2. Values and Psychological Development........................ 178
11.3. The case for formal leadership....................................... 182
11.4. The Scandinavian Leadership Development model......... 182
11.5. Trust care and concern.................................................... 183
11.6. Leadership Development ................................................ 183
11.7. Models of leadership...................................................... 185
11.8. Intellectual Content Based ............................................ 185
11.9. Developing Leaders....................................................... 188
11.10. Pantheon of Leaders
11.11. Lack of Motivation
11.12. Lack of Respect
11.13. Bosses lack of teaching
11.14. Use intensives
11.15. Result Measurement
11.16. Luck or resources
11.17. Resources Inappropriate

12. STAFF RETENTION
12.1. Introduction
12.2. Framing the research question
12.3. Reviewing my context
12.4. Reviewing external knowledge
12.5. Research purpose and question
12.6. Employee turnover
12.7. Functional turnover
12.8. Push factors
12.9. Pull factors
12.10. Application of motivation theories
12.11. Definitions
12.12. Conceptual model
12.13. Professional context
12.14 Motivational factors
12.15 Terms of reference
12.16 Research methodology
12.17 Methods for data analysis
12.18 Being Ethical
12.19 Data Analysis
12.20 Findings
12.21. Qualitative Research
12.22. Questionnaire to employees
12.23. The gap between employer and employee
12.24. Intangible negative consequences
12.25. Lack of opportunity .......................................................... 224
12.26. Feeling not being appreciated .......................................... 224
12.27. Inadequate supervision ...................................................... 224
12.28. Unequal substandard .......................................................... 224
12.29. Quantitative research ......................................................... 225
12.30. Comparison survey ............................................................. 229
12.31. Conclusion ........................................................................ 229
12.32. Recommendation ............................................................... 230

13. CHAPTER 13 MANAGING FINANCIAL PRINCIPLES PART I ............... 235

  13.1. Introduction .................................................................. 235
  13.2. The public Sectors ............................................................. 236
  13.3. Source of Finance ............................................................. 237
  13.4. Internal Source of Finance .................................................. 237
  13.5. External Source of Finance ............................................... 239
  13.6. Advantages and disadvantage of issuing shares ...................... 244
  13.7. Choosing Source of Finance ................................................. 244
  13.8. Financial performance ....................................................... 246
  13.9. Strategic objective of the firm ............................................. 246
  13.10. External threats ............................................................... 247
  13.11. Shareholder/investor attitude gearing .................................... 247
  13.12. Forecasting ........................................................................ 248
  13.13. Consequences of not investing money in fixed assets .......... 250
  13.14. Consequences of investing more than necessary in fixed assets 250

14. CHAPTER 14 MANAGING FINANCIAL PRINCIPLES PART II ............ 253

  14.1. Introduction .................................................................. 253
  14.2. Forecasting ....................................................................... 253
  14.3. Solutions .......................................................................... 254
  14.4. Advice to lease new premises .............................................. 255
  14.5. Action for producing enough cash ........................................ 256
  14.6. Financial performance ....................................................... 258
  14.7. Financial statement ............................................................... 261
  14.8. Analysis ............................................................................ 262
14.9. None financial information .......................................................... 263
14.10. Recommendation ...................................................................... 264

15. CHAPTER 15 CRITICAL REFLECTION ON RESEARCH ............... 265
15.1. Introduction .................................................................................. 265
15.2. Stage 1 what? .............................................................................. 265
15.3. Stage 2 So what? .......................................................................... 267
15.4. Motivation .................................................................................... 268
15.5. What went well? ........................................................................... 269
15.6. What didn’t go well? ..................................................................... 270
15.7. Challenges and problems?............................................................. 271
15.8. Opportunities ............................................................................... 273
15.9. Stage 3 now what? ....................................................................... 273
15.10. Conclusion .................................................................................. 274

16. REFERENCE ................................................................................... 275

17. APPENDECIES .............................................................................. 299

LIST OF FIGURES
Figure 1: Maslow hierarchy of needs, (Kevin John McGuire – 2012 p.7) .............. 27
Figure 2: Herzberg’s two factors theory (David P. Thompson – 2013) .................. 28
Figure 3: Douglas McGregor – Theory X and Y (Ricky W. Griffin – 2016) .............. 29
Figure 4: The Employee Retention & Job Satisfaction Model ............................. 39
Figure 5: Mayo’s Theory of Human Relations. ................................................. 60
Figure 6: Positive trends apparent since 2014 (and since 2012 for advocacy measures) .... 61
Figure 7: The human resources cycle ........................................................ 74
Figure 8: Abraham Maslow’s Motivational theory in practice at Tesco. ............... 96
Figure 9: Herzberg’s two factors theory ........................................................ 96
Figure 10: Health and safety action plan ....................................................... 105
Figure 11: The coping cycle ...................................................................... 121
Figure 12: Lewin’s change model 1 ............................................................. 123
Figure 13: Adaptation of management style ............................................... 124
Figure 14: Satisfactory table .................................................................... 127
Figure 15: Lewin’s change model 2 ............................................................. 132
Figure 16: Continuum leadership behavior ............................................... 137
Figure 17: McGregor Theory X and Theory Y .......................................................... 139
Figure 18: The black Mouton Managerial grid ....................................................... 141
Figure 19: 7s Management model ............................................................................ 155
Figure 20: Empowerment structure ........................................................................ 157
Figure 21: Organizational life cycle ......................................................................... 171
Figure 22: Sheltered Housing Department Current Structure .................................... 198
Figure 23: Sheltered Housing Department Proposed Structure ................................. 199
Figure 24: Types of leaving staff ............................................................................. 209
Figure 25: Percentage data analysis ......................................................................... 218
Figure 26: Percentage of answer to questions 12.21 .............................................. 222
Figure 27: Percentage of answer to questions 12.22 .............................................. 223
Figure 28: Fixed assets ............................................................................................ 249
Figure 29: Working Capital ...................................................................................... 251

LIST OF TABLES
Table 1: Council Staff Survey .................................................................................... 26
Table 2: Survey conducted in 2014 and 2015 ............................................................. 41
Table 2.1: Staff Survey High Scoring ....................................................................... 48
Table 2.2: Staff Survey Low Scoring ........................................................................ 48
Table 2.3: Employee Engagement Survey .................................................................. 49
Table 3: Demographic percentage .......................................................................... 51
Table 4: Respondent’s Turnover Frequency ............................................................... 52
Table 5: Response rate by council type ..................................................................... 54
Table 6: Regional Response rate .............................................................................. 55
Table 7: Gross Training expenditure per employee .................................................... 56
Table 8: Gross training expenditure on member development per councilor .............. 56
Table 9: Percentage of days lost due to sickness ...................................................... 57
Table 10: Staff Survey .............................................................................................. 61
Table 11: The spectrum ........................................................................................... 144
Table 12: Fiedler’s three different situation ............................................................... 144
Table 13: Fiedler’s three different situation explained ............................................... 145
Table 14: McClelland’s three basic types of needs .................................................... 147
Table 15: Roles in to there sub categories ................................................................. 152
Table 16: Leaders three functions performance ....................................................... 163
Table 17: Data Analysis..........................................................218
Table 17.1. Telephone interview .............................................219
Table 18: Qualitative Research ...............................................222
Table 19: Questionnaire to employees ....................................223
Table 20: Quantitative Research .............................................225
Table 21: The council’s staff survey .......................................229
Table 22: Retained Profit .......................................................237
Table 23: Source of Finance ...................................................244
Table 24: External financing situation ....................................247
Table 25: Working Capital ......................................................249
Table 26: Six months revenue forecast ...................................251
Table 27: Six months cash flow forecast .................................252
Table 28: Sales forecast .........................................................254
Table 29: 12 months cash flow forecast ..................................255
Table 30: Cash flow forecast for 20k a month lease ..................256
Table 31: Cash flow forecast for paying one month in arrears .......257
Table 32: The balance sheet ....................................................260
Table 33: Current liabilities ...................................................260
Table 34: Acid test ratio ........................................................260
Table 35: Financial statement analysis 2014 .........................262
Table 36: Financial statement analysis 2013 .........................262

KEYS

SM: Scheme manager

SSHO: Senior Sheltered Housing Officer

SHO: Sheltered Housing Officer

GM: Group Manager
Human Resources Management: The Influence of Leadership Style and Staff Retention.

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CHAPTER 1: INTRODUCTION

Employee retention is a process where employees are encouraged to stay with their employer or organization until they retire or until the end of the project. The long-term success of any organization very much depends on their ability to retain their best employees for as long as possible. To a great extent, excellent customer service increased productivity; satisfied employees and high staff morale are the outcomes of retaining the key employees in any organization. Employees who are happy with their job are more likely to put their maximum dedication towards the success of the organization. If an organization or employer successfully applied and implemented appropriate employee retention, employees will be fully dedicated to achieving the organizational goals successfully.

Improving staff retention and reduction of the turnover rate has become a major source of concern for the managers internationally. The business environment today has become extremely competitive which has made the companies with skilled staff standout among the rest, as those very staffs serve as the major differentiating factor (Mowday, Porter, and Steers, 2013). Both public, as well as private organizations today, rely on the expertise of employers in order to compete favourably while at the same time, gaining a competitive edge over competitors in the marketplace. According to a recent study it was found that it has become immensely difficult for organizations to retain the highly skilled workforce, as these employees are being attracted by a number of organizations at a single point of time through offering them different incentives and perks.

Furthermore, an increasing number of skilled employees are migrating to other countries in order to find a better job opportunity for them, which has resulted in a drastic increase in the staff turnover rate (Yang, Wan, and Fu, 2012). The phenomenon is having a negative impact
on the investment in the business sector as more and more employees are migrating and the clients also are moving their investments offshore where these skilled workforces are present in abundance. According to a recent survey by Allen, and Shanock, (2013) it was found that the number of United Kingdom employees are ranked high against the employees of United States of America, Brazil, and Germany.

This is the reason why the British employees are ranked high in the category of the brightest employees, and as a result, they are being constantly poached by the multinational organizations all over the world such as Unilever, and BMW. Hence, it is certain that the organization will continue to lose the highly skilled and valuable employees to the competitive organization until the management identifies the intensity of the issue and apply an appropriate retention strategy which will prove to be helpful in the reduction of the high staff turnover rate (Patel, and Conklin, 2012). Therefore, the aim of this study is to assess the reasons which manipulate turnover and how management teams can improve the identified issues in retaining employees within a specific organization based in UK local authorities in particular and public sectors in general. In this research, a brief analysis of key concepts associated with staff retention and high turnover rates will be observed and discussed. A brief overview will be presented regarding the reasons why staff perception has changed over the years. A primary research will be carried out to identify any correlation between the service delivery and of any implications caused by staff members.

1.1 Background

According to some studies, average employees switch jobs within six years. The most difficult part of any company is to find out the reasons why employees leave their job. Once they identify that reason then they could implement retention strategies and will be able to keep skilled employees for the longest period possible. (Festing and Schäfer, 2014 pp.270-
Bad performing employees are the liability as well as a loss to the organization. They are the liability because their performance is poor; they are the loss because the organization has spent a large amount of money on advertising the job, interviewing and training. (Goud, 2013 p.26th). On the other hand, an employee’s performance can go down due to a lack of motivation which is mainly caused due to bad management style. These employees will eventually leave the organization one after the other.

Employee turnover does not only affect the organization but it would also have an indirect consequence to the remaining employees and to the country's economy. As we all know the economy of any country will very much depend on the taxation of successful and profitable organizations. If organizations are making a loss the revenue of the government will go down accordingly. Not only that depending on the size of the organization, thousands of workers will become unemployed and they will start claiming job seekers allowance and other welfare benefits. BHS a very well know UK department store was closed in 2016, with loss of 11,000 jobs and 164 shops after rescue bids fail to find a buyer. (www.telegraph.co.uk › Business) In some circumstances, they could become a burden to the government. In 2008 the government had to inject £37bn to Royal Bank of Scotland (RBS), Lloyds TSB and HBOS to rescue them from going into administration http (news.bbc.co.uk/1/hi/business) (Terera and Ngirande, 2014 p.481).

There is always a discussion that why employees leave a particular job and there are several reasons which came across such as lack of competitive system, lack in HR policies or weak HR policies (Coetzee and Stoltz, 2015 pp.90-91). There are other intrinsic and extrinsic and motivational factors that can be used while motivating employees in order to keep them with the company. The main problem is that managers are failed in figuring out the reason
why employees left an organization and cannot put strategies to retain employees (Ertürk and Vurgun, 2015 pp.45-46). In today's competitive market turnover is not just seen as destructive but also costly. Every time an employee left it requires a replacement such as recruiting a new employee, then that employees need to be trained in order to fulfil the requirements of that position (Tran, 2016 pp. 1779-1780).

1.2 Aims and objectives of the study:

1.2.1 Aims of the study:
The aim of the research is to identify implications relating to staff turnover but more importantly methods that are useful in retaining staff within the organization based at UK local authorities. Key concepts will cover how the attitudes and perceptions of employees considering turnover, affects the organization and service users including other staff members.

1.2.2 Objectives of the Study:
To assess what reasons manipulate turnover within the organization and how the management team can improve the identified issues to retain their employees.

To also conduct a primary research supporting the background knowledge of information collected from the staff perspective itself and on how they deal with staff complaints.

To produce a clear collected data showing the outcomes of the research by using appropriate methodology throughout the research.

To be able to conclude the research with relevant information and initiatives to improve areas that affects the organization from the employee’s point of view.

1.3 Purpose of the Study:
The purpose of this study is to critically analyse the reasons that manipulate turnover within the organization and what are the essential measures that can be taken by the management to improve the identified issues to retain their employees. For this study, it will be conducted a
primary research in order to get the direct response from the participants regarding this extremely essential issue. Furthermore, in this study, it will be highlighted what procedures can be taken to improve staff engagement which enables improvement in retention, and it will also be examined how the behaviour of the management affects the employees' work ethic and service users or co-workers within the local authority. Finally, it will be presented with a set of recommendations and initiatives to improve areas that affect the organization from an employee's point of view.

1.4 The significance of the Study
The significance of this study is extremely high even though there have been a wide number of studies conducted on the topic, but there are very few numbers of studies that have focused on the staff retention and the turnover rate in the public sector industry. This study will identify complications relating to staff retention within an organization. The study will evaluate the perception and the attitudes of the employees regarding increasing turnover rate, which has a negative impact over the service users, and the organizations as well as the other staff members due to a shortage of staff. Currently, there are no studies that have addressed this area of the research; hence, this primary research study will prove to be a cornerstone in this area as the researcher will be conducting in-depth interviews with the staff members in order to assess the ways to improve the management and retention.

1.5 Ethical issues
As highlighted by several authors, the manner in which a research process unfolds and progresses is subject to a series of ethical considerations that stipulate the suitability of various procedures and actions as well as the approach that the researcher can use in relation to the research participants and research data. Therefore, ethical issues bear great importance.
1.6 Theoretical Framework
A theoretical framework comprises of different concepts. It establishes a consideration of relative theories along with models. Different theories will be analysed in this paper together with employees' retention policy and turnover.

2 CHAPTER 2: LITERATURE REVIEW

2.1 Introduction:
Employee retention is considered to be a procedure to engage the employees with the organization for the utmost period of time, where the employer can make most of the company's advantage by the talented staff. Employee retention is a positive approach for every organization and for the employee too. Every progressive organization values their employees and treats them as a quality and an asset (Patgar and Vijayakumar, 2015). In keeping with the employees connected and engaged, every organization employs some useful strategies through which they can increase the productivity of the company. These retention approaches do not only benefit the organization but also satisfies the employees; that is why such talented employees do not want to switch to other companies. The retention approaches are an easy way to understand the needs and demands of the employees and help the management to respond to those demands and needs in an appropriate way. Aguenza and Som (2012) explain employee retention as a process to physically engage employees with the organization, which is a basic way to enhance the organizational success. Since the world has been globalized, it is highly challenging to keep the retention and engagement of potential and talented employees to companies, particularly in this competitive environment of excessive turnover; in local authorities.

Employees are often motivated by internal values rather than external values. Internal values means the environment in which an employee is working along with other factors such as increments and other transport advantages (Terera and Ngirande, 2014 pp.49-50). In addition
Human Resources Management: The Influence of Leadership Style and Staff Retention.

to that these, intrinsic factors are called as motivators such as recognition of good work, taking responsibility along with achievement and growth (Fasting and Schäfer, 2014 pp.270-271). On the other hand, some of the factors are always dissatisfying for employees; most of the time these factors are not related to the actual job. (Goud, 2013 p.26th). As far as these factors are concerned they are hygiene factors and they do not motivate employees but they are available in the workplace in order to make employee happier (Bekauri and Makasarashvili 2015, pp.178). These dissatisfy the policies of the company along with the relationship between co-workers and supervisors with employees (Devins, Et.al, and 2014. pp.171-172). So if the causes of dissatisfaction are eliminated then that would not only result in providing satisfaction to employees but the employees will also be retained in the company for a longer period. So in conclusion motivators only occur within an intrinsic factor, not extrinsic factors (Goud, 2013 p.26th).

Although imperial studies have revealed that extrusive factors such as salary increase, good relationship with employees and job security also work as motivational factors (Terera and Ngirande, 2014 p.481). Therefore, studies showed that rather there are intrinsic factors or there are extrinsic factors both of them work together and provide employees motivation and when an employee is motivated then it will be retained in the company as long as the employee remains an asset for the organization. (Terera and Ngirande, 2014 p.481). When any company wants to eliminate employees turn over then it may sound impossible however if the organization is willing to listen to employees needs and act accordingly there are several ways in which employees can be retained. In rear occasions, turnover can also be beneficial for the organization because the new employee can come with new skills and experience which can result in a positive opportunity however if the organization did not go the extra mile to keep that employee it will go back to square one again. (Ertürk and Vurgun,
Employee's turnover is not only disruptive but also come with direct and indirect costs to the organization such as training, advertising, hiring agency staff, dissatisfaction to exiting employees, low staff morale and low service and productivity (Tran, 2016 pp. 1779-1780). Management functions are one of the most essential functions in the retention of employees due to the reason that management influence and control over company policies will affect the most. Success is not just about retaining employees but success is also getting rid of those employees who are a burden to other employees as well as to the company (Festing and Schäfer, 2014 pp.270-271).

2.2 Factors affecting employee retention

There are many factors which are likely to influence employee turnover having said that, there are factors which are mainly responsible for the retention of best employees. In order to attract employees and to get advantage of their expert knowledge for the longest period possible, managers especially senior managers are expected to play a big role on the following main factors: Job security, training and development, culture of managerial support, good working environment and a system that helps employees to report their concerns. (Open Journal of Social Sciences, 2016, 4, 261-268 Published Online May 2016 in http://www.scirp.org/journal)

"The Retention factor can be divided into three broad dimensions, i.e., mental, social and physical.

- The mental dimension of retention consists of work characteristics, employees always prefer flexible work tasks where they can use their knowledge and see the results of their efforts which, in turn, helps in retaining the valuable resources.
- The social dimension consists of the contacts that the employees have with other people, both internal and external.
The physical dimension consists of working conditions and pay.” Taken from IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 14, Issue 2 (Nov. - Dec. 2013), PP 08-16 www.iosrjournals.org (p. 9.)

There are six factors which can reinforce employee retention:

- Provision of challenging work,
- Good annual leave package,
- Training and development,
- Promotion,
- Good atmosphere in the workplace,
- Good communication between employees and managers.
- Acknowledging hard working employees

2.3 The significance of Employee Retention

It is an undeniable fact that employee retention and their engagement in the organization are one of the key elements for the success and rapid progression of any company. Through this, an organization can achieve the ultimate set goals objectives (Aguenza and Som, 2012). Retention and engagement affect all the aspects of an organization in a very effective way, as it engages the management as well as the employees on board to work together for mutual interests. In the modern employment zone, employees themselves select the organizations to work, where they can get retention benefits and incentives as a reward of their hard work and the knowledge they impart among other employees and employer. Aguenza and Som (2012) investigated if employees do not receive adequate inducements and rewards in return for their immense dedication to the organization; they are left unmotivated, which directly affects the outcomes. In other words, it is imperative for the organization to sustain the growth and productivity by keeping an enhanced and balanced
relationship with employees and satisfy them by providing appropriate incentives, encouragement, and motivation to move on (Irshad, 2012). If organizations fail to provide such encouraging stimulus to their employees, they face high-level turnover of the employees, as they can easily shift to new and better opportunities where they can be entertained with motivating incentives.

2.4 Why Do People leave?

As mentioned earlier, it is essential for companies to retain their best staff to control the increasing rate of turnover. Employee retention is critically significant for any organization for two basic reasons: top performers steer the business revenue, and employee turnover is unaffordable (Oracle, 2012). It is underlined in the White Paper of the Drake International that every employer wants to hire and retain the top performers, motivated and responsible employees that can take the business to new heights of success. In this regard, every organization needs to focus on their policies, keeping a well-balanced relationship with employees, and providing them with adequate inducements to keep them on the business track. According to a report by Manpower (2009), the costs of labour are considered as one of the costliest aspects in a running business, and employee turnover adds more to that expense. Every time an employee leaves a job, the organization has to manage a cost for hiring a new employee. For instance, advertisement, interviewing, evaluation, contract signing, training, etc. are just a few things that are time-consuming and expensive.

Shangvi (2012) discussed some reasons for the employee turnover that gives a great jolt to the organization, as turnover is pricey and makes a vacuum if any talented and potential employee leaves. The first thing that needs to be checked is that to make sure the employee finds the place suitable and appropriate that matches to the job description. In this era of inflation, where everyone is running to earn better for a good life and future, each and every
employee wants something improved in an organization from the previous one. Many factors could encourage this; good salary packages, favourable inducements, appreciation, and motivation, enhanced opportunities to grow in business and training for advancement. If none of these are met with the employee's expectation, he or she would look for other better opportunities in some other organization. Secondly, the idea states the mismatch between the job description and the employee. At times, the recruitment department does not match the employees with the job and they find it difficult to perform due to lack of proper and adequate abilities needed for that JD.

Factors affecting this in a public sector environment can relate to implications relating to a candidate's residential location that may not match the organization's criteria as well as their previous 5-year employment which can be time-consuming. This often leaves the recruitment departments to make rational decisions in hiring certain employees for a company. It leaves the employee in confusion and makes him/her discouraged to work. Ultimately, the employee has to resign and shift to a place where he or she could better fit in. It has been emphasized that many organizations do not fulfil the urge of training of the employees, which results in the negatively affected productivity and quality of work. Shangvi (2012) elucidated a very crucial point, which isresent in a number of organizations that they do not provide suitable growth and advancement opportunities to their employees. It is obvious that talented workers want to move on towards better chances, and if the company does not provide them sound growth and advancement they would leave. When employees are left with no recognition and appreciation, their motivation level declines to zero and thus they may begin to consider resigning the company, which can affect delivery performance. It is significant to appreciate and support the efforts of the employees and motivate them.
Organisations often fail to manage the workload and overburden their employees, which result in improper balance in work and home life. Every employee needs some time to spend with their family, in which he or she would not be stressed out with workloads. Workplace politics is another major reason which Shangvi (2012) has highlighted in her research for the Rural Development Institute. If there are any disturbing factors present at the workplace; generation contradictions, verbal abuse, jealousy between colleagues or bullying towards new employees, trust and confidence become a decreasing asset to potential employees.

2.5 **Motivational Factors that Influence Employee Retention**

Employers can always enhance employee engagement and retention by applying a number of measures and strategies to retain their best potential employees (Vale, 2010). There must be some practical policies in an effective retention proposal and practices to create an employee-friendly environment, where every employee fits in and feels comfortable. It is the utmost responsibility of an employer to adopt such strategies that are in total equivalence with the vision, mission, aims, and objectives of the organization (Poskey, 2010).

2.6 **Compensation**

Compensation is an employee right in a form of medical insurance. This type of insurance provides employees a wage replacement and medical benefit that is injured at the workplace. The employees then have a full right to ask the employer to compensate the loss of earning whilst the employee is fit to work. (JagranJosh 2016 p.45)

2.7 **Job Features:**

Muir and Li (2014) define the job features as a degree of working in an environment where the employees not only get monetary fund and packages but also get job satisfaction. It is also necessary for the HR managers to recruit suitable candidates for every post. In this regard, they must assess the complete profile of the candidate before placing them in an evaluation. It does not only assist the organization in finding the right candidate, but also
helps the employee to perform well. It leaves the employee with satisfaction and he or she enjoys their work (AICPA, 2007). This leads to employees accepting difficult tasks as challenges and working on them with the best potential to enhance their skills and advance their learning.

2.8 Moral Development:

Muir and Li (2014) highlighted that it is a natural phenomenon that every individual at times feel unmotivated, discouraged, and under-confident due to many internal and external factors. For an employee, such internal and external factors that trigger discouragement that can result in low productivity and can affect the performance. Whenever a senior employee or a manager becomes aware of a difficult situation, it must be handled carefully, as moral development of an employee can lead to his or her retention in the organization (Manpower, 2009). Moral development can be a leading step in the retention and engagement policies of the organization in order to deal with such situations.

2.9 Employee Communication and Engagement

It is important to nurture staff members and tend to their concerns. It is the responsibility of the employers to get engaged with each employee in a one to one discussion. An annual or termly analysis (360) of each member's concerns, strengths and weaknesses must be discussed effectively, which give employees a chance to express their views on specific criteria's that they believe is difficult to complete (Vijayakumar and Patgar, 2015). When an employer communicates with employees, much confusion can be answered. This makes the employee comfortable within the workplace environment and can engage him/ her more with the organization.

2.10 Employee Survey:

Employee surveys are significant in order to evaluate how every employee is performing. This can help in looking for the factors which act as a hindrance for some low-
level performers and can give a chance to encourage them (Yukon, 2010). At the same time, employee surveys help to analyse the key performers and highlight their positive performances. By employee surveys, recognition and appreciation become easy and deserving.

**One of London’s local authorities Staff Survey 2016**

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</table>

2.10.1.1.1 Table 1: Council Staff Survey 2016.

2.11 **Motivation and motivational theories**

Employee satisfaction is a very important aspect of retention because more than 32 percent or of turnover has resulted from employees being dissatisfied with their current work. Price (2011 p.246), argues that "One-quarter of employees are dissatisfied with their management and 47 percent are looking for another job or in the process of leaving. On the other hand, from a human resource point of view, the terms "job satisfaction" and "motivation" are interrelated. Effectively motivated employees are more satisfied with their jobs, and satisfied employees are proven to be more productive and committed to the employers. Hence, to formulate the overall picture of the retention strategy, the following part of this thesis introduces Maslow's hierarchy of needs and Herzberg's two factors theory, to generate more insightful knowledge of motivational aspects (Rangaraju & Kennedy 2012)
2.11.1.1 Figure 1: Maslow hierarchy of needs, (Kevin John McGuire – 2012 p.7)

2.12 Maslow’s Theory:

Five Different Levels in Maslow’s Hierarchy of Needs:

1. Biological and Physiological Needs: these needs are the most basic needs that are very important for the survival of a human being such as water, air, food, sleep, sex, etc.
2. Security and safety Needs: security is also extremely important for human survival because it makes the human being feel safe and secure but it is possible to live without these needs being met.
3. Social Needs: these include needs for belonging, love, and affection. According to Maslow, these needs are considered to be less basic than physiological and security needs.
2.13 Herzberg's Two Factors Theory and Motivational factors

“Frederick Herzberg introduced the two factors theory in 1959. The theory provides a framework for management to understand factors that motivate and dissatisfy the employee. Based on an insightful research conducted by in-depth interviews with more than 200 employees about the moments of positive and negative feeling about their jobs, Herzberg came to the conclusion to divide behavior driven factors into two categories: hygiene factors and motivators. Debra L (James, Quick 2013 p.173).

2.13.1 Figure 2: Herzberg’s two factors theory (David P. Thompson – 2013)

2.13.2 Hygiene Factors:
Hygiene factors are where dissatisfaction can arise from and include company policies, job security, employment relations and working conditions. Though these factors do not motivate people, they can lead to dissatisfaction if not managed effectively. Motivators include achievement, growth opportunities, the sense of recognition, and job responsibility. These factors are the keys to job satisfaction, which can motivate people to improve their performance. According to Herzberg, the
opposite of dissatisfaction is no dissatisfaction, and the opposite of satisfaction is no satisfaction, (Robbins, Judge & Millett 2013 p.175).

### 2.13.3 Motivational factors

Employees would be neither dissatisfied nor satisfied once the level of hygiene factors is adequate (Nelson & Quick 2013 p.173). Herzberg's theory considers hygiene factors tools to prevent dissatisfaction. However, these factors cannot be used to improve the satisfaction among employees. Only motivators are factors to rely on in terms of motivation and improved productivity. (www.slideshare.net)

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**2.13.4 Figure 3: Douglas McGregor – Theory X and Y (Ricky W. Griffin – 2016)**

Douglas McGregor, an American social psychologist, proposed his famous X-Y theory in his 1960 book 'The Human Side of Enterprise'. Theory X and theory Y are still referred to commonly in the field of management and motivation, and whilst more recent studies have questioned the rigidity of the model, McGregor's X-Y Theory remains a valid basic principle from which to develop positive management style and techniques. McGregor's XY Theory
remains central to organizational development, and to improving organizational culture, (Griffin 2016 p.44).

"McGregor's X-Y theory is a salutary and simple reminder of the natural rules for managing people, which under the pressure of day-to-day business are all too easily forgotten. "McGregor's ideas suggest that there are two fundamental approaches to managing people. Many managers tend towards theory X and generally get poor results. Enlightened managers use theory Y, which produces better performance and results, and allows people to grow and develop." (Chapman, 2014).

2.14 Reward and recognition

Honest and two-way communication between employees and managers as well as discussion in a constructive way. Making sure every employee has a challenge plan and is reviewed regularly to rate the degree of excitement. Rewarding managers who develop and train their employees that enable them to get promoted and become responsible for the successful completion of their learning plans. Recognising and rewarding good performance. I.e. thank you. For example, a thank-you letter, putting their name in a weekly or monthly bulletin or a day off. Make sure this reward is fairly distributed across the board. Trust employees to make decisions on their given project and follow them up in a constructive way. Give employees periodic performance reports on the area they work or manage. In order to support the organizations' overall objectives and priorities, it is necessary to create a team with the skills and the capacity to work flexibly and creatively with relevant colleagues and partners.

To create a staff development, with apprentice roles offering entry-level positions into the division and the opportunity to gain experience across a variety of housing services prior to moving on to other roles such as service development, systems, investigations and other
housing delivery roles. Providing clear leadership and management to ensure the department is able to deliver commitments as set out in the Sheltered Housing Strategy 2015 – 2016 and the action plans contained therein. Introducing extended leave for long-serving officers, for example, employees who worked for the John Lewis Partnership for over 25 years’ can take paid leave for six months, (Mulhearn& Vane 2015 p.97).

Rewarding people for attending work when they are already getting paid for the work they are doing is a controversial management measure. As a result most public sectors do not reward employees for attending work (either in the form of cash or in-kind benefits) beyond payment of their salary. It is important, however, for managers to acknowledge high levels of attendance from employees and this may be done through a variety of ways, including Acknowledgement as part of the performance management review process; A letter of appreciation and congratulation from senior management; Acknowledgement through the publication of employees' names in an in-house journal article on attendance (with the employee's prior consent). Attendance/sickness absence levels may also be included as criteria for progression under the Performance Management scheme to determine whether an increment may be awarded. Managers should also be aware that attendance may be encouraged where appropriate by emphasising the detrimental effect that an employee's sickness absence has on both the service delivery ability of the business unit and the workload and morale of their colleagues in the team who are left to cover the absence, having regard to the reason for the absence and the appropriateness of this proposed action.

2.15 Promotion and training

Training and qualification are the key elements for employees to get promoted. London borough of Southwark is a good example for this. The Southwark Leadership Development program is the internal management program accredited through the Institute of Leadership
Human Resources Management: The Influence of Leadership Style and Staff Retention.

and Management (ILM). The program has been specifically designed to embed the technical and behavioural skills required to support the delivery of the ‘fairer future’ promises and future organizational culture by creating a high-performance workforce. The program will provide the structured learning to develop their existing and aspiring managers (future talent pipelines) at supervisor, first line, business and strategic manager levels. (Richard L. Daft, Martyn Kendrick, Natalia Vershinina 2010)

Currently, the programs available are:

- The leading and managing teams program (ILM Level 2 Award)
- The developing our future leader’s program (ILM Level 3 Certificate)
- The senior business manager program (ILM Level 5 Certificate)

This is a program which is directly provided by the London borough of Southwark. If any employee wants to do something different such different qualification and in a higher level such as level 6 and level 7 he or she is welcome to apply and get accepted for the program, then apply for sponsorships. I have done my MBA in 2015/16 academic year through this scheme for which the council paid the entire tuition fee. This has opened a window of opportunity which allowed me to look a better job within the council and to study at the doctorate level.

2.16 Participation in decision-making

Employees who are allowed to participate in the decision-making process are more likely to be happy in their job, be more productive and stay on their job longer. Not only that a decision that is made by employees’ participation is more accurate than the decision made by a few senior managers at the top. When senior managers make decisions on their own and the employees at the bottom end of the hierarchy are the once who are expected to deliver it, it would be the very unwise decision to make, because managers will have great difficulty getting the expected result delivered satisfactorily. Therefore, it is highly recommended
especially for organizations in service provision business to allow their employees to participate in a decision-making process or to at least inform them what is going on. (Uma Sekaran, Roger J. Bougie 2016 p.21).

2.17 Work-life balance

Southwark council recognizes that people work best when they have a satisfactory balance between their paid work and the remainder of their lives; as individuals, carers, and members of the community. This topic contains an introduction to flexible working and information on options to support work-life balance. Agreement to an employee's request to take up the opportunities described in this topic rest with departmental management. (The Balser Group 2016 p.19-3)

2.18 Employment break

The employment break scheme is a means of maintaining a professional relationship between the Council and people during periods when they want to take a break from their working lives. Its scope includes people of all ages who have reached a point in their lives where they want a period away from work but with the intention of returning later. In UK local authorities the maximum period for an employment break is 3 years, except for maternity-related reasons where the break can be extended up to 4 or 5 years from the date that the maternity leave commences. Where employees take a break for maternity-related reasons for more than 3 years they must seek advice from the Pensions Service on the impact to them and their future pension entitlements before any final decision is taken. This will be the individual's responsibility. People can only buy back pensionable service for a maximum of 36 months. The benefit for the Council is to maintain contact with those with valuable skills and experience who will be a real asset in the future. The scheme will encourage return and make re-entry to work easier and more productive.
2.19 **Flexitime Scheme:**

Business units have the facility to offer staff flexi-time to work, without implementing a contractual change. The scheme allows staff to work flexible start and finish times and to build up hours worked in excess of their contract to take as half or full working days flex leave. It is available to all eligible employees below JNC level, including job sharers and part-time workers. Key elements of the scheme are - Eligibility for the scheme is a management decision in consultation with the staff concerned and their representatives. Chief Officers have the full discretion to exclude particular business units or posts from the scheme (or amend the scheme*), due to the exigencies of the service. All staff must be in the workplace from 10 am to 12 noon and 2 pm to 4 pm*. Starting and finishing times may take place between: 8 am to 10 am and 4 pm to 6pm. To add about the SH 8-4

2.20 **Carryover excess hours:**

Staff can be allowed to carry over excess hours or debits from one reporting period (i.e. 4 weeks) to the next. The maximum credit that can be carried forward is 15 hours; a debt of 7 hours can also be transferred between reporting periods. Any credits in excess of 15 hours will be forfeited. Unworked hours in excess of 7 will be regarded as an unpaid absence. (For both credits and debits the manager has the flexibility to agree on variations in exceptional circumstances). The persistent accumulation of debit hours in excess of the balance may, in addition to the loss of salary, lead to disciplinary action against the person concerned and removal from the flexitime scheme. Staff can take up to 2 days flex leave where hours are accrued. As with all planned absences, authorization for flexible leave must be gained in advance and will need to be considered subject to the exigencies of the service.
2.21 Work environment
Employers in the UK public sectors are mainly committed to achieving the highest possible levels of performance in the way that health and safety activities are managed. There are three main reasons why the Councils (and all organizations) must strive towards the implementation and maintenance of an effective health and safety management system: (BUCKLEY – 2015 p.1-35).

2.22 Health and Safety at Work:
The law imposes on employers the legal duty to provide a Safety Management System (SMS) as best illustrated in the Health and Safety at Work Act 1974 and the Management of Health and Safety at Work Regulations 1999. Failure may result in prosecution. All employers have a duty of care to their employees, customers, contractors, visitors and others who may be affected by their operations. Good health and safety is good business, provides economic benefits and aids service delivery if approached on a loss control basis. Councils by developing the local authority Safety Management System (SSMS) will not only meet its legal duties but also seek to improve management performance and practices resulting in better service delivery to service users and residents.

2.23 Healthy Environments:
The Council seeks to provide a safe and healthy working environment for employees and residents and other service users. The working environment includes the way in which the workplaces are managed as well as the physical conditions in which the work takes place. The Council will meet the requirements of The Workplace (Health and Safety and Welfare) Regulations 1992 by ensuring that workplaces are safe, healthy and address the welfare needs of the workforce.
2.24 Facilities management:
Corporate facilities management is responsible for the management, repair, maintenance, and provision of services to the council’s non-housing estate. It provides standard methods of management for buildings and services across the council to deliver an improved working environment for staff and the public. The teams that make up the division are:

- Facilities operations,
- Technical commissioning,
- Facilities strategy and performance.

Additionally, the councils have a duty to observe local protocols to ensure actions don't impinge on others and that behaviours encourage a positive and professional environment.

2.25 Leadership and solution
The main solution to reduce the turnover rate of this group is to improve recruitment and selection procedures, to ensure that people who are assigned to specific positions are capable of doing their job. A minor part of this category is not because of employees ‘lack of ability but lies in organizational factors such as management scheme changes. Usually, changes result in new pressures and work ethics that are hard for the employees to adapt to in a short time. For example, if an employee working in isolation or in a back office mainly dealing with administrative duties, who never had any contact with customers, is suddenly placed in a contact centre or one-stop shop where he/she will be facing the public, his or her attitude towards customers might be completely unsuitable (Rotenberg& Shuman 2012 p.158).

2.26 Push Factors:
This category consists of the factors regarding dissatisfaction with the job or the organization that leads to undesirable turnover. Push factors relate to a wide range of issues, in which the most common are listed below:

- Lack of development opportunities and Ineffective supervision,
- Low levels of employee involvement in any decision-making,
• Personality clashes with line managers,
• Inappropriate management style,
• Excessive workload and lack of recognition,
• Change of hours, i.e., forcing employees to cut their hours or vice versa.

These issues can be addressed and solved in advance. However, many organizations are failing to do all or some of the above because they do not have any procedure to explore signs of dissatisfaction at an early stage. The employees who are unhappy with their jobs have no chance to communicate their opinions and feelings with management; naturally, they will try to seek a better working place elsewhere (Huang & Cai 2016). While they look for a better job elsewhere, it is quite obvious that they will spend some of their working time looking for alternative employment and filling application forms. It is also possible they might also take sick leave whenever they need to attend an interview or work elsewhere while they are off sick. "A council worker who took part in athletics competitions while off sick from work with a bad back has been found guilty of defrauding his employers. The Newham Council payroll officer was paid £13,892.12 while on sick leave. Thomas was found guilty of seven counts of fraud at Inner London Crown Court" on 31 Aug 2010 (www.bbc.co.uk/news/uk-england-london-11144436)

2.27 Job security
Employees who are in a permanent job are more likely to settle and get on with their job and stay with their employer for the longest period possible. Therefore, when possible it is extremely important to offer a permanent contract to the best employees. This does not only help the employee to stay longer, but it makes employees to be more responsible, feel they are part of the company, provide the best customer service, reduce absenteeism. Employees who are in a temporary contract are more likely to spend most of their time
looking for other jobs. As a result, they will be taking days off for interviews. It also saves the employer from employing agency staff which is very expensive. In other words, it saves the employer a substantial amount of money.

2.28 Job satisfaction

Broadly speaking, it is neither the employer's nor the employee's best interest for any job to become unsecured. Having said that there are some greedy employers who purposely deny their employees a permanent contract because they want to get rid of them as and when they want. In a short term this might sound it benefits the employer; in the longer term, however, any employer who runs an organization by temporary employees wouldn't succeed. Therefore, it is obvious job security benefits both the employee and the employer. However, it does not necessarily mean that all employees who are in a permanent employment are satisfied. Job security is one of them but there are also other factors that can play an important role in the employee's job satisfaction such as (IJIP.In 2016)

Training and development,

Generous holiday package and pay,

Employee benefits such as car lease health insurance interest-free loans and etc.

A good relationship between managers and employees,

Democratic management style which allows employees to have their say in a decision-making process,

2.29 Good atmosphere in the workplace:

If any of the above starts to go the wrong way, it is likely job satisfaction will become questionable. When employees are unhappy with their job they will do the maximum damage to the organization before they leave i.e.

Bad customer service

Slacking on the job,
Taking sick leave,
Coming late,
Making an irresponsible decision,
Leaving early,
If at a management level; treating employees badly. Add evidence

2.29.1 Figure 4: The Employee Retention & Job Satisfaction Model

The above model clearly shows that employee retention is directly related to employee's satisfaction. In any organization where they have this factors existed, it is likely to reduce the tendency of high staff turnover as well as attract new employees to apply. Research shows that high job satisfaction leads employers to stay longer and low job satisfaction leads to high staff turnover which is very expensive because it involves unexpected costs such as advertising, training, hiring agency staff, extra pressure on employees and managers.

2.30 Why do the employee's leave?
Generally, employees' turnover is divided into two main categories which are voluntary and non-voluntary. Sometimes turnover of employers occur due to the reason that employee wants to voluntarily leave the organization such as early retirement, better opportunity
elsewhere or relocating to another country due to varies reasons. In the case of non-voluntary turnover, it could be dismissal or redundancy (Kotey and Kotey, 2017 pp.369-370).

As people are responsible for implementing strategies, rotating them will interrupt execution and tracking, which both harms and puts corporate strategy at risk (Karpinska, Henkens, and Schippers, 2013 pp.1334-1335). After mentioning a few reasons why is it important to retain staff corroborates, and in the field of human rights organizations, labour mobility becomes a challenge or a task that has on the concept "strategy" the term "strategy" or "strategic" has been fashion position and has become the best "adjectival", with the intention of giving importance, strengthen or draw attention to the term or noun that seeks to qualify (Kotey and Kotey, 2017 pp.369-370). Management has to keep all matters in consideration regarding employees turn over that is to say in case an employee resigns from a company then it should not be treated the same as the one who is expelled from an organization (A. Schulz, Et.al, 2014 pp.633-634). Other turnovers are retirement, in this case, an employee has served in a company for many years and now the organization does not require their services any longer hence that employee is retired (Tran, 2016 pp. 1779-1780). Therefore, it is important to separate voluntarily resignation from other types of categories for this issue there were several surveys which were conducted in London and these surveys comprise of different categories such as dismissal, retirement, forced resignation and other (Festing and Schäfer, 2014 pp.270-271). According to the survey that was conducted in 2004 and 2005 it was around 1.4 percent voluntarily resignation in inner London it was 1.0 percent voluntarily resignation in outer London (Terera and Ngirande, 2014 p.481). So in total voluntarily resignation accounts for approx. 9 percent of leavers. The rate of dismissal was found to be 0.5 percent and for inner London, it was 0.7 percent and approximately 6 percent of all leavers account for dismissal (Ertürk and Vurgun, 2015 pp.45-46).
Survey conducted in 2014 and 2015

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<td>11.0%</td>
<td>11.6%</td>
<td>10.5%</td>
<td>8.3%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Retirement</td>
<td>1.5%</td>
<td>1.7%</td>
<td>1.6%</td>
<td>1.4%</td>
<td>1.5%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Dismissal</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.6%</td>
<td>0.6%</td>
<td>0.7%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Redundanies</td>
<td>0.9%</td>
<td>0.8%</td>
<td>0.9%</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.7%</td>
</tr>
<tr>
<td>TUPE Transfer</td>
<td>N/A</td>
<td>0.6%</td>
<td>1.2%</td>
<td>1.9%</td>
<td>0.6%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Other</td>
<td>2.0%</td>
<td>1.3%</td>
<td>2.7%</td>
<td>2.0%</td>
<td>2.3%</td>
<td>2.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15.2%</strong></td>
<td><strong>15.9%</strong></td>
<td><strong>18.6%</strong></td>
<td><strong>16.8%</strong></td>
<td><strong>14.0%</strong></td>
<td><strong>15.1%</strong></td>
</tr>
</tbody>
</table>

2.30.1.1 Table 2: Survey conducted in 2014 and 2015

In addition to the turnover of employees, it is important for an employee to leave the job for a reason. It is, therefore, a difficult task for an employee to search for a new job along with adjusting to a new situation. In addition to that, it would also be difficult for an employee to set in new routine as that employee would be used of old routine (Terera and Ngirande, 2014 pp.49-50).

2.31 Impact on Organizations

All the management of the company lies on human resources who is in charge of planning, designing and providing solutions, taking decisions, coordinating execution, controlling a result or activate an action”(Knight, 2014 pp.95-96). If it is the person who performs different processes within companies, then rotation has a significant impact on its management along with your results (McGrai, 2015 pp.nd). Some of the processes or variables that are closely related to retention among the staff are following. According to some researchers, it has predicted that this "knowledge" would be the main factor of the work. As a basic economic resource, the "means of production" to use the term economists, are no longer capital natural resources (the foundation of economists) or the hand job. It is and will be knowledge (Dar, Et.al, 2014 p.224). There is no attempt to provide an exhaustive justification for why it is important to retain staff, in an organization (Sushil, 2013 pp.767-768).
2.32 **Knowledge and Employee Skills**

The emergence of new and innovative ideas also comprises of knowledge of products or services as that knowledge is not gathered overnight, it requires a long time to gather that knowledge (Coetzee and Stoltz, 2015 pp.90-91). When an employee leaves the company, he or she leaves with the knowledge it possesses, in such the company loses not only the employee but the knowledge that the outgoing employee carries with him or her (Terera and Ngirande, 2014 pp.49-50). Yes, the possibility is that knowledge could migrate towards competition or used to an independent company. The risk is to "let go", this kind of knowledge to other competitors is extremely high (Das and Baruah, 2013 pp.15-16). From organizational environment point of view and its consequences, the mobility of staff generates job instability and some employees feel "unsafe", little or no recognition encourages a climate of mistrust which has a negative impact on their day to day work and on the organization. This situation affects the image that the company projects (Stone, D.L. and Deadrick, D.L., 2015). The competitive strategy is to deliberately choose a different set of activities in order to provide a unique blend of value and looking for a sustainable business on long-term. From the systemic approach strategy, the reasons behind it are special sociological context (Cahoon, Caesar and Fei, 2014 pp.nd).

2.33 **Recruiting employees**

Measurement of performance has become an integral part of public sectors organizations. One of the greatest challenges which organizations are facing is how to keep employees motivated and retained. In the UK there were a number of surveys whose main function was to figure out the reasons why employees left the organization (Zhang and Warner, 2017 pp.16-17). Some of them replied that they are not happy with the environment and they also have many issues with the culture and these issues are so much intensity that they don't want to continue this job anymore. A rotation of the staff will have an impact on clients since a good relationship is not something that can be developed overnight.
The competitive strategy is to deliberately choose a different set of activities to provide a unique blend of value, research for that company is sustainable for long-term. Some people say that the support which they require was not given to them (Blatter, Et.al, 2015). Most of the time employees were not happy with the boss and the attitude that the boss is showing towards them. In reality, much of the companies are not showing support towards their employees and these results in making frustration and resulting in resignation from the job. Some feel that they don't feel that there is any advancement in this job and advancement simply doesn't mean that they require promotion but it requires personal growth (Green, 2013 pp.186).

2.34 Conceptual references

In a business setting, the goal of employers is usually to decrease employee turnover, thereby decreasing training costs, recruitment costs and loss of talent and organizational knowledge. Although in case of employee's bad performance it serves as a liability for the company and this intern can also work for a company's loss (Schulz, Et.al, 2014 pp.633-634). In today's competitive market turnover is not just seen as destructive but also is costly. At the same time, it is also true that the only universally accepted definition of strategy is to perform such action which will be beneficial for the whole company so in this case if a company wants to retain their employee than that strategy should be applied in which employees could be retained. Various authors and entrepreneurs use the term indistinctly (Al Ariss, Cascio, and Paauwe, 2014 pp.178-179). For example, some include goals and objectives which are termed as a part of the strategy, while others do some distinctions between the two. However, for the purposes of this research, the strategy will be defined as collective oriented in a common direction to achieve the already established objectives (Kotey and Kotey, 2017 pp.369-370). One might say that the strategy is a process consisting of actions aimed at
achieving specific objectives”. It is the management that has to keep an eye on an employee who leaves the company and those employees who stay in the company (Pernicka and Reichel, 2014 pp.252-253). It is clear from the definition that there can be no strategy if they have not yet been established the goals or objectives, achievements that are intended to be realized and as a parameter for assessing progress and the performance of the organization. If you can see where you want to do this, you can follow the planned path and reach the objectives (Karpinska, Henkens, and Schippers, 2013 pp.1334-1335).

It is believed by some experts that rotation of employees is a normal and healthy process and with the passage of time it should be conducted like new employees are hired and old employees are retired it will also work how staff fluctuations between an organization and its environment (Knight, 2014 pp.95-96). This exchange is defined by the number of people who leave the organization. Each level has an object of action which possesses clarity on who will be the "benefactor" of the actions, activities or tasks outlined therein (McGrail, 2015 pp.nd). In the absence of any plan to retain staff, it is possible that the identification criteria places people who are going to be objecting to retention are also non-existent (Dar, Et.al, 2014 p.224). The term "what" is used to designate these employees is the "ideal people", the "critical people". It should be noted here that the challenger is focused on the people who work in the productive organizations, in other words, there is a customization of the position, which suggests a very valid question. Retention applies to the position or person occupying the position of work (Sushil, 2013 pp.767-768).

In other words, retention is only done with those employees who want to be a part of the company, not those employees who want to leave the company as soon as they receive any higher package offer elsewhere (Zhang and Warner, 2017 pp.16-17). It is therefore required a
reliable data so that exact figures could be found. Moreover it can also interpret and diagnosis the exact nature of difficulty and tailoring solutions towards the problem (Kashyap and Rangnekar, 2014. pp.nd). Every person wants that tomorrow would be much better than that of today so in today's workforce personal growth sums up to a very strong driver. The organization, as an open system, characterized by the nonstop flow of people need to expand its operations and generate results (Blatter, Et.al, 2015). In contradiction of this, this literature proposed several aspects "to prevent such a rotation from increasing or loss of control divisions and classifications (Green, 2013 pp.186). There are many linked or directed towards the subject simply economic; however, from this article, it is not a question of developing the criteria for these classifications, but to reflect on efficiency and sustainability from its common goal: to retain staff (Devins, Et.al, and 2014. pp.171-172).

Apart from these policies, there are other strategies that could be used in order to retain an employee. So primarily there is a need to create a whole workplace in which such an environment created which will be beneficial for the whole company (Osibanjo, Et.al. 2014 pp.83-84). "With more accuracy, we could say that the strategy is a process consisting of actions aimed at achieving specific goals (Festing and Schäfer, 2014 pp.270-271). From the definition, it follows that there can be no a strategy if they have not previously been established the goals or objectives, understood as the achievements that are intended to be achieved and as a parameter for the evaluation of progress and the performance of the organization. If you can see where you want to get, you can establish actions that follow the planned path and reach the objectives (Goud, 2013 p.26th). There are some employee retention policies that should be included; some of them are given below.

Clarify your task.

Create a values report.
Connect positive approaches.

Stay concentrated on the customer (Terera and Ngirande, 2014 p.481).

Be fair as well as honest.

Promote honesty.

Maintain office safety.

Decrease the number of meetings when possible.

Make work enjoyable (Tran, 2016 pp. 1779-1780).

The employee retention strategies relate to corporate culture. The term "human resources rotation" understands how the fluctuation of staff between an organization and its environment (Coetzee and Stoltz, 2015 pp.90-91). This exchange is defined by the number of people entering and that leave the organization. Against this, the literature on the subject has proposed various "strategies "to prevent such rotation from increasing or losing employees. There are many of them related to the subject which is merely economic (Terera and Ngirande, 2014 pp.49-50); However, the objective of this thesis is not to develop a critique in the criteria for such classifications, but to reflect on the effectiveness and viability of its common goal: to retain staff (Das and Baruah, 2013 pp.15-16). Most of the employees want a culture that is opened and has shared information they want to know the details where the company is going and what will be the future of the company. Moreover, employees also want to know that what the financial status of the company is and where the company currently stands in the marketplace (Stone, and Deadrick, 2015).

3 CHAPTER 3: METHODOLOGY

3.1 Introduction

This descriptive study is based on a survey. A questionnaire made up of demographic and attitudinal variables as well as items were prepared and dispersed after going through a wide-ranging review of the literature (Cahoon, Caesar and Fei, 2014 pp.nd). In this section,
the sample was drawn from different sectors such as oil, gas, banks and media sector of UK. So for this methodology varies sectors have been selected. The platforms which helped me to choose data and perform research were taken from the British public administration and research centre (Schulz, Et.al, 2014 pp.633-634). Participants of research comprised of both officers including high-rank officials of these organizations. In order to reduce the uncertainty along with biases, 50 questionnaires were chosen. In 50 organizations these questionnaires were distributed and the response rate was more than 75 percent (Al Ariss, Cascio, and Paauwe, 2014 pp.178-179).

As far as the items of the group were concerned they were grouped into five main factors:

- International satisfaction and my current job.
- Even if I am paid less yet I will continue my current profession.
- My job is totally monotonous that's why I like my job.
- I am thinking to change my job in the next 2 months.
- In my current organization, I would like to reach my superannuation.

3.2 Data Analysis:
The data which was collected from various sources were analysed by using SPSS software. Basic items that were statistics and item mean were among the analysis which was conducted.

3.3 Demographic Results:
- Most of the respondents were aged between 25 to 55 years and this comprises of about 75 percent of the population as it is shown in table 2. 1.
- Background and methodology
- The online and postal survey conducted during June and July 2017
- All 4,454 staffs were invited to participate
Human Resources Management: The Influence of Leadership Style and Staff Retention.

- 2,133 completed the survey – a rate of 48%.
- Paper returns: 107 which resulted in all 48% response rates.

Southwark Council Staff survey 2017.

Highest scoring areas

<table>
<thead>
<tr>
<th>Questions</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 I understand how technology can improve efficiency for the council</td>
<td>91% agree</td>
</tr>
<tr>
<td>2 I understand how my work contributes to the success of the organisation</td>
<td>89% agree</td>
</tr>
<tr>
<td>3 I am comfortable with using new software and technology</td>
<td>87% agree</td>
</tr>
<tr>
<td>4 My line manager treats me fairly</td>
<td>87% agree</td>
</tr>
<tr>
<td>5 My line manager respects individual differences</td>
<td>86% agree</td>
</tr>
<tr>
<td>6 My manager makes it clear what is expected of me</td>
<td>86% agree</td>
</tr>
</tbody>
</table>

These are the statements that the highest number of participants agreed with.

Table 2.1: one of London council’s staff survey high scoring areas.

Lowest scoring areas

<table>
<thead>
<tr>
<th>Questions</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Change is well managed in the organisation</td>
<td>37% disagree</td>
</tr>
<tr>
<td>2 I know the council has a business continuity plan and I know what it means</td>
<td>34% disagree</td>
</tr>
<tr>
<td>for me as an employee</td>
<td></td>
</tr>
<tr>
<td>3 I have the necessary time and resources to develop my skills and knowledge</td>
<td>32% disagree</td>
</tr>
<tr>
<td>4 Senior managers are aware of the issues I face in my role</td>
<td>31% disagree</td>
</tr>
<tr>
<td>5 No regular (at least monthly) one to one meetings with your line manager</td>
<td>30% disagree</td>
</tr>
<tr>
<td>6 There are opportunities for me to develop my career within the council</td>
<td>30% disagree</td>
</tr>
</tbody>
</table>

These are the statements that the highest number of participants disagreed with.

Table 2.2: one of London council’s staff survey low scoring areas.

What one thing could the Council change to make your working life better?”

<table>
<thead>
<tr>
<th>No</th>
<th>Question</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Better IT systems/equipment</td>
<td>18%</td>
</tr>
<tr>
<td>2</td>
<td>Improved communication/information all round</td>
<td>6%</td>
</tr>
<tr>
<td>3</td>
<td>More training/career development/promotion opportunities</td>
<td>6%</td>
</tr>
<tr>
<td>4</td>
<td>Pay rise/fair pay</td>
<td>5%</td>
</tr>
<tr>
<td>5</td>
<td>Flexible working/work-life balance arrangements</td>
<td>5%</td>
</tr>
</tbody>
</table>
### Table 2.3: employee engagement survey

<table>
<thead>
<tr>
<th></th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Better working environment (i.e. office space, hot desking).</td>
</tr>
<tr>
<td>7</td>
<td>Effective support/guidance from management including listening to us</td>
</tr>
<tr>
<td>8</td>
<td>Being more recognised/feeling valued/appreciated/treated fairly</td>
</tr>
<tr>
<td>9</td>
<td>More equality/fairness</td>
</tr>
<tr>
<td>10</td>
<td>More joint working/working together</td>
</tr>
<tr>
<td>11</td>
<td>More staff/fill vacant posts/additional resources</td>
</tr>
<tr>
<td>12</td>
<td>Better workload/caseload</td>
</tr>
<tr>
<td>13</td>
<td>Be more open/honest/transparent</td>
</tr>
<tr>
<td>14</td>
<td>Adjustment of hours/reducing working hours including unpaid hours</td>
</tr>
<tr>
<td>15</td>
<td>Clear direction/corporate/business strategy</td>
</tr>
<tr>
<td>16</td>
<td>Ensure my health and wellbeing i.e. reduce stress</td>
</tr>
<tr>
<td>17</td>
<td>Stability (i.e. less change/restructures/more time to implement…</td>
</tr>
<tr>
<td>18</td>
<td>Improve HR services/Dept./systems all round</td>
</tr>
</tbody>
</table>

#### 3.3.1 Challenges

Staff Voice: 26% disagree that they are able to challenge the ways things are done.

Workloads: Two in five (43%) agree that they are often under excessive pressure at work, although a majority (65%) agree they can strike the right balance between their work and home life (up 5% points). Less than half of staffs (44%) agree that they have the time and resources to develop their skills and knowledge.

Career progression: A minority of (46%) agree that there are opportunities for career development within the Council.

Technology: A quarter (24%) of staff agrees that their skills with technology limit their efficiency 24% also disagree that they have the equipment they need to do their job effectively.

**Summary**

The majority of employees are proud to work for the Council, speak highly of it as an employer and have a line of sight between day to day roles and the organization's success.

Pride and advocacy are known outcomes of an engaged workforce.

Engagement levels exceed the public sector and local authority benchmarks.
There is a positive direction of travel on staff feel valued, consulted on change and listened to, but perceptions around employee voice have scope for further improvement. There is evidence of behaviour change happening within the organization. Recognition of the need for change is relatively high, but overall views on change management are only in line with the public sector benchmark.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>75.5</td>
</tr>
<tr>
<td>Female</td>
<td>26.5</td>
</tr>
<tr>
<td>Age</td>
<td></td>
</tr>
<tr>
<td>Less than 25 years</td>
<td>22.0</td>
</tr>
<tr>
<td>25 to 35</td>
<td>46.0</td>
</tr>
<tr>
<td>35 to 45</td>
<td>17</td>
</tr>
<tr>
<td>45 to 55</td>
<td>13.6</td>
</tr>
<tr>
<td>55 to 60</td>
<td>2.7</td>
</tr>
<tr>
<td>Above 60 years</td>
<td>0.7</td>
</tr>
<tr>
<td>Job status</td>
<td></td>
</tr>
<tr>
<td>Permanent</td>
<td>65.1</td>
</tr>
<tr>
<td>Contractual</td>
<td>29.6</td>
</tr>
<tr>
<td>Deputation</td>
<td>2.6</td>
</tr>
<tr>
<td>Daily wagers</td>
<td>1.8</td>
</tr>
<tr>
<td>Job Category</td>
<td></td>
</tr>
<tr>
<td>Technical</td>
<td>27.5</td>
</tr>
<tr>
<td>Managerial / Admin</td>
<td>45.6</td>
</tr>
<tr>
<td>Any other</td>
<td>22.5</td>
</tr>
<tr>
<td>Job Level</td>
<td></td>
</tr>
<tr>
<td>Top</td>
<td>4.7</td>
</tr>
<tr>
<td>Middle</td>
<td>43.5</td>
</tr>
</tbody>
</table>
In the present organization, average turnover was 27.8 percent (1 - 2 years) and 31.6 percent (3 – 5 years). As far as the educational level of respondents is concerned they are 1.2 percent holding (Ph.D.), 67.4 percent (Master's degree), 5.8 percent (Engineering), 17.5 percent (Graduation) and 7.1 percent (Intermediate). The job status of the respondents was 63.5 per cent (Permanent), 32 per cent (Contractual), 2.7 per cent (Deputation) and 1.8 per cent (Daily Wagers), Job category regarding respondents were 27.5 per cent (Technical), 46.5 per cent (managerial) and 25.9 per cent (others).

3.4 Turnover Frequency

As per the data analysis, it shows that 36 percent didn't change their job or their profession. Although 56 percent of the respondents told that they changed their job once in

---

**Table 3: Demographics % (N= 528)**

<table>
<thead>
<tr>
<th>Supervisor</th>
<th>22.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-managerial</td>
<td>27.4</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Mode of appointment</td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>67.6</td>
</tr>
<tr>
<td>Promotion</td>
<td>26.8</td>
</tr>
<tr>
<td>Deputation</td>
<td>4.6</td>
</tr>
<tr>
<td>Number of years in Present organization</td>
<td></td>
</tr>
<tr>
<td>1 to 2</td>
<td>25.6</td>
</tr>
<tr>
<td>3 to 5</td>
<td>31.8</td>
</tr>
<tr>
<td>6 to 10</td>
<td>11.6</td>
</tr>
<tr>
<td>Over 10</td>
<td>17.6</td>
</tr>
<tr>
<td>Recruitment Matters dealt with</td>
<td></td>
</tr>
<tr>
<td>HR department</td>
<td>76.2</td>
</tr>
<tr>
<td>Any other</td>
<td>21.6</td>
</tr>
</tbody>
</table>
their lifetime carrier. Many respondents who have changed their profession once in their life were 27.6 percent. Whereas those respondents who have changed their job profession more than once in their life have been illustrated in Table 2. It also came into knowledge that those employees who change their profession more than 5 times during their life carrier sum up to 5 present of the respondents.

<table>
<thead>
<tr>
<th>Turnover Frequency</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>206</td>
<td>35</td>
</tr>
<tr>
<td>1 time</td>
<td>154</td>
<td>27</td>
</tr>
<tr>
<td>2 times</td>
<td>81</td>
<td>13</td>
</tr>
<tr>
<td>3 times</td>
<td>59</td>
<td>09</td>
</tr>
<tr>
<td>5 times</td>
<td>27</td>
<td>06</td>
</tr>
<tr>
<td>6 times or more</td>
<td>21</td>
<td>06</td>
</tr>
<tr>
<td>NA</td>
<td>9</td>
<td>02</td>
</tr>
</tbody>
</table>

3.4.1.1 Table 4: Respondents’ turnover frequency

3.5 Retention Strategy:
It was noted that most of the respondents claimed that their organization has not set up any of the retention policy and it sums unto 60 percent. In reality, 20.6 percent of the respondents mentioned that they don’t know whereas 17.9 percent of the respondents told that their organization has some sort of retention policy. So, in conclusion, the majority of the respondents told that their organization has not set up any retention policy which shows that there is a weak HR role in UK public sectors.

3.6 Employee turnover and consequences
The area of research being proposed for the study is employee turnover in UK local authorities. Employee turnover is defined as the employee fraction leaving an organization over a predefined duration presented in percentage of entire personnel statistics. It includes
both the intentional and spontaneous employees leaving the organization. In contrast, retention deals with the extent to which employees are retained by an employer, measured in terms of the fraction of employees with particular service duration represented as a percentage of entire personnel statistics (Chartered Institute of Personnel and Development (CIPD) 2013a, p.1). It is an important area to study because based on the findings of the Labour Force Survey, during the months of October to December in 2012, the percentage of employee turnover was 2.6%. It encompassed 1% involuntarily turnover (by dismissal or redundancy) while 1.6% voluntary turnover (by retirement, resignation, or other reasons) (CIPD2013b, p. 2).

3.7 Terms of reference

This report is for the head of UK local authorities who is responsible for the overall operation of the thirty-one boroughs in London. The whole purpose of this report is; first to make a good research and find out why staff are leaving the council, address those issues one by one then make UK Council in general and London councils in particular, the desired place to work. The ultimate goal is to eradicate staff turnover and to eliminate all the issues and problems associated with it once and for all.

3.8 Purpose of this research

The purpose of this research is to undertake an empirical or practical approach to investigate the potential relationship between the working satisfaction structure and the organization employee turnover. The primary objectives are defined as follows:

- To investigate what are the causes of the high employee turnover
- To examine what the consequences of the high employee turnover
- To study how to reduce turnover and increase employee retention
- To gather findings, and to do quantitative and qualitative research.
- To finally put recommendation based on factual information.
Human Resources Management: The Influence of Leadership Style and Staff Retention.

The survey was conducted by the LGA’s Research and Information team using an online form. An email containing a unique link was sent to all 353 heads of human resources (or equivalent position) in English councils. The survey was available to complete online between 18 September 2013 and 10 January 2014. The final overall response rate achieved was 46 percent (161 councils). By council type, the response rate was highest from shire counties (70 percent / 19 councils) and lowest from shire districts (37 percent / 72 councils).

<table>
<thead>
<tr>
<th>Council type</th>
<th>Completed</th>
<th>Response Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shire County</td>
<td>19</td>
<td>70</td>
</tr>
<tr>
<td>Shire District</td>
<td>74</td>
<td>37</td>
</tr>
<tr>
<td>London Borough</td>
<td>15</td>
<td>45</td>
</tr>
<tr>
<td>Metropolitan District</td>
<td>23</td>
<td>64</td>
</tr>
<tr>
<td>English Unitary</td>
<td>30</td>
<td>54</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>161</strong></td>
<td><strong>46</strong></td>
</tr>
</tbody>
</table>

3.8.1.1 Table 5: Response rate by council type

Regionally, response was highest from Yorkshire and the Humber (64 per cent / 14 Councils) and lowest from the East Midlands (29 per cent / 13 councils).

<table>
<thead>
<tr>
<th>Region</th>
<th>Completed</th>
<th>Responses rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Midlands</td>
<td>20</td>
<td>29</td>
</tr>
<tr>
<td>East of England</td>
<td>13</td>
<td>38</td>
</tr>
<tr>
<td>Greater London</td>
<td>15</td>
<td>45</td>
</tr>
<tr>
<td>North East</td>
<td>5</td>
<td>42</td>
</tr>
<tr>
<td>North West</td>
<td>22</td>
<td>54</td>
</tr>
<tr>
<td>South East</td>
<td>36</td>
<td>49</td>
</tr>
<tr>
<td>South West</td>
<td>17</td>
<td>41</td>
</tr>
<tr>
<td>West Midlands</td>
<td>19</td>
<td>58</td>
</tr>
<tr>
<td>Yorkshire and the Humber</td>
<td>14</td>
<td>64</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>161</strong></td>
<td><strong>46</strong></td>
</tr>
</tbody>
</table>

3.8.1.2 Table 6: Regional responses rate.

Where tables and figures report the base, the description refers to the group of people who were asked the question and the number in brackets refers to the number of respondents who
answered each question. Please note that bases vary throughout the survey. Where the response base is less than 50, care should be taken when interpreting percentages, as small differences can seem magnified. Therefore, where this is the case in this report, the non-percentage values are reported, in brackets, alongside the percentage values. The results are broken down into two groups, with shire districts as one group and single tier and county councils combining to form the second group. This is because district councils are usually much smaller than both single tier and county councils. Presenting the results in this way means they can be viewed in the context of organization size.

Throughout the report percentages in figures and tables may add to more than 100 percent due to rounding.

3.9 Local Government Workforce Survey 2012/13
Councils provided their gross training expenditure on employees. Data on full-time equivalent employees (FTE), derived from the Quarterly Public Sector Employment Survey2, was used to calculate the expenditure on training per employee. The median amount that councils had spent per employee in 2012/13 was £148. In shire districts, the reported median was £208 per employee and in upper/single tier areas the median was £138.

<table>
<thead>
<tr>
<th>Response</th>
<th>Shire district</th>
<th>Single/upper tier</th>
<th>England</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean (£)</td>
<td>206</td>
<td>138</td>
<td>169</td>
</tr>
<tr>
<td>Median (£)</td>
<td>208</td>
<td>131</td>
<td>148</td>
</tr>
<tr>
<td>Base</td>
<td>60</td>
<td>71</td>
<td>131</td>
</tr>
</tbody>
</table>

Table 7: Gross training expenditure per employee

Similarly, data provided by councils on gross training expenditure on member development and data on the number of councillors held by the LGA to calculate expenditure on member development per counsellor. The median amount spent per councillor was £98 across England. In shire districts, the median amount spent was £86 per member and in single and upper tier councils the median was £114. Please see Table 4.
### 3.9.1.1 Table 8: Gross training expenditure on member development per councillor

Councils were asked to provide their sickness absence rate in two different ways: sickness absence as a percentage of days lost and the days lost to sickness absence per FTE employee. For both rates, councils were asked to provide a breakdown into short and long-term absence as well as the total. Short-term absence is defined as absence lasting up to and including 20 days and long-term is any absence over 20 days. The sickness absence rate as a percentage is calculated by dividing the total number of days’ absence by the total days contracted to be worked and multiplied by 100. Councils reported a median of 3.7 percent of days lost due to sickness overall. Eighty-one councils were able to provide a breakdown and the medians for short and long-term sickness absence were 1.6 percent and two percent, respectively. Please see Table 5.

<table>
<thead>
<tr>
<th>Response category</th>
<th>Response</th>
<th>Shire district</th>
<th>Single/upper tier</th>
<th>England</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short-term sickness absence rate</strong></td>
<td>Mean (%)</td>
<td>1.8</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td></td>
<td>Median (%)</td>
<td>1.6</td>
<td>1.7</td>
<td>1.6</td>
</tr>
<tr>
<td></td>
<td>Base</td>
<td>36</td>
<td>45</td>
<td>81</td>
</tr>
<tr>
<td><strong>Long-term sickness absence rate</strong></td>
<td>Mean (%)</td>
<td>1.8</td>
<td>2.2</td>
<td>2.0</td>
</tr>
<tr>
<td></td>
<td>Median (%)</td>
<td>1.8</td>
<td>2.2</td>
<td>2.0</td>
</tr>
<tr>
<td></td>
<td>Base</td>
<td>36</td>
<td>45</td>
<td>81</td>
</tr>
<tr>
<td>Total sickness absence rate</td>
<td>Mean (%)</td>
<td>3.6</td>
<td>3.8</td>
<td>3.7</td>
</tr>
<tr>
<td>----------------------------</td>
<td>----------</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>Median (%)</td>
<td>3.5</td>
<td>3.9</td>
<td>3.7</td>
<td></td>
</tr>
<tr>
<td>Base</td>
<td>48</td>
<td>51</td>
<td>1.99</td>
<td></td>
</tr>
</tbody>
</table>

3.10.1.1 Table 9: Percentage of days lost due to sickness

3.10 Consequences of turnover
Lack of opportunity for advancement or growth: If the job is basically a dead-end proposition, this should be explained before hiring so as not to mislead the employee. The job should be described precisely, without raising false hopes for growth and advancement in the position. This can also lead for staff to leave the organization.

3.11 Feelings or not being appreciated:
Employees generally want to do a good job, it follows that they also want to be appreciated and recognized for their works. Even the most seasoned employee needs to be told what he or she is doing right once in a while.

3.12 Inadequate supervision and training:
Employees need guidance and direction. New employees may need extra help in learning an unfamiliar job. Similarly, the absence of a training program may cause workers to fall behind in their level of performance and feel that their abilities are lacking.

3.13 Unequal or substandard wage structures:
Inequity in pay structures or low pay is great causes of dissatisfaction and can drive some employees to quit. Again, a new worker may wonder why the person next to him is receiving a higher wage for what is perceived to be the same work.

3.14 Styles of Management:
Applying or using the wrong management style is mainly the dominant factor which leads to employee's dissatisfaction and employee's turnover. Managers accept responsibility for the
outcomes of the groups they lead. While managers have to exercise authority, the way in which this is done - the style of leadership - might vary. It is generally accepted that a manager's style of leading can affect the motivation, efficiency, and effectiveness of those whom they manage. There are various classifications of management style. Although the labels and definitions of styles vary, style models are often talking about the same thing: a continuum of behaviours from close control to freedom. Huneryager and Heckman identified four different styles of management:

- Dictatorial style: where the manager forces subordinates to work by threatening punishment and penalties.

- Autocratic style: where decision-making is centralized in the hands of the manager, who does not encourage participation by subordinates. Many of the most successful businesses have been led to success by autocrats who are paternalistic leaders, offering consideration and respect to the workforce, but retaining full rights in Decision-making. This is typified by the Quaker companies in the early years of this century (e.g., Cadbury, Rowntree, Reckitt, and Colman). Such a style is frequently found today in professional firms. Often they find it hard to delegate, to bring on successors, to stand down at the right moment, to switch off and go home and to appreciate the views of others.

- Laissez-faire style: where subordinates are given little or no direction at all and are allowed to establish their own objectives and make all their own decisions.

- Democratic style: where decision-making is decentralized and shared by subordinates in participative group action. It is important not to allow a preference for democratic social systems to blind managers into favouring democratic management styles in all situations. Businesses can stand (and often need) firmer, more single-minded
management than nation states would generally find healthy. Those who lead using the democratic approach suffer from being unable to move as quickly as competitor businesses led by autocrats and from people in the ranks not being clear as to exactly which direction they should be pulling in.

3.15 Motivation:
Mayo’s Theory of Human Relations: (Witzel & Warner 2013 p.101), Mayo believed that the social needs of an individual should also be taken into consideration. He recommended that employees who are treated in a caring and human way by their employer are likely to be happier and more productive.

![Mayo's Theory of Human Relations](image)

3.15.1 Figure 5: Mayo's Theory of Human Relations.

The staff turnover is as high as 25%, in other words, every year 1 every 4 employees are leaving the council which costs the council considerably and causes huge pressure on the staff. As a result, more and more employees will be stressed and absent from work which
can possibly lead to further staff turnover. Turnover is a burning issue for any organization. For the steady productivity of an organization, it is essential to maintain its skilled workforce. But most of the times it is very difficult to control the turnover rate within organizations. There are so many factors that affect turnover. According to the research I have done so far, the one listed above is the one I believe the main reasons for high staff turnover. The consequences of staff turnover are endless. For example, a skilled worker is an asset to any organization. If a skilled person leaves an organization, the effects will be very high whereas in case of a semiskilled or un-skilled person the effect will be less. As a result, a vacant place of a skilled labour may be filled by another new worker but the service will fall due to their skill difference. On the other hand, five or six semi-skilled or unskilled labour may be turnover but those empty places can be filled by one or two skilled labours. Not to mention the huge cost that involves in advert, training. It is, therefore, crucial to maintaining a constant workforce particularly for the skilled ones in an organization to reduce turnover for the betterment of the organization.

3.16 Comparison survey in the council.

One of London Council’s Staff Survey 2015

<table>
<thead>
<tr>
<th>Department</th>
<th>Number of responses</th>
<th>Percentage of department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive’s Department</td>
<td>278</td>
<td>72%</td>
</tr>
<tr>
<td>Children’s &amp; Adults’ Services</td>
<td>584</td>
<td>43%</td>
</tr>
<tr>
<td>Environment &amp; Leisure</td>
<td>511</td>
<td>39%</td>
</tr>
<tr>
<td>Finance &amp; Corporate Services</td>
<td>328</td>
<td>53%</td>
</tr>
<tr>
<td>Housing &amp; Community Services</td>
<td>752</td>
<td>63%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2951</strong></td>
<td><strong>60%</strong></td>
</tr>
</tbody>
</table>
3.16.1.1 **Table 10: Southwark Council Staff Survey 2016.**

3.17 **Departmental population figures are taken from 14/16 data held in the SAP payroll and HR system. Trends over time:**

![Graph showing trends](image)

Figure 6: Positive trends apparent since 2014 (and since 2012 for advocacy measures)

3.18 **Recommendation**

3.18.1 **Conduct regular employee reviews:**
Whenever a business is suffering from high employee turnover, one of the best things to do is to engage with employees and find as much information about how they fill and what they need. This can be done by having regular review sessions in which senior managers meet with each employee and talk about what they like and dislike about their job is a great way to make sure the employees feel valued and see their concerns being acknowledged. If need be third-party HR agency can handle the process on the manager's behalf. As an added benefit, these review sessions can also give the employer great ideas. For instance, if one employee who's sick of sitting at her desk all day has a great idea for putting a standing desk in the break room, doing this might make her significantly happier in her job for a relatively small one-time cost. Your reviews should involve a healthy back-and-forth of information sharing. Don't use reviews merely as an opportunity to critique your employees. They should also be an opportunity for your employees to critique the employer. The manager needs to be willing
to "meet the employees in the middle" as long as their demands are reasonable and their intentions are good.

3.18.2 Conduct exit interviews:
At times good employers with great work environments occasionally have to let people go. When a business has to do this, take the opportunity to conduct a thorough exit interview with the outgoing employee. Some business experts have found that employees are more willing to be candid at exit interviews, though others have found that many employees will be less critical in hopes of getting a good recommendation. In any case, an exit interview is the employer's last chance to learn what went wrong with an unhappy or unproductive employee, so take advantage of it.

Below are just a few of the sorts of questions you'll want to consider asking: "What was your favourite/least favourite part of the job?" "Was there anything that made it difficult for you to perform your duties properly?" "In the future, how could we avoid the types of problems you faced in your job?" Is there anything you wish the company had done that it didn't do?

3.18.3 Review and assess employee concerns regularly:
Asking your employees what makes them unhappy isn't enough to keep them feeling valued, senior manager will need to make a reasonable effort to address their concerns and, most important of all, show them that you're making this effort. If employees can see that their comments and suggestions are being taken to heart, they'll feel like they're being listened to and that their opinions matter in the grand scheme of your business, which can make even a low-level employee feel happier in his job. For example, if you notice that many of your employees are complaining about the fact that they feel disconnected from the rest of the company in other words, that they can't see how their individual jobs affect the success of the business as a whole you may want to consider having monthly team-building events where employees from one part of the company work with employees from another
part for the day. This can help give your employees a "bird's eye" view of the company's inner workings.

3.18.4 In the long term it is also recommended for the employer to apply the following:
Retrain managers with high turnover. Sometimes: high turnover may not be a problem for the entire company, but instead only for certain divisions or departments. In this case, the root cause may be something the heads of this department have no control over (for instance, pay levels or deadline schedules set by upper management), but it may also be the management style of individual supervisors that is causing the problem. If this is the case, strongly consider re-training the problematic managers before firing them and searching for replacements. The one-time cost of a short management course is usually much less than the time and money wasted replacing an employee in a high-paying, highly-skilled management position. Some business experts argue that an employee's manager can have a greater effect on his overall job satisfaction than even his wages, hours, or benefits. In any case, effective managers are vital to a company's success, so making an investment in the ones you have can substantially reduce turnover.

3.18.5 Consider alternate roles for unhappy employees:
Sometimes, productive employees just aren't a great "fit" for the job they've been given. While they may work hard, their personality or skill set may keep them from reaching the full potential of their role. In these cases, try to avoid dismissing the employee until you've considered other roles or duties for them. Don't fire an employee who's well-suited for some other important role in your company if you do, you'll be forcing your company to undergo the costs of finding and training a replacement without getting your money's worth out of a perfectly competent employee. Be aware of how you present a role change to an employee. To avoid hurt feelings, for instance, don't tell the employee that he/ she's performing poorly and that the company thinks he/she'd
do better in a different role. Instead, focus on the positive tells the employee that you've found something more important for him or her to do! Being aware of the language you use in this situation can make the difference between your employee thinking of his or her new role as a promotion or a demotion.

3.18.6 Don't be afraid to fire bad employees:
In the words of the old saying, "Sometimes, to save the hand, you have to lose the finger." Getting rid of exceptionally problematic employees is a must for any business looking to keep turnover at a minimum. Employees that perform poorly, have a negative attitude, or are grossly incompetent can hold your company back. Worse still, they can contribute to other employees developing negative attitudes towards work by sharing their negative views or demonstrating (through example) that bad work can go unpunished. Don't be afraid to get rid of employees with bad attitudes if you do this, you'll usually have to fire fewer people in the long run.

3.18.7 Don't ignore the workplace Negativity:
Research shows that more people in a workplace vocalizing negative thoughts. The more likely those otherwise happy and productive employees are to adopt them. If a manager does not take immediate action against the bad employee it is likely to send the wrong message to the rest of the team.

3.18.8 Employees who feel a sense of ownership of the organization are less likely to leave:
Create a sense of ownership by giving responsibility to employees. Make their duties look like responsibility and not just another activity. Express appreciation regularly. Reward success especially jointly, making everyone feel they contributed to the joint success. Employees who feel appreciated and successful are less likely to leave. Offer employees the option of cross-training: Though there are many employees who only want to know their own job, many get bored and like the challenge of learning new skills.
Having employees who know more about their jobs can be beneficial for both the employee and the employer. If you lose an employee, you have others who can step in and take their place. If a job position gets phased out, the employee can move to a new area with the skills they have acquired! Though many employees may not take you up on your offer to cross-train them, some will.

3.18.9 Listen, listen and listen:
Money is one of the least common reasons for turnover (lower pay scale positions are sometimes exceptions) so if you are experiencing a high turnover, throwing money at the problem will not make it go away (although it might hide the problem for a while). Debrief employees that quit and find out the "why" behind their decision. If you continue to allow the employees to leave without any efforts or actions to stop it, you effectively create a culture that becomes the norm in your business.

3.18.10 Give awards and rewards for achievement:
Awards can be items such as employees' pins for good attendance or cash incentives for increased department productivity. You can also offer some form of extra pay as a reward, or free company merchandise. However, stay away from incentive programs that pit employees against one another, as the resulting competition can yield tension and bad faith.

3.18.11 A bad match between the employee's skills and the job:
Employees who are placed in jobs that is too difficult. Sometimes an employer can rush an interview and fail to select the right person for the job which can result in stuff turn over. Most business experts agree that one of the very best ways to keep your employee turnover rate low is to ensure that the people you hire are right for the job in the first place. Picking employees that have exactly the right qualifications and personality for the job you're hiring for ensures that they'll learn quicker, perform better, and, most importantly, feel happier in their new role. Below are just a few of the most important types of criteria you'll want to carefully review and vet for each candidate before hiring.
Skills: Does this person have what it takes to increase your business's value? Following the above questionnaire result, I now found it necessary to have a face to face meeting with the individual. This will enable me to ask further questions which will give me a clear and accurate picture.

3.19 Literature review

Employee turnover and employee turnover rates: Employee turnover is a generic term that refers to movement of employees from one work organization to another (Allen, 2008; Choi, Musibau, Khalil & Ebi, 2012). It can be initiated by an employee (voluntary turnover) or by an employer (involuntary turnover). Involuntary turnover can also be attributed to uncontrollable factors such as death, retirement or ill health. Yearly surveys conducted by the Chartered Institute of Personnel and Development (CIPD) have shown consistently that the majority of employee turnover is attributed to voluntary turnover (CIPD, 2011). Voluntary turnover is a major concern for organizations when it is dysfunctional (Champion, 1991). Lynch and Tuckey (2008:8) recommend an inspection of the employee turnover profile of an organization to help the organization to recognize particular demographic groups and turnover hotspots within the organisation that warrant attention.

This, in turn, could guide the development of appropriate interventions to minimize turnover. The turnover profile could be established by calculating employee turnover rates in an organization. It is possible to break the overall turnover rate down into subcategories to compare turnover rates between employees on different organizational levels and for different age and gender groups within an organization. (E-ISSN 2039-2117 ISSN 2039-9340 Mediterranean Journal of Social Sciences MCSER Publishing, Rome-Italy Vol 5 No 2 January 2014)
For decades, researcher and business people alike have realized that the first contact that employees have with an organization after being hired is crucial for their success in the workplace (Buchanan, 1974). The phenomena of employee turnover in the hotels are always being focused on by managers and the academics because employee’s attitudes and behaviors play a vital role in the development of hotels. And this problem has many relationships with employees’ working satisfaction and corporation’s encouragement. Locke (1969) point out the issue of employee satisfaction has been considered in numerous studies. Robbins and Coulter (1996) stated that employee satisfaction is an employee’s general attitude towards his/her work, and when people speak of an employee’s attitudes, they are likely to be referring to his/her employee satisfaction. The present study addresses working satisfaction from all organizational perspective. This research focuses on how organizations can increase their workers' employability orientation, that is, their openness to adapt to changing work requirements through flexible and broader skills and a readiness to change tasks and jobs (Van Dam, 2004).

Job satisfaction may arise from many different sources, including levels of role ambiguity, autonomy, quality of supervision, quality of social relationships, and level of support in the workplace. The satisfaction–turnover relationship may also be moderated by other variables such as gender or mood. It is unclear how strong the job satisfaction–turnover intention relationship should be given that it may depend on specific aspects of work in particular organizations, such as hotel or food and beverage industry (George & Jones, 1996). Working satisfaction can reduce absence and employee turnover, it also can reduce the rate of accidents. However, in the longer term, adverse effects such as loss of trained employees, unrealized productivity, and lowered morale often translate into lower financial gains than anticipated (Cascio, 2002).
Van Dick et al. (2004) found evidence that organizational identification predicted turnover intention but the relationship was partially mediated by job satisfaction. Meyer and Allen (1997) suggest that the most variables include work experiences, socialization experiences, management practices, personal characteristics, and environmental conditions. These variables begin with work experiences, role states, and psychological contracts, followed by effect, norm, and cost related judgments. Pay can be a factor in decisions to stay or leave. Data suggest dissatisfaction with pay can be a key factor in turnovers. In the hotels, one of the most critical intangible costs is the loss of employee morale for those employees who choose to remain with the hotels. These results in the poor morale of employees who may be overworked, and can, in turn, affect the level of production efficiency. In this paper, researchers address this latter issue through an empirical examination of the impact of turnover on operating performance. Employee turnover is particularly important in the hotels due to the high levels of production efficiency. (Warren, 2002) The Journal of Human Resource and Adult Learning Vol. 6, Num. 1, June 2010.

4 CHAPTER 4: MANAGING PEOPLE

Good managers are not only effective in their use of economic and technical resources, but when they manage people they remember that these particular resources are special, and are ultimately the most important assets. People are the only real source of continuing competitive advantage. Good managers also remember that these particular assets are human beings.

The study regarding human resource management has come a long way. In numerous companies, the knowledge and skills of HRM are increasing as different pieces of training comes from HRM practices (Fong, et al, 2011, pp-704-705). The activities of HRM are defined to enhance the overall performance of an organization along with the employees to
Human Resources Management: The Influence of Leadership Style and Staff Retention

achieve the goals of an organization (Boyne, Et.al, 1999 pp.419-420). The practices of HRM are raised to influence the performance of an organization. This study will focus on the relationship between HRM practices variables along with the performance of an organization (Bratton and Gold, 2012 pp.77-78). Depending on the contribution of an employee the performance of an organization depends upon a number of factors (Clarke, et al, 2012, pp-702-703). There are different approaches of HRM practices along with business strategy so a number of different types of approaches along with factors are reflected in HRM practices.

In terms of contribution of HRM, there are different studies that have emphasized on the practices of an organizational performance (Ejnert, et al, 2013, pp-nd). So by increasing the level of productivity these practices contribute to increasing the organization performance along with employee’s performance (Joarder, et al, 2011, p-159). Another function of HRM practice is to affect the motivation of an employee so the behavior that is required could be adopted as it links with environment and customer satisfaction. Particularly, the preservation of such human capital in an organization will involve not only holding the entire knowledge along with the skills of these employees, also to retain their attitudes and their relations by means of other partners; That is to ensure durability in the organization with the set of qualities and extents by which these employees contribute and value to it (Alfes, et al, 2013, pp-855-856).

4.1 Human Capital Management

The evolution of HRM in public sectors in the UK is strategically managed. The concept relating to HRM has emerged as its significance has been increasing with each passing day. It has been rightly said that only competitive advantage can be taken from the human capital so as far as human capital is concerned it comprises of combination regarding intelligence skills along with expertise by the employee (Alfes, et al, 2013, pp-839-840). In
case of intellectual capital, it depends upon the abilities of employees along with talent so to decide in what ways it should be adopted. It has been proved that for an organization to be significant it all depends on the company’s culture (Innocent, et al, 2011, pp-303-304). In this sense, research in strategic human resources management suggests the existence of a series of stages or intermediate processes that influence the behaviors and attitudes of the Employees, conditioning employee outcomes (such as productivity, Job satisfaction, voluntary rotation, etc.) and, with them, the results of the Organization (Kouzmin,Et.al, 1999 pp.143-144).

It is always a harder challenge to manage people and employees to achieve the services that need to drive the organization. A long-term view is needed to monitor the employees. There is always a forceful emphasis on planning human resources to integrate it with the existing management. Although to make it more effective there should be an effective link between people and company, in case there is a correct link among practices of HR then only company survival can be achieved (Flynn, 2007 pp.nd). As the management of human capital is a journey itself, tries to implement a measurement that is purposeful along with the use of matrix management. HR function is to collect all information of an employee regarding turnover along with absence which can further be analyzed so to draw up conclusions of a trend (Alfes, et al, 2013, pp-855-856). The various processes by which human resources management influences result remains unknown phenomenon, as some recent reviews of the state of the art in strategic management of human resources. So in that way decision can be taken upon its analysis (Boyne, 2002 pp.121-122).

4.2 Human resource system
   • Human resource management operates through human resource systems that bring together in a coherent way:
HR philosophies describing the overarching values and guiding principles adopted in managing people.

• HR strategies defining the direction in which HRM intends to go.

• HR policies, which are the guidelines defining how these values, principles and the strategies should be applied and implemented in specific areas of HRM.

• HR processes consisting of the formal procedures and methods used to put strategic plans and policies into effect.

• HR practices comprising the informal approaches used in managing people.

• HR programmers, which enable HR strategies, policies and practices to be implemented according to plan.

Becker and Gerhart (1996) have classified these components into three levels: the system architecture (guiding principles), policy alternatives and processes and practices.

4.3 Models of HRM

The matching model of HRM: One of the first explicit statements of the HRM concept was made by the Michigan School (Fombrun et al, 1984). They held that HR systems and the organization structure should be managed in a way that is congruent with organizational strategy (hence the name ‘matching model’). They further explained that there is a human resource cycle (an adaptation of which is illustrated in Figure 1.2), which consists of four generic processes or functions that are performed in all organizations. These are: selection – matching available human resources to jobs;

4.3.1 Role of HR Function

Although a number of years have been passed, yet theorist tried to find the best way in terms of people management. (Snape, et al, 2010, pp-1219-1220). In personal management one, the main role was to manage and hire people on the basis of job description by means of a top to bottom approach. Employees are trained so that they would fulfill the needs of an organization (Bratton and Gold, 2012 pp.77-78). Any of the change in terms of human
resource management can be brought to shift the perception of employees. Employees are now seen to achieve organizational goals. In the human capital, a central role can be taken by employees so now it is no longer a question of abusing employees but then again rather participating in these incorporeal assets (Fong, et al, 2011, pp-704-705). Like any type of other investment, the main goal is towards maximizing value by means of talent management along with development plans (Boyne, Et.al, 1999 pp.419-420).

The Role of HR Practitioner: Those approaches which are popular are those which are developed by HR. The model of organizational development depends fully upon some key elements.

- Individual process
- Decision making
- Incentive strategies

Rather than to get the process of an actual measurement the most important thing is to get results this identifies that whether or not a person is meeting the needs of human capital is sufficient (Clarke, et al, 2012, pp-702-703)).

4.3.2 The Harvard model of HRM:
The analytical framework of the 'Harvard model' consists of six basic components:

- Situation factors
- Stakeholder interests
- HRM policy choices
- HR outcomes
- Long-term consequences
- Feedback loop through which the output flow directly into the organization and to the stakeholders
4.3.3 Rationale for human resource management evaluation:
The notion that HR function should move beyond its administrative and be controlling roles
has been popular in the US management for a long time. Druker, American management
guru, suggested for example that HR Department should behave differently and demonstrate
its strategic capabilities, needing itself away from concern with the cost of employees to
concern with their yield. According to Phillips (1999), there are seven points in the
management thinking and practices that changed the role of HR:

- Organizational change
- Flexibility and productivity improvements
- The adoption of HR strategies
- The increased importance of human capital
- Increased accountability
- Partnership relationships
- The growing use of HR information systems

4.3.4 HR Strategy:
HR strategies are here taken to mean the patterns of decision regarding HR policies and
practices that are used by management to design work and select, train, develop, appraise,
motivate and control workers
4.3.5 **Fig 7: The Human Resource Cycle (adapted from Fombrun et al, 1984)**

- Selection – matching available human resources to jobs;
- Appraisal – performance management;
- Rewards – ‘the reward system is one of the most under-utilized and mishandled’;
- Managerial tools for driving organizational performance’; it must reward short as well as long-term achievements, bearing in mind that ‘business must perform in the present to succeed in the future’;
- Development – developing high-quality employees.

### 4.4 The Role of Front Line Manager

Even though the UK public sector has weathered the storm of severity measures, it’s not out of the woods up till now (Ejnert, et al, 2013, pp-nd). The best source of information regarding the management process and its practices in any organization are taken from the employee and considered the best source for this purpose (Ejnert, et al, 2013, pp-nd). Development of new systems can be done easily using the creative HR tools which can be beneficial for the employee survey. Six Sigma techniques can be used to analyze and fetch
new conclusions (Joarder, et al, 2011, p-159). The Six Sigma technique is used to connect the two opposite ends e.g. managing employees with its practice and the quality process to figure out the different outcomes of different units like profit margins or sales productivity (Alfes, et al, 2013, pp-855-856). It must be taken into account that balance should be made between employees’ commitment and the satisfaction from the organization's point of view. Questions should be colored with options to identify the practices in managing human capital and how much it can extend within any organization (Alfes, et al, 2013, pp-839-840). The Six Sigma analysis tool is just a sample provider for the leadership and its assessment serving like a catalyst to improve any department and provide significant input for any organization’s scorecard (Innocenti, et al, 2011, pp-303-304). I the present work, the potential of human resources management to retain the strategic human capital of the organization as a way to influence Innovation capacity of the organization, contributing in this way, to the improvement of its organizational results and its competitiveness (Kouzmin, Et.al, 1999 pp.143-144).

4.5 International Human Resource Management (HRM)

Taking Care of clients and customers is the essential business operation which is a must for any organization’s survival and to move their business forward. Every firm has a HR department whatever the size a firm possesses to keep their HR activates monitored at every level of the organizational hierarchy to get the best possible results. Human capital management is also used to develop the human talent. The primary objective of HRM is to develop the human capital for organizations. HRM is responsible for managing all human capital resources and give the organizations the skilled people which can be very beneficial for the future of any organization. Hence, competition in the market is growing more and more, therefore, HRM firms are needed to give the best skilled human capital to every organization they came into contact with. (Flynn, 2007 pp.nd.)
4.6 **The strategic roles of HR in an organization**

Challenging faced by UK public sector has made HRM more strengthen. In the process of developing and implementing strategies, human resource can play a strategic role (Alfes, et al, 2013, pp-855-856). In terms of analysis and die gnosis it can provide guidance in addition to that it can also highlight issues that are required for the success of strategy (Boyne, 2002 pp.121-122). It is also advice in planning as well as implementing viral learning and communication aspects of the process. It is also diagnosing the human problem before they could get much serious. In case downsizing is required, here is an advice on how this should be processed (Snape, et al, 2010, pp-1219-1220). As far as strategies of HRM is concerned it is considered to be very powerful in a number of situations the main function is not just to maintain the level but also its function is to increase the tools that are non-monetary. There are a number of points that could be opting for HRM in order to ensure jobs (Bratton and Gold, 2012 pp.77-78). Human resource can also develop skills and pay attention towards key competencies. In this causal chain between human resources management and results Organizations, human resource practices play to allow the acquisition, retention and/or development of employees with greater potential to contribute to organizational performance (Fong, et al, 2011, pp-704-705). Though, while we recognize the strategic importance of these three Functions -acquisition, retention, and development-their joint study is so comprehensive that is difficult to comprehend in a single examination; As a result, in this work, we have decided to focus primarily on the retaining of employees.

The main purpose of this study was to explore a relationship among policies of HRM capital along with the organizational performance in business as well as individual level. HRM is a need of today’s world every company whether it is small or large require HRM in order to get the best for its organization. Nowadays HRM is seen as an important position in every organization due to the reason that they hire best for the company by selecting the best talent.
Among the HRM system and performance workplace, climate plays a vital part in order to act as a mediator. The business community has also recognized the importance of successful HRM in the workplace. It is the duty of the manager to keep every staff member motivated by means of a challenge to get the best for the company. In any company, if there is an effective HRM it will contribute effectively to overall business and will also accomplish goals and objectives.

As HRM also hunts for talent so it will select best for the company for a future success of the business. If we put all things on the same page one would consider best for its company as they seem HRM as one of the most effective tools. HRM also ensures that the staff hired is best for the company and will be an asset for the future. HRM also makes sure that the employees are up to date and their training and expertise are also up to the mark. Employees are trained so that they would fulfill the needs of an organization. Development of new systems can be done easily using the creative HR tools which can be beneficial for the employee survey. Human capital decisions permit managers in order to spot areas of specific attention. HR function is to make all these functions and reforms for employees that will ultimately put a positive impact on overall business. HRM function is not just to hire employees but to have a look an overall business whether it’s hiring or firing or employee’s disputes with the organization all these matters are solved by HRM.

5 CHAPTER 5: PEOPLE RESOURCING

The study regarding human resource management has come a long way. In numerous companies, the knowledge and skills of HRM are increasing as different pieces of training come from HRM practices (Fong, et al, 2011, pp-704-705). The activities of HRM are defined to enhance the overall performance of an organization along with the employees to
achieve the goals of an organization (Boyne, Et.al, 1999 pp.419-420). The practices of HRM are raised to influence the performance of an organization. In this study, we will focus on the relationship between HRM practices variables along with the performance of an organization (Bratton and Gold, 2012 pp.77-78). Depending on the contribution of an employee the performance of an organization depends upon a number of factors (Clarke, et al, 2012, pp-702-703). There are different approaches of HRM practices along with business strategy so a number of different types of approaches along with factors are reflected in HRM practices.

5.1 Human Resources Planning

One of the most important aspects of HRM is that it needs to be proactive and comes up with an early intervention as at the time of recession a number of organizations want to survive so one of the ability is to retain its employees (Clarke, et al, 2012, pp-702-703). During the time of recession, one of the most important steps that were taken by HRM was downsizing its employees and they have to take harsh decisions by reducing the number of employees. Much of the time the work downsizing is often taken as negative but the fact is that neither the bad time nor the good time lasts longer (Joarder, et al, 2011, p-159). There should be appropriate learning facilities for organizations and for these facilities there should be an investment but main responsibility in terms of learning along with development eventually rests with individual who will provide necessary guidance along with support as necessary HR department (Alfes, et al, 2013, pp-855-856). They make and then share their vision along with upcoming future. They also provide employees with their supportive learning environment a place where capabilities will be discovered (Alfes, et al, 2013, pp-839-840).

5.2 Monitoring and review

If the employee is dissatisfied with the application of this policy by the line manager and is unable to resolve this matter informally, the employee needs to address this issue in
accordance with the grievance policy. As part of overall monitoring within the organization, the supervisor’s line manager will seek feedback from supervising staff and/or audit notes twice annually to ensure that the process is being carried out effectively and in a timely fashion. Trends in the labor market (both supply and demand) (The Balser Group – 2016 p.12-20)

- Competitor practices
- Technological change
- Political initiatives
- The social background
- Enhanced customer expectations
- Strategic clarity and consistency within the organization
- Corporate politics and the distribution of power.

5.3 Talent Management

There are a lot of possibilities regarding sustaining of human resource increasing role by means of greater employee engagement (Innocenti, et al, 2011, pp-303-304). Therefore, in order to change the perception of human resource incessantly human resource specialists needs to make their belts tighter along with getting ready for a number of challenging yet expressive activities which will help (Kouzmin, Et.al, 1999 pp.143-144).

5.4 Recruiting and Selection

In this fast pace environment, HR function is to make all these functions and reforms for employees that will sooner or later put a positive impact on overall business (Flynn, 2007 pp.nd). Nowadays, there is a difference among products that are offered from a number of different companies and due to that reason companies are making humans as an effective resource by creating the difference from others. While making strategic decisions, HR plays
an important role which previously was just a supportive faction. (Alfes, et al, 2013, pp-855-856). This all has become important as the workforce can help companies to improve the competencies. As of now, HR has grown to a much higher level so they also have possessed important qualities that are necessary in order to support the company’s overall objective (Boyne, 2002 pp.121-122). HR also makes it confirm that all the work is getting up to the mark in addition to that they are moving in the very same direction (Snape, et al, 2010, pp-1219-1220).

In lots of organizations, HR management important function is talent management. However, over the past decade, talent management has been considered as one of the most important factors in advancing business performance. Due to that reason success in terms of talent management has not been on the same page (Bratton and Gold, 2012 pp.77-78). Hence, a number of organizations emphases on leadership roles or those employees who have the capability to perform such roles and don’t have any sort of clarification of what they eventually consider as talent (Fong, et al, 2011, pp-704-705). Talented management and HRM has become terms that are interchangeable. So by means of different elements of talent management, these uncertainties along with confusion exist for a number of different reasons such as HR plans and succession planning (Boyne, Et.al, 1999 pp.419-420). It has been described that talent management itself is a strategic approach which comprises of interdependent procedures of 1st, for those persons who have talent essential on behalf of a specific employ, 2nd, retention of employees and 3rd, to attain preferable business presentation further emerging their talent, constantly. It has been further explained that only if management is talented can be achieved by means of optimum business performance (Clarke, et al, 2012, pp-702-703).
5.5 Recruitment Feedback & Complaints

All candidates who are unsuccessful after the interview should be informed in writing of the Panel's decision. For internal candidates (current employees) this must include an offer of a discussion with the Panel Chair, or nominee, to explain the reasons for rejection. If the candidate does not take up this offer of a discussion within two weeks of rejection, no further appeal (i.e. staff complaints) will be entertained. This offer does not extend to agency workers on an assignment at Southwark Council. Good practice requires Panel chairs or nominees to respond to inquiries from unsuccessful external candidates on the reason for their rejection, though this is not compulsory. It is noted that people can make a data subject access request under the Data Protection Act. In such circumstances, the Council has a legal obligation to disclose any information it holds on them within 40 days. All candidates will be offered written feedback concerning occupational assessment results and an opportunity for a supplementary telephone or face-to-face discussion with assessors. Internal applicants may register a staff complaint against the recruitment process where a complaint relates to the reason for rejection. After the interview, the employee needs to have taken up the offer of a discussion after the interview within the time-scale before the Complaint can be pursued. In these circumstances, the recruiting department hears the Complaint. There is no mechanism to hear complaints from agency workers on an assignment at Southwark Council or from external applicants. Potentially, however, a candidate may make an application to an Employment Tribunal that selection was unfair and discriminatory on the basis of protected characteristic* or trade union membership. In these circumstances, advice must be gained from HR. (Brian T. Denton 2013)

5.6 Selection and Interviewing

It’s always been a challenge to manage people or employees so in order to manage their employees' such service driven organization eventually take a long-term view in order to
monitor their workers (Ejnert, et al, 2013, pp-nd). There is always a strong emphasis on planning of human resource along with integration among management of people resource along with corporate business strategies which are highlighted in HRM. Other functions of HRM include caring of customers and clients. One of the necessary strategies of HRM is effective management (Joarder, et al, 2011, p-159). One cannot attain the goal without having full information of what is needed in the future along with a few employment trends. Every company has HR department despite the fact that what kind of size they are having a company capability depends upon the performance of its people (Alfes, et al, 2013, pp-855-856). Irrespective of whether the entire organization refers to them as HR Management the activities to maximize those abilities along with that performance are essential (Alfes, et al, 2013, pp-839-840).

5.7 Recruitment Processes- Implications

To comply with the requirements of the Disclosure & Barring Scheme the following steps apply. These are in addition to the safe recruitment practices that are set out in the Safeguarding Standards in Human Resources Management document and the requirement to undertake a check for criminal records (Disclosure check).

- **Information for candidates**: Every job that is advertised has a vacancy information document, and the requirement for a Disclosure / criminal records check must be outlined within the "Special Conditions.

- **Recruitment" section**: The Council's recruitment website jobs at Southwark, includes information on safeguarding that reflects our Disclosure & Barring requirements. Any microsites (e.g. for Social Workers) also incorporate this information. The Council's statement on the recruitment of ex-offenders (available on request) sets out the restrictions applicable for engagement in regulated or barred activities.
At interview: Every candidate interviewed for a role within a regulated activity must be asked whether they are barred from working with vulnerable groups (adults and/or children, depending upon the job). The following question needs to be covered: "The post you are applying for falls into regulated activity under the Disclosure & Barring Scheme: (Safeguarding Vulnerable Groups Act 2006). It is a criminal offense for a barred person to apply for or work in a regulated activity.

Are you being a barred person under the terms of the Disclosure & Barring Scheme?

The applicant must answer either "Yes" or "No".

Offer of appointment: All offers of appointment to posts in a regulated activity must be conditional on signed acceptance of the conditions of the contract. The contract will include the following under "Additional Terms & Conditions of Service Applicable to Your Post."

"This post has been classified as a regulated activity in accordance with the Disclosure Barring Scheme: Your employment in this post is conditional on the basis that you are not a barred person as set out in that Scheme. Were your status to change to a barred person, your employment in this post will be ceased."

Selection of Candidates from a Shortlist: The Interview: Appointment to all posts will be undertaken following a structured interview, by the recruitment panel. The interview must seek to select the best candidate based on the agreed criteria contained in the person specification. The form of the interview should be specific to the post. For particular posts, specialist selection methods may apply. For example, staff who have safeguarding responsibilities, (for vulnerable groups including children), must attend the second stage of targeted interviewing which specifically explores issues of future interaction with users.
At the close of the interview process: The Panel will consider all candidates independently, against the relevant person specification criteria, using the Council's marking system. The Panel must consider each applicant's suitability for appointment against all the criteria, considering essential criteria first and then looking at desirable criteria as a means to distinguish between candidates. Some criteria may have been tested at shortlisting stage or be informed by occupational assessment. But the Panel must review a candidate's achievement against all criteria. As at shortlisting when deciding on whether a candidate has met essential criteria and then selecting between candidates:

- The Panel should aim to reach a consensus.
- If it is not possible to reach a consensus the majority view will prevail.
- If the Panel is equally split, the view of the Chair will be the decisive one. The Panel Chair will record the Panel's marks for each candidate, plus any notes on a candidate's performance. This is the official decision of the Panel and no other records will be retained.

- **Occupational Assessment:** Occupational assessment is objective in nature and provides a consistent evaluation of candidates' skills. It provides information to help recruitment Panels differentiate between the qualities of job candidates. Decisions on job offers, however, continue to rest with the recruitment Panel. By exception, all posts grade 14 and above will include some form of occupational assessment. Occupational Assessment must only be undertaken by the Council's in-house service or organizations that they have approved.

- **Reserve List:** Reserve lists may be held after the interview. Candidates who meet all essential criteria but were not appointed on the specific occasion may be contacted...
and asked if they wish to be held in reserve for further consideration. Placement on a reserve list will not constitute a job offer. In all cases, there must be a time limit placed for holding the candidate as a reserve. (Cambodia 2016)

- **Selection Tests:** The significance of human resources for the achievement of organizations is an issue widely recognized both by related study flows by means of the strategic management of human resources along with those related to the knowledge-based business vision (Innocenti, et al, 2011, pp-303-304). They are very hard to imitate along with difficult to replace (Kouzmin, Et.al, 1999 pp.143-144). Employee reviews give them an opportunity to talk to their managers about the area of improvement goals and competencies that needs to be developed. So from that point, it is one of the most effective and efficient ways in order to keep track of their performance (Flynn, 2007 pp.nd). They also help HR to improve their performance so that a company can get the best of benefit. At last different reviews from employees prove as a positive step in the way to improve the performance of HR. So in case, a history of the employee is provided they can eventually identify his or her high or low performance by the skill which is provided (Alfes, et al, 2013, pp-855-856).

- **Post Interview Checks:** If successful at the interview stage the candidate will be made a job offer, subject to certain conditions being met. The conditions will vary between posts but will always include the following:

1. **References:** The receipt of satisfactory references. It is possible to apply for references but should these not be considered until after all the interviews have taken place, different arrangements apply for safeguarding jobs. Noting –

2. **Internal candidate:** at least one reference is required from the employee's current manager.
3. External candidates and agency workers: two references are required. One of which must be from the candidate's current or most recent employer (or educational establishment).

- **Candidates for safeguarding jobs:** special arrangements apply, e.g. in total 10 years of any employee should be covered. (Krishna Bista – 2012)

- Personal references are of limited value: “To Whom it May Concern” replies are not acceptable. There is no obligation to seek references solely from those names put forward by the candidate. But the Council must advise candidates before contacting anybody else for a reference. The Panel Chair will be asked to sign off references received as acceptable before a job offer is confirmed.

- **Disclosure of Criminal Convictions:** The Rehabilitation of Offenders Act enables criminal convictions to become “spent” after a period of rehabilitation. If a person does not re-offend during this time the conviction is considered to be spent and the individual is not legally obliged to mention it when applying for a job. Certain occupations have an exemption from the Rehabilitation of Offenders Act. For these roles, candidates must declare all convictions, including those which are considered as spent and are not protected (certain old and minor convictions and cautions are not subject to disclosure). Candidates are asked to provide details of criminal convictions on their application form. They are advised that failure to declare a conviction for whatever reason may result in withdrawal of the job offer or termination of employment. Where a conviction is declared the Panel Chair must be notified. The Panel Chair must then consider this alongside the other recruitment information, e.g. interview notes, references. The fact that a person has a criminal record will not necessarily exclude employment. Each case will be considered on its merits, using the
guidance "Recruitment of Ex-Offenders", and a decision should be taken by the Panel Chair in conjunction with HR. (Barry Cushway – 2016 P.49)

- **Disclosure & Barring Service Checks (Criminal Record Check):** HR maintains a list of roles that require a Disclosure and Barring Service Check and/or checks against the barred lists held by the Disclosure and Barring Service. Information received is sensitive and personal and there are clear rules on handling and considering data. Any decision to withdraw an offer of employment based on information received rests with the Panel Chair, in liaison with HR.

- **Medical Fitness:** All candidates (internal and external) must be medically fit to undertake the duties of the job applied for. Most applicants will need to complete a medical questionnaire from which the Occupational Health Service will decide whether a medical examination or other checks are required. Questionnaires should only be completed once a job offer has been made (i.e. after the interview). For some internal appointments where the new job represents fundamentally similar work, a medical assessment is not necessary. If a reference received indicates a high level of sickness absence or some other medical-related concern, HR will alert the Occupational Health Service so that they can take this into account when determining whether the candidate is medically fit for the job. Any decision to reject on medical grounds is taken by the Panel Chair in consultation with HR, on the basis of all the available information.

- **Qualifications:** Where a job requires that the post holder has a specific qualification the original certificate must be presented to HR. A copy of the certificate will be retained with the candidates' records.

- **Rights to Work in the UK:** As an employer, the council has a statutory responsibility to ensure that every candidate who is offered employment has the entitlement to work
in the UK. Any successful candidate, prior to commencing with the Council, is required to prove their eligibility for employment. You should refer to the council’s guidance on checking a candidate's eligibility to work in the UK.

- **Relationships**: The application form asks the candidate to declare if they are related to a Councilor or current employee of the Council. Where a candidate declares a relationship, this must be referred to the Chief Officer (as delegated) to verify any decision on the appointment. The Council will disqualify any applicant who directly or indirectly seeks the support of any Councilor for an appointment with the Council. This does not prevent a Councilor from acting as a reference for a candidate.

- **Introduction to the Organization**: As if comprises of quick and corrective action so that they could be addressed when these issues are small. So for this quarterly as well as semiannually reviews are very helpful as they are also required. For this reason, there should be quarterly and semiannually reviews in order to enhance the performance (Boyne, 2002 pp.121-122). It should be well understood that an organization is getting all types of investment from the employees they have hired in case they have hired competent employees than they will get a positive return. Organizations always make sure that the training is effective and efficient and performance of employees is essential (Snape, et al, 2010, pp-1219-1220).

**5.8 Release from the Organization**

In knowing high performance along with high potential employees it always seems like a very crucial step. If a company is not in a position to provide salaries or contribute much towards their employees yet, they acknowledge that their presence is essential, (Bratton and Gold, 2012 pp.77-78). By means of employees that are talented always be prepared for a succession plan which eventually helps organizations in order to replace them at the time when there is a crucial time for the company (Fong, et al, 2011, pp-704-705). Even those
employees that are high potential or who have a high performance can lead towards great help for the organization. At the time of an economic setback process that is inefficient are not affordable. A system in which talent movement is automated eventually has an ability in order to make process cost effective and it will increase the level of employee satisfaction (Boyne, Et.al, 1999 pp.419-420).

There is always a great saying that nothing is important than people and this is to some extent true that in case of ignoring talent in any organization is not affordable. Some steps are important in the case of talent management (Clarke, et al, 2012, pp-702-703).

An organization strategic plan is important in the first step in which an indication is required regarding skills in an organization as this will also give an idea that what talent needs to contract out.

Required talent should be sourced.

A detailed description of the job should be provided.

In order to select the best candidates, provide interviews based on behavior.

For new employees conduct orientation programs so that they would be familiar with the culture of the organization along with the work area (Ejnert, et al, 2013, pp-nd).

In case of retaining of employees that are talented don’t depend upon the part that what is paid to them so few interviews are conducted in case of high-performance employees can be given below:

- The culture of an organization plays a vital role in which an environment is created that what makes people in and out of job (Joarder, et al, 2011, p-159).
- The difference in opinion between employee and organization can also drive an individual to leave a particular job.
- There should be a god in relation to the manager and employee.
In terms of decision-making task, there should be decentralization (Alfes, et al, 2013, pp-855-856).

Development should be two ways between organization and employee needs. As it eventually plays a vital role in terms of talent management. So in the case of development, it should be in following terms.

- Information,
- Abilities,
- Performance,
- Attitude.

Every employee profile must be fully assessed in case there is any incompetency it should be amended. There should not be a specific focus on developing weakness but there should be an equal focus in terms of strength (Alfes, et al, 2013, pp-839-840). There should be a number of workshops in order to provide a training program which should eventually be linked towards the strategic needs and wants of an organization. In terms of the development of program mentoring plays a vital role as this gives an employee feeling that he belongs to that organization (Innocenti, et al, 2011, pp-303-304).

Talent can be identified by making talent camps as it is one of the components of talent management but in terms of actual performance, it gives you a clear understanding that whether this talent is usable or it is not usable (Kouzmin, Et.al, 1999 pp.143-144). So there should be an indebt focus towards human resources for an organization in order to succeed in today’s competitive world. Its process starts by making them a high-performance candidate and investing in them in order to make them great leaders (Flynn, 2007 pp.nd). As in this world, talent management is always a great challenge as now a day’s organization changes itself with new and innovative ideas which can eventually lead it towards growth along with
success (Snape, et al, 2010, pp-1219-1220). Thus by carting an effective talent management strategy it will help an organization to place the right people for the right job and will benefit the organization in future (Alfes, et al, 2013, pp-855-856).

The main purpose of this study was to explore a relationship among policies of HRM capital along with an organizational performance at business as well as individual level. HRM is a need of today’s world every company whether it is small or large require HRM in order to get the best for its organization. Nowadays HRM is seen as an important position in every organization due to the reason that they hire best for the company by selecting the best talent. Among the HRM system and performance workplace, climate plays a vital part in order to act as a mediator. The business community has also recognized the importance of successful HRM in the workplace. It is the duty of the manager to keep every staff member motivated by means of a challenge to get the best for the company. In any company, if there is an effective HRM it will contribute effectively to overall business and will also accomplish goals and objectives.

As HRM also hunts for talent so it will select best for the company for the future success of the business. If we put all things on the same page one would consider best for its company as they seem HRM as one of the most effective tools. HRM also ensures that the staff hired is best for the company and will be an asset for the future. HRM also makes sure that the employees are up to date and their training and expertise are also up to the mark. Employees are trained so that they would fulfill the needs of an organization. Development of new systems can be done easily using the creative HR tools which can be beneficial for the employee survey human capital decisions permit managers in order to spot areas of specific attention. HR function is to make all these functions and reforms for employees that will
ultimately put a positive impact on overall business. HRM function is not just to hire employees but to have a look an overall business whether it’s hiring or firing or employee’s disputes with the organization all these matters are solved by HRM.

6  CHAPTER 6: MOTIVATIONS AND JOB SATISFACTION

Employee satisfaction is the terminology used to describe whether employees are happy and contented and fulfilling their desires and needs at work. Many measures purport that employee satisfaction is a factor in employee motivation, employee goal achievement, and positive employee morale in the workplace. Employee satisfaction, also known as job satisfaction, is the extent to which an individual is happy with their job and the role it plays in their life. The extent to which employers prioritize employee satisfaction depends on the employer and the industry the Hawthorne studies and the work of George Elton Mayo in the 1930s put the link between employee satisfaction and productivity on the radar. Satisfaction researchers tend to differentiate between effective satisfaction and cognitive job satisfaction affective satisfaction is the sum total of pleasurable emotions and feelings associated with the job and its place in the individual’s life, whereas cognitive satisfaction refers to rational satisfaction over particular facets of the job e.g. pay and day-to-day responsibilities. (OECD – 2016)

6.1  Job satisfaction in UK public sectors

Job satisfaction in the public sector is at its highest level in four years and wider post-referendum optimism is evident among UK employees. However, there is still ample room for improvement in employee development and career progression, which employers must address quickly so as not to lose valuable talent. (Baker & Evans 2016 p254)

“This is according to the latest CIPD/Halogen Employee Outlook report. The survey of more than 2,000 employees found that 63% of employees are satisfied with their jobs, rising to
two-thirds (66%) in the public sector, the highest level for that sector since autumn 2012. However, public sector employees still report higher levels of pressure and exhaustion at work than any other sector. Two in five public sector workers (43%) say they are under excessive pressure at work at least once a week (all employees: 38%), and nearly half (46%) say they come home from work exhausted either always or often (all employees: 33%).

6.2 Evidence of post-referendum optimism:

- More than half of employees (57%) believe it is unlikely they will lose their current main job, with one in ten (12%) saying they think it is likely.
- Almost half (48%) feel there has been no change to their financial security since the start of 2016, and a similar number (47%) feel there will be no change in the next 12 months. (Reybrouck 2016)
- The majority of employees believe the Brexit decision will make little or no difference to:
  - Organizational costs (53%)
  - Workforce training and skill development (60%)
  - Investment in equipment and technology (61%)"

Claire McCartney, Associate Research Adviser at the CIPD, the professional body

6.3 HR and people development, commented:

“It’s fantastic to see such a leap in job satisfaction in the public sector since our last survey in the spring, especially in such uncertain times for the UK. There was a great deal of uncertainty before the referendum, so people might be feeling more settled, and many will be happy with the outcome based on their voting decision. Other reasons could include the optimism that usually comes with a new government, and it could be that some of the new messages we’re hearing on fairness and equality might be resonating with public sector workers. “Despite this positive outlook from public sector employees, the fact remains that employees in this sector are most likely to suffer from excessive pressure at work and
exhaustion. This shouldn’t be overlooked, as it can create real problems for employers and individuals. Previous research has shown that the public sector also has the highest levels of absence and number of employees coming into work ill by some margin, so it’s crucial that employers address these issues before workers burn out and satisfaction levels take a nose dive.”

The survey also found significant room for improvement in employee development and career progression across all sectors. A third of employees (33%) say they are unlikely to fulfil their career aspirations in their current organization, over a quarter (27%) disagree that their organization provides them with opportunities to learn and grow, and a similar number (24%) are dissatisfied with the opportunity to develop their skills in their job.

There is also a noticeable implementation gap between the training that employees find useful and the training they actually receive. For example, 92% of employees said they find job rotation; secondment and shadowing useful, but only 6% have received it in the last 12 months. Similarly, 81% said blended learning was beneficial, but just 4% have received it over the last year. On the other hand, only 59% of employees flagged online learning as useful for their development, but 25% have still received it, suggesting that learning and development investment may not be targeting the areas of most use to the workforce.

6.4 McCartney continues:

“In today’s world of work, organizations are increasingly expected to think about the two-way employment contract, giving employees opportunity to develop transferable skills that will support them throughout their careers, not just in their current roles. This can be a mutually beneficial arrangement - employees can have more autonomy over their career paths, and employers can be agiler to shape their workforce to fit their business needs. (OECD 2016) “But in order to hold up their end of the deal, employers need to position line managers to support employees’ career progression. This should include having regular
development conversations with employees to help them take the steps needed to develop and fulfill their potential. They also need to choose training and development that is right for their staff, not just the most economical. To do this, they must ensure that they are listening to what their employees need in order to make sure training and development are relevant and effective enough to plug skills gaps, as well as improve employees’ ability to do their jobs well.”

6.4.1 Figure 8: Abraham Maslow’s Motivational theory in practice at Tesco.

At the bottom of the pyramid are basic needs, those that motivate people to work food and shelter. Once these needs are met through pay, individuals want safety and security through, for example, good job conditions. Social needs refer to the need to belong, to be part of a group. Self-esteem may arise from a promotion. Right at the top is Self-fulfilment - the area for creativity, challenge and interest. Maslow suggested that achieving one level motivates us to achieve the next.
Herzberg:

6.4.2 *Figure 9 Frederick Herzberg Two Factor theories.*

In 1959 Frederick Herzberg developed the Two-Factor theory of motivation. His research showed that certain factors were the true motivators. Hygiene factors, in contrast, created dissatisfaction if they were absent or inadequate. Dissatisfaction could be prevented by improvements in hygiene factors but these improvements would not alone provide motivation. Herzberg showed that to truly motivate an employee a business needs to create conditions that make him or her feel fulfilled in the workplace.

Tesco aims to motivate its employees both by paying attention to hygiene factors and by enabling satisfiers. For example, it motivates and empowers its employees through appropriate and timely communication, by delegating responsibility and involving staff in decision making. It holds forums every year in which staff can be part of the discussions on pay rises. This shows recognition of the work Tesco people do and rewards them. Tesco staff can even influence what food goes onto its restaurant menus. Employees thus become motivated to make choices that will increase their use of the restaurants. (Woods & West – 2010)
6.5 Employee benefits in Southwark Council

Southwark recognizes that people work best when they have a satisfactory balance between their paid work and the remainder of their lives; as individuals, carers, and members of the community. This topic contains an introduction to flexible working and information on options to support work-life balance. Agreement to an employee's request to take up the opportunities described in this topic rest with departmental management.

The Council offers a number of flexible working opportunities and employee benefits that support work-life balance and allow teams to use space, facilities, and technology in a way that will better support them in their jobs. With the exception of the Council's flexitime scheme, agreement to take up any of the following options rests with departmental management on a person by person basis taking account of the needs of the team, the job, and the individual. Decisions are dependent on some guiding principles (Rosenbloom 2005)

- The needs of the service come first,
- Adoption of one of the options is not an employee entitlement,
- Equity means equal access to a fair process (it does not mean everyone gets the same)

6.5.1 Employment Break Scheme

The employment break scheme is a means of maintaining a professional relationship between the Council and people during periods when they want to take a break from their working lives. Its scope includes people of all ages who have reached a point in their lives where they want a period away from work but with the intention of returning later. The maximum period for an employment break is 3 years, except for maternity-related reasons where the break can be extended to 4 or up to 5 years from the date that the maternity leave commences. Where employees take a break for maternity-related reasons for more than 3 years they must seek advice from the Pensions Service on the impact to them and their future pension entitlements before any final decision is taken. This will be the individual’s responsibility. People can only
buy back pensionable service for a maximum of 36 months. The benefit for the Council is to maintain contact with those with valuable skills and experience who will be a real asset in the future. The scheme will encourage return and make re-entry to work easier and more productive. (Wolters Kluwer Editorial Staff 2016)

6.5.2 Flexitime Scheme
Business units have the facility to offer staff flexitime working, without implementing a contractual change. The scheme allows staff to work flexible start and finish times and to build up hours worked in excess of their contract to take as half or full working days flex leave. It is available to all eligible employees below JNC level, including job sharers and part-time workers. Key elements of the scheme are:

- Eligibility for the scheme is a management decision in consultation with the staff concerned and their representatives. Chief Officers have the full discretion to exclude particular business units or posts from the scheme (or amend the scheme*), due to the exigencies of the service.

- All staff must be in the workplace from 10 am to 12 noon and 2 pm to 4 pm*.

- Starting and finishing times may take place between am to 10 am and 4 pm to 6 pm*. Staff will carry over excess hours or debits from one reporting period (i.e. 4 weeks) to the next. The maximum credit that can be carried forward is 15 hours; a debt of 7 hours can also be transferred between reporting periods. Any credits in excess of 15 hours will be forfeited. Unworked hours in excess of 7 will be regarded as an unpaid absence. (For both credits and debits the manager has the flexibility to agree on variations in exceptional circumstances).

The persistent accumulation of debit hours in excess of the balance may, in addition to the loss of salary, lead to disciplinary action against the person concerned and removal from the flexitime scheme. (Holland, S Burnett & Millington 2015 p68) Staff can take up to 2 days flex leave where hours are accrued. As with all planned absences, authorization for flexible
leave must be gained in advance and will need to be considered subject to the exigencies of the service.

6.5.3  **Flexi Break Scheme – (School Break Scheme):**
This allows staff to work their contractual hours during school term time only, with time out taken at half term holidays, Christmas, Easter, and summer school breaks. A scheme is a form of flexitime with days taken off in recognition of the build-up of hours in excess of the person's contract; and as such eligibility excludes JNC staff. The employee works a longer week than their contracted hours during term time, these hours are "banked" to be taken alongside annual leave during the school holidays. (Note, for some staff adjusting their start and finish times may not be possible. These staff may opt to reduce their contractual hours but continue to work their original start and finish times during term time so that they bank sufficient hours for the schools' breaks).

Employee Benefit: Southwark Council believes its employees are prized resources which are reflected in the wide range of benefits that are provided to attract, develop and retain their employees. In addition to all of the above Southwark Council also motivates its employees by facilitating and investing in the following employee benefits:

6.5.4  **Car Leasing Scheme**
The Leased Car Scheme gives eligible employees the opportunity to contractually hire any appropriate vehicle over a three-year period. Only environmentally friendly cars with an approved emission rating of below 120g per km will be permitted. The leased car must also fall in the insurance group range from 1 to 20.

6.5.5  **Childcare Voucher Scheme**
The government has proposed the introduction of new measures to support working families, including a tax-free childcare scheme in 2017. In advance of these proposals, the council is extending its childcare voucher scheme until March 2017. This supports our commitment to work-life balance and can help parents save money on their childcare costs.
Confidential counselling and support

Employee Assistance Programme (EAP):

Southwark Council is committed to providing a safe and healthy work environment for its employees; an environment in which all staff feels supported and inspired to work to the best of their ability. However, matters which cause us concern, whether of a work or personal nature, have no respect for time and may arise when we least expect them, any time day or night, during the working week or at the weekend or during holidays. To complement our existing services and offer employees around the clock access to confidential, independent, professional information and emotional support, Southwark Council has appointed Workplace Wellness to provide a new and independent employee support service, the Employee Assistance Programme (EAP)

6.5.6 Cycle loan scheme
The council’s cycle loan scheme allows employees to take out an interest-free loan to purchase a cycle which will be used in their commute to work.

6.5.7 Cycle to Work scheme
The cycle to work scheme is a government approved salary sacrifice initiative which allows you to hire a bike and accessories from the council for the purpose of cycling to work. The scheme allows you to make savings against your tax and national insurance contributions. Depending on your personal tax band, you could save up to 42% against the price of a new bike. Southwark buys the bicycle and then hires it to you for 12 months. Your salary is adjusted to cover the value of the bike and accessories hired by the council. At the end of the hire period ownership of the cycle is passed across to our scheme partner, Halfords. They may then choose to let you purchase the cycle and any accessories.

6.5.8 Employee discounts Platform
Our staff discounts portal is an exclusive online shopping platform for Southwark employees. It is available 24/7, allowing you to access from home and shop at the time that suits you
best. You can visit the platform as often as you like. The discount portal is compatible with Smartphones and tablets, giving you complete freedom to take advantage of these offers in your own time.

6.5.9  Eye Care Scheme
Southwark Council's eye care scheme is for existing display screen equipment (DSE) users and new employees who are to become DSE users as they must have an appropriate eye and eyesight tests.

6.5.10  Eyeing up a good deal:
The eye care scheme will reimburse employees for the actual cost, up to a defined maximum via Employee Self Service (ESS) for:

- Basic eye test (addressing both the function and the health of the eye). Employees will be reimbursed for the actual cost up to a maximum of £20.70.
- A basic pair of VDU corrective spectacles. Employees will be reimbursed for the actual cost up to a maximum of £55.

6.5.11  HSF health plan:
The council has made arrangements with HSF (a not for profit organization), to offer medical cash plans, at a discount, to Southwark employees.

6.5.12  Season Ticket Loan Scheme:
How does the scheme work? The Council allows eligible employees to take out a loan to purchase an annual season ticket for travel between home and place of work. Employees on fixed-term contracts are eligible providing the contract is not less than the repayment period. The loan must be for less than £10,000. Repayment of the loan will be made by 12 monthly instalments deducted from salary. There is neither administrative charge nor interest on the loan.
6.5.13 Long service awards
Employees will be considered for a long service award upon completion of either: 25 years’ continuous local government service of which the last 15 years’ continuous service has been with Southwark Council; or 20 years’ continuous service with Southwark Council. A further long service award may be granted upon completion of 40 years’ continuous local government service, 20 years of which must be with Southwark Council. The award is made through an e-voucher to the value of £600 to staff with 20 / 25 years’ continuous service as described above. The value of the voucher awarded on completion of 40 years’ continuous local government service (of which 20 years is with the council) is set at £900. The HR Resource Centre will contact employees when they become eligible for this award.

6.5.14 Corporate health and safety policy
Southwark Council, through its Chief Executive and Strategic Directors, is committed to continual improvement in health, wellbeing and safety performance with the ultimate objective of causing no accidents or ill-health to our staff or any other persons who may be affected by our activities.

Through this policy, it is the intent of Southwark Council to comply with and discharge all our statutory responsibilities as a minimum and, beyond that to fulfil our wider social responsibilities. This will be achieved by adopting best practice within the sectors in which we operate. Southwark Council recognizes that to achieve the above objectives, it is essential that our promotion of high standards of health, wellbeing, and safety is based on a systematic and proactive approach founded on quality risk assessments, appropriately defined risk control measures and continually monitored risk management processes and procedures.

Equally, while the Chief Executive and the Strategic Directors accept that they have the overall collective responsibility to ensure that appropriate health and safety provisions are identified and implemented, all members of staff are expected to carry out their duties in such
a way as to ensure their own and others’ health and safety, and must actively support the implementation of this Policy.

In implementing this Policy, it is the senior leadership commitment to provide:

A proactive environment to reduce health and safety risk to our staff, residents and anyone who may be affected by our undertakings

A safe and healthy working environment based on systematic and regularly reviewed risk assessment and the implementation of appropriate risk control measures

A positive health, safety and wellbeing culture which encourages staff to take an active role in health and safety within the organization and feel free to raise any concerns they have regarding health, safety and wellbeing issues

Open and inclusive communications on all matters relating to health and safety, including engagement and consultation via trade union representation

Procure and maintain plant, machinery and implement systems of work that are, so far as reasonably practicable, safe and without risk to health

Sufficient and appropriate health and safety training, tailored to the needs and activities of the various roles and functions undertaken by our staff.

- Corporate and departmental initiatives to implement the employee health and wellbeing strategy.
- Necessary resources to enable Southwark Council to meet the requirements of the health and safety policy.
- This Policy statement and the processes will be regularly reviewed to ensure the objectives of this Policy are being met on a day-to-day basis within the organization.

### CORPORATE HEALTH AND SAFETY ACTION PLAN 2017-2018

<table>
<thead>
<tr>
<th>GOALS</th>
<th>ACTION BY</th>
</tr>
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<tbody>
<tr>
<td>ISSUE OF REVISED CORPORATE HEALTH AND SAFETY POLICY</td>
<td>CE, HCFM</td>
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</tbody>
</table>
STATEMENT

| UPDATING OF SOUTHWARK SAFETY MANAGEMENT SYSTEM | CE, HCFM |
| CONTINUOUS DEVELOPMENT OF EMPLOYEE HEALTH AND WELLBEING STRATEGY AT CORPORATE LEVEL AND IN ALL DEPARTMENTS | CE, CHIEF OFFICERS, HHR |
| REVIEW THE ON-GOING IMPLEMENTATION OF AGREED ACTIONS IDENTIFIED BY ENFORCING AUTHORITIES | CE, CHIEF OFFICERS, DIVISIONAL SERVICE MANAGERS, HCFM |
| SUCCESSFUL IMPLEMENTATION OF ALL NEW HEALTH AND SAFETY LEGISLATION | CHIEF OFFICERS, DIVISIONAL SERVICE MANAGERS |
| 10% REDUCTION IN MAJOR AND REPORTABLE ACCIDENTS ACROSS THE COUNCIL FROM 2016/2017 LEVEL | CHIEF OFFICERS, DIVISIONAL SERVICE MANAGERS |
| IMPLEMENTATION OF DEPARTMENTAL SAFETY AUDIT PROGRAMMES | CHIEF OFFICERS |
| INVESTIGATION AND FOLLOW UP OF RECOMMENDATIONS FOR ALL MAJOR AND REPORTABLE ACCIDENTS/INCIDENTS | CHIEF OFFICERS, DIVISIONAL SERVICE MANAGERS |
| REVIEW OF RISK ASSESSMENTS AND IMPLEMENTATION OF IDENTIFIED CONTROLS | CHIEF OFFICERS, DIVISIONAL SERVICE MANAGERS |
| PUBLISH ANNUAL SUMMARY OF HEALTH AND SAFETY PERFORMANCE | DM, HCFM |

KEY

| CE – CHIEF EXECUTIVE |
| DM- DIRECTOR OF MODERNISE |
| HHR- HEAD OF HR |
| HCFM-HEAD OF CFM |

6.5.15 Figure10: Corporate health and safety action plan 2017-2018

In this report, I chose Tesco and Southwark Council as an example. As you can see above I have listed few of the many employee benefits at Southwark Council. Having said that I am mindful there are many employers who are trying everything they can to motivate and satisfy their employees. On the contrary, there are also as many employers who are doing
completely the opposite to their employees. The direct result of treating employees badly is high staff turnover, low staff morale, and productivity. In the long run, any employer who suffers high employee turnover will never succeed. Their money will be wasted on advertisement and training, not only that employee with low staff morale will not be productive; they will not take any responsibility for what they do on a daily basis. They will be arriving to work late; they are absent from work regularly. As a result, the company will lose its customers and will get a bad name. Therefore, the success of any organization is making sure employees are happy and motivated at all time. (Houghton 2016 p83)

6.6 Conclusion
Sometimes employee turnover seems to be interrupted when an employee who wants to quit become inefficient (Kotey and Kotey, 2017 pp.369-370). In this research, I have done several analyses on employees and came to know that in case there are an increasing number of voluntary turnovers it will slow down the performance of an organization (Pernicka and Reichel, 2014 pp.252-253). But on the other hand, some researchers showed that this turnover might be in favour of organizations. According to a recent study, it was shown that company performance could be enhanced if turnover will be very short or very long tenure. It is also shown that job retention has a direct connection with job performance (Knight, 2014 pp.95-96). Most of the employees responded that they leave their job when they became dissatisfied with their job so for that reason motivators are used in order to restrict them to a company (McGrail, 2015 pp.nd). There is another fact that when employees are dissatisfied with their job and yet they are attached to that organization will be a negative effect on the entire organization (Terera and Ngirande, 2014 pp.49-50). Job satisfaction in the current job is a predictor that whether the employee will leave a job or will stay in that job (Stone, and Deadrick, 2015).
In the UK most of the citizens are working in the private sector due to the reason that all brands and products have an outlet in London (Ertürk and Vurgun, 2015 pp.45-46). It has also been confirmed in the results that turnover will be high in private sectors mainly in those of regulatory authority. So there are limited numbers of employees in the public sector (Das and Baruah, 2013 pp.15-16). As far as employee’s retention is concerned the regulatory authority plays a more significant role in presenting human resource system which will eventually emphasize on the training as well as the development of new employees (Cahoon, Caesar and Fei, 2014 pp.nd). So it is more important to develop a system of human resource development mainly in organizations of public sectors (Karpinska, Henkens, and Schippers, 2013 pp.1334-1335). It is also true to some extent that most of the public sectors don’t have any specialized human resource department. This is true to an extent that most of the respondents told that their organization doesn’t have any particular department which concentrates on retaining their employees (Tran, 2016 pp. 1779-1780). In short, there should be many efforts in order to retain employees with an organization for the long term as it will not be in favour of employee but also for the whole organization (Green, 2013 pp.186). There is a great need for organizations in order to retain their employees to face the competition. To retain the employees there are various variables such as training and development, competitive salary and job security (Blatter, Et.al, 2015). It is not just a mixture of intrinsic and extrinsic variables but a whole bunch of motivators should be included in order to retain an employee. In this research, I also came to know that employee’s turnover is not favourable for the company as well as employees so both the employees and company should make possible steps in order to restrict turnover and retain the best employees (Osibanjo, Et.al. 2014 pp.83-84).
7  CHAPTER 7: PERFORMANCE MANAGEMENT

7.1  Performance Management

The Performance Management Scheme links the performance of the individual employee to the attainment of organizational aims. It is a rigorous approach to service excellence by recognizing hard-working employees and rewarding them accordingly. The Scheme applies across the Council and to all employees. All employees participate in the Council’s performance management scheme and the achievement of stated objectives and targets by an individual over an agreed period might lead to reward, e.g. the award of an increment or another positive outcome (participation in particular training). It is essential that pregnant employees and those who have taken shared parental leave or adoption leave should not be disadvantaged. In applying the scheme, therefore: (George F. Farris – 2016)

- The period over which targets and objectives are assessed may be reviewed; with an assessment period of less than a year.
- Targets must be realistic. For example, following the leave, the manager and employee should work together on re-inducting the employee to the workplace and outputs may differ during this period.
- Where practical the manager and employee may complete an assessment immediately prior to the commencement of leave where it is known that the absence will span the normal end of year assessment period.
- On occasions, the award of an increment may be dependent or influenced by the achievement of an overall team target. It is essential that the employee is not treated less or more favourably than other employees within the team through a period of absence that is related to pregnancy or parental/adoption leave.
- Pregnancy-related sickness absences should be discounted when considering an employee’s sickness absence in the award of an increment.

7.2 Employment practices

7.2.1 Basic Principles:
Performance Management identifies the relationship between the Council's overall values and objectives. Business plans and performance plans the employee’s contribution. Performance Management applies to all employees and at all levels. Timing is consistent. This includes people working on temporary contracts, though the manager may reasonably minimize the supporting paperwork for people on a very short term, casual contracts. Performance Management gives clear direction to all employees on what they are expected to do full fill and achieve their objectives. Employees should be supported to improve their performance, through the normal supervisory process, learning & development opportunities, etc. (Ambrose E. Edebe, MBA Ph.D. – 2013)

Performance reviews take account of the whole contribution made by the employee. It is not solely about tasks but will include employees; absence record, conduct, capability, learning & development. Success is rewarded; this may be financial or non-financial. The Performance Management scheme is the only mechanism used by the Council to determine incremental awards.

Supervision & performance reviews
Normal supervision should continue throughout the year. All employees need to have regular feedback as well as prise plus continue reassurance when they go the extra mail to achieve their expectation. Discussions should not take place only when things have gone bad. Regular supervision should, however, be supported by formal performance reviews. Group
objectives may be set for teams. But the individual in order to discuss their contribution to team objectives achievement as well as their learning and development of each employee, individual performance review meetings need to be arranged for each and every employee. Meetings must take place at least 6 monthly. Characteristics of the review are as follows. Review meetings are one-to-one discussions between the Manager and the employee. They consider progress against the agreed work plan and learning & development plan. The employee will be given a chance to have a leading role within the discussions, providing evidence on the areas of achievement against the work plan and learning and development plan.

In order to reinforce successful behaviour and encourage changes, feedback needs to be constructive, positive and specific. Areas of under-achievement are very important to discuss but it has to be in a supportive and in the form of constructive criticism. Where possible it is advisable to avoid blame and punishment. However, if there is a need to clarify sustained poor performance can be addressed via a capability procedure. The meeting creates a chance to go through the details and contents of the work plan to reflect any changes in circumstances. Revised items should be agreed following the same principles applied to the original plan. In agreeing changes to the work plan it must be clear to the employee that the annual review will take account of the whole contribution made by the employee for the whole of the year and not the latest objectives/targets alone. In some cases, changes to the work plan part year will be made with the knowledge that annual performance will not lead to financial reward (e.g. sickness level has already far exceeded acceptable levels by the time of the review). Performance management remains valid to improve the employee's contribution to the workplace and to clarify expectations. (N.M. Ashkanasy, R.Bennett, M. J Martinko 2016)
Annual review: Both parties should prepare for the annual review. As described above, the review looks at the whole contribution made by the employee for the whole of the year and not limited to the immediate targets pre-annual review. The annual review must take account of all targets set, including extension targets, and of sickness absence levels. The review meeting is structured and is designed to be as flexible as possible for the employee and the manager to agree together. Employees are however encouraged to take the lead at the meeting as they are at the regular achievement review session. A suggested 8-point plan is:

- **Step 1** - Share assessment of performance during the whole of the review period, normally 12 months. Base on the work plan, looking at achievement against targets, participation in learning and development, sickness absence levels and links to other procedures e.g. discipline (see below).
- **Step 2** - Recognise and celebrate achievements.
- **Step 3** - Try and pinpoint if there is the need to improve performance then make a clear plan to achieve them.
- **Step 4** Decide ways of assisting the employee with his or her line manager so the highest possible performance can be achieved.
- **Step 5** – agreement on training and development plan is very important to the above points in step 3 and 4 can be achieved.
- **Step 6** - Establish a work plan for the following 12 months.
- **Step 7** – It is very important to make a plan to make regular contacts as well as review discussion which leads to the next yearly review and meeting
- **Step 8** - Both parties to be clear on the outcomes of the meeting, including where applicable whether the manager supervisor will recommend the payment of an increment. (Falcone, WINSTON TAN – 2013)
- **The Manager should retain a written record of the meeting.**
7.3 Links to other procedures

Performance Management considers the whole contribution made by the employee. There is a link between Performance Management and whether an individual:

- Is incurring high levels of absence
- Has "live" disciplinary action on the files
- Has satisfactory timekeeping
- Is meeting core standards on monitoring, reporting, customer focus responsibilities and attending learning and development etc.

7.4 Outcomes: Possible outcomes of the annual review can include -

Rewards, which may be financial (incremental progression) and/or non-financial and include; positive feedback/praise; nomination for specific training at the request of the employees. (Blake, J. Browne & S. Sime – 2016)

Influencing objectives and learning development for the coming year.

Taken into account as part of a capability process; this will be rare.

An appeal by the employee - the process is outlined below

7.5 Incremental progression; Recommendations for incremental awards must:

Take a balanced scorecard approach. Looking at each factor that leads to continuous improvement, it recognizes that some areas may have more weight. Zero progress in one area will almost certainly stop award (e.g. very high sickness absence, disciplinary record)

Be more difficult for the employee as s/he progresses through the grade. The scheme does not allow higher payment year after year for substantially the same outcomes, instead encourages managers and employees to work together so that continual improvement can be achieved. (OECD – 2015 p116)
1.5.3 Where competencies have been defined these could be a measure of an employee’s ability to work at the top end of the job description.

7.6 Appeals, Appeals can relate to

- Achievement of individual's objectives
- Assessment of an individual's performance
- Recommendation of individual's incremental award
- The employee objectives set by the managers is final and no employee is allowed to appeal against it. Having said that, managers are expected to have the individuals consent to the objectives.
- The following general principles apply to the appeals process

All employees have the right of appeal.

If an appeal is needed it has to have a valid and justifiable reason.

Employees do have the right to be represented by the individual of their choice during the appeal hearing.

Appeals will be submitted in writing using the Performance Management. Appeals Form Management responses will be submitted in writing using the Performance Management Appeals Form

7.7 New employees

While the work plan and performance review normally cover a year (April/March) naturally this needs to be adjusted for those joining the business unit. For simplicity, the work plan for new employees normally covers the period from commencement to March. Performance management is essential during the induction period and their work plan will require more frequent review and enhancement than for other employees. (Lawson – 2015)
7.8 Maternity leave

For those going on or returning from maternity leave, work planning provides an opportunity to clarify what the employee can reasonably achieve in the review period and identify where some work adjustment may be required - an objective may be time led and therefore not possible through the employee’s absence, e.g. closing of accounts. Whenever employees are on paternity or maternity leave they have the right to be invited to a performance meeting, having said that it is also the employees right to accept or reject the invitation. Generally, the meeting will have occurred prior to maternity commencing where this is practical. Evidence of achievement against work plan objectives pre or post the maternity period will inform the assessment of performance. Note; maternity related absence should be discounted in considering an employee’s attendance record for this purpose. Employment case law is continuing to evolve in this area. Each and every case has to be reviewed and considered on its merits and those managing are advised to liaise with HR staff. (Kidner 2015 P321)

7.9 Employees on long-term sickness absence

For employees on long-term sick leave, work plan meeting should take place as soon as the employee is back to work but it has to practically and reasonably applicable. As noted previously, it may be necessary to review a work plan with the knowledge that the level of sickness already incurred will mean that the annual review cannot lead to a positive outcome (e.g. an increment will not be paid at year end). Work planning remains, however, an essential method to agree on the contribution to be made by the employee and help identify the support required assisting their achievement. (Holland, S. Burnett, and P. Millington 2015 p50)
7.10 Employees with disabilities

The Equality Act 2010 places certain responsibilities on employers if they know the employee’s disability under the terms of the Act. In the area of performance management, the Act places a duty on an employer to make reasonable adjustments to any aspect of the premises or work arrangements if that would prevent the disability reducing the employee’s performance. For example, the proportion of site visits than an employee is expected to undertake may be reduced, and replaced with more phone contact or other communication methods. It may also be reasonable, dependent on the nature of the disability to:

1.10.1 Accept a slightly higher level of sickness absence from a disabled employee than would normally be allowed;

1.10.2 Allow the employee time off work for medical treatment of their disability

Allow more breaks in the employee’s working day. Work plan objectives must be monitored/amended in the normal way.

Support & learning: The integrity of the Performance Management Scheme will be supported by-

Checks can be done by departmental senior management teams for consistent and justifiable implementation. (Buckley 2016 p 2-3)

Monitoring the impact of incremental awards across the Council by HR, in terms of employee profile (e.g. ethnic origin, gender, disability)

7.11 Capability Procedure

This applies to all local authority employees except those employed in schools with delegated budgets. In the absence of any formal probationary procedure, this capability procedure should be used to manage work performance and attendance concerns about new employees. Normal standards of work performance and attendance apply to trade union officials but where an accredited trade union official is subject to capability action, the appropriate full-
time trade union official and the relevant Branch Secretary should normally be notified before any action is taken.

7.12 **Capability Interview: The purpose of a capability interview is to:**

- Consider fairly work performance and attendance concerns about an employee;
- Decide whether the facts support those concerns; and
- Decide what action should be taken to address those concerns with the objective of assisting the employee to achieve acceptable standards of performance in carrying out their duties.

7.13 **Fundamental Principles of good management practice**

The fundamental principles of good management practice must be practically applicable and must be fully understood that an employer’s failure to follow a fair procedure is likely to result in an employment tribunal finding the outcome of the capability process unfair. (Kidner 2015 p422)

If the outcome of a capability interview is dismissal and the matter is put before an employment tribunal, the employer is required to demonstrate: the reason, or principal reason, for dismissing the employee that the reason for dismissal is a potentially fair reason (capability of an employee is a potentially fair reason); and that they have acted reasonably and consistently in treating the reason as a fair reason to dismiss.

This procedure provides a structured yet flexible process for managers to ensure that employees are treated in a fair, reasonable and consistent manner.

7.14 **Preliminary procedure**

When a concern arises about work performance or attendance, the line manager must satisfy him/herself that there is substance to the concern. If the line manager is satisfied that there are genuine grounds for concern and that the concern is not insignificant, the matter will
be dealt with by way of a guidance interview. Guidance interviews do not constitute formal capability action. If appropriate, the line manager will consider referral to the Council’s Occupational Health Service. Such a referral may be made at any stage in the process if the circumstances show it to be appropriate. Following careful consideration of the Occupational Health Physician’s report, the line manager will reach a decision on whether or not the employee has an underlying medical condition which causes or contributes to the concern about work performance or attendance. The line manager will provide opportunities for improvement by exploring appropriate options. These options may vary depending upon whether or not the employee has an underlying medical condition. Whatever action is pursued in relation to opportunities for improvement, the line manager will confirm it in writing to the employee. Where the line manager is satisfied that more than a guidance interview is appropriate or where any options that have been pursued to obtain improvement have not achieved the improvement required, appropriate formal capability action will commence. (Foster 2016 p208)

7.15 Formal procedure

Departmental schemes of management (formerly, schemes of delegation) specify the levels of management that have the right and authority to take action provided for in this procedure. Managers who have been direct involvement leading up to formal capability action may not sit on nor advise capability or capability appeal panels, although they may appear as a witness. In every case, the cause of concern will already have been raised with the employee (usually through a guidance interview) and opportunities for improvement will have been provided before formal capability action is started. The line manager will notify the employee in writing of the concern about his/her work performance or attendance and copies of any relevant documents will be provided. The letter will indicate the formal capability action being recommended if the concern about the employee’s work performance
or attendance is confirmed. The letter will include details of the arrangements for the capability interview (date, time and location) and contain an invitation for the employee to attend and respond to the concern and the recommended capability action. The letter will also advise the employee about his/her rights to representation. Finally, the letter will advise the employee that failure to attend the capability interview without providing a reason acceptable to the Chair may result in the capability panel proceeding to determine the issues in their absence, having first been advised of the details of the concern by the line manager.

7.16 Redundancy procedures

Employees who are classified and identified as redeployed will be issued their notice of redundancy as soon as possible.

Employees have the right to know their right to be represented and or accompanied by the individual of their choice as early as possible or beforehand.

Whenever the employee has issued a notice or redundancy it is possible for the employee to lose his or her right of redundancy payment if:

- The employee has been offered a job elsewhere which has employment continuity within local government modification order 1999.
- The employee is going to start another job elsewhere within four weeks’ period after the termination of their post by the employer.
- The compensation for loss of office should be notified and appropriate form should be issued to the employee. The employee will then be expected to sign and return the form confirming his or her understating all of the above as well as acceptance of the payment under the council’s financial package. (Foster 2015 p498)
7.17 Disciplinary Procedure

If there is an issue which is likely to contravene a disciplinary standard or may otherwise be a disciplinary matter, a relevant manager identified in accordance with the departmental scheme of administration will:

- Investigate it promptly;
- Ascertain the facts and assemble evidence to support them;
- Take notes of all interviews or meetings, ensure that all witness statements are agreed and signed by the person concerned and maintain a comprehensive case file;
- Ensure that all witnesses who are Council employees are advised of their right to: have trade union representation or be accompanied by a work colleague; Maintain confidentiality and carry out the investigation as discreetly and sensitively as possible;
- Be clear as to what the allegation or concern is;
- Gather all the relevant facts and background, including, where appropriate, witness statements;
- Decide the level of information appropriate to be shared with the employee;
- Decide whether it is appropriate for the employee to be sent home for a cooling off period;
- Advise the Business Manager if in the interests of the service the employee should be suspended from all or part of their substantive duties or relocated temporarily to another workplace or to other suitable duties; and
- Make a recommendation to the Business Manager whether a full and formal inquiry is required. (Cushway 2016 p224)

All employees participate in the Council’s performance management scheme and the achievement of stated objectives and targets by an individual over an agreed period might
lead to reward, e.g. the award of an increment or another positive outcome (participation in particular training). It is essential that pregnant employees and those who have taken shared parental leave or adoption leave should not be disadvantaged. In applying the scheme, therefore:

- The period over which targets and objectives are assessed may be reviewed; with an assessment period of less than a year.
- Targets must be realistic. For example, following the leave, the manager and employee should work together on re-inducting the employee to the workplace and outputs may differ during this period.
- Where practical the manager and employee may complete an assessment immediately prior to the commencement of leave where it is known that the absence will span the normal end of year assessment period. (Stylianidis 2016 p81)
- On occasions, the award of an increment may be dependent or influenced by the achievement of an overall team target. It is essential that the employee is not treated less or more favourably than other employees within the team through a period of absence that is related to pregnancy or parental/adoption leave. Pregnancy-related sickness absences should be discounted when considering an employee’s sickness absence in the award of an increment.

8 CHAPTER 8: HRM AND THE CREATIVE MANAGER

Human resources management is not a straightforward and it is complex and is not easy to understand. HRM is an asset which can benefit an organization if it is well managed or the other way round if it is badly managed. The long-term success and growth of an organization very much depend on how well they manage their human resources. As the research shows the main challenge many organizations are facing in this competitive market is to retain
experienced and best employees as long as they want. It is needless to say if employees are treated fairly, get employee benefits available and accessible by all employees, flexible working hours, employers are making sure they compete with their rival employers; employees will stay with their employer as long as they are needed.

**Most change has external origins:** The organization exists in an environment where there is constant change; economic, social, political and technical. A successful organization has a high degree of ‘fit’ with its environment, but this is never a static situation; few organizations have a truly stable environment. Internally driven change happens when organizations grow rapidly or no longer perform their key competencies effectively.

**Responses to Change:** It is human nature to resist change; we need to understand the psychological process that each individual is going through before we can manage them through the process. Most workers come to work to satisfy their own needs. They have an investment in the present; it is known and works for them, whereas the unknown future may not satisfy their needs. Managers have to accept that individuals go through a cycle of coping with the idea of change. Their self-esteem and work performance will suffer in the short term and may lead to extreme reactions such as aggressive behaviour or leaving the organization. (Ashkanasy, Bennett & Martinko 2016.)

**8.1 The Coping Cycle:**

The model below implies that if we are interested in the work performance of individuals we need to be aware of the effect of the change on self-esteem. The length of this cycle depends on the individuals themselves, the nature of the change and how good the managers are. It could take a few minutes for some people, and a few months for others.
Denial Defence Discarding Adaptation Internalising

- Self Esteem
- Performance
- Aggression Uncooperativeness Apathy Understanding Enthusiasm
- Falling job Feeling Alienation Acceptance Career
- Satisfaction inadequate opportunities
- Managers themselves are often going through the same cycle at the same time, so this makes it doubly difficult to manage others through it.

8.2 Overcoming Resistance to Change
Kurt Lewin was a psychologist who developed a model to understand the process of overcoming people’s natural resistance to change. The first stage of Lewin’s model has become known as ‘Forcefield Analysis. It portrays change as a dynamic process with ‘forces’ driving the organization towards its goal of achieving change, and other ‘forces’ preventing the goal being achieved. Worker’s resistance to change is one of the main restraining forces. (Griffin 2015 p201) Each ‘force’ is listed – including an analysis of how strong the force is. Each restraining force then needs to be neutralized or turned around into a
force driving the change forward. In the second stage of Lewin’s model, he proposes a way of seeing the psychological process that needs to happen for every individual.

Stage 1 Unfreezing – recognizing the need for change.

People are so tied to the present that the process of getting them to accept the need for change is like unfreezing something from a solid block into something more malleable.

Stage 2 Changing

This is where managers must overcome the ‘forces of resistance’ and use the ‘driving forces’.

Stage 3 – Re-freezing

This is the continued process of reinforcing the acceptance of the change.

8.2.1 Figure 12: Lewin’s Change Model I

8.3 Tactics for Managing Change

Understanding the human responses to change helps us to formulate ways of managing the changeover. Almost all change situations require a basic set of ground rules to be followed:
- Communicate don’t spring the change as a surprise,
- Involve everyone doesn’t bring in new people to implement the changes,
- Stay close don’t remain aloof and unapproachable,
- Celebrate success don’t just congratulate the managers.

There is no one formula for managing all organizational change. In an ideal world it would be good management practice to have a lead time of several months, have meetings, newsletters, individual counselling sessions, seek feedback through consultation procedures, release people from their normal work to ‘champion’ the change and only proceed when everyone said they were ready. (Rhoden 2016 p120)

It is often not possible, or necessary, to do all of these things. The type of change determines the most appropriate tactics. The management style to be adopted will fall somewhere along the following continuum: In between the extremes are a range of styles that tend towards one end or the other. Various criteria need to be considered before the tactics are decided upon.

![Coercive Consultative](chart)

**1.1.1 Figure 13: Adaptation of management style.**
Is the survival of the organization depends on the change taking place? If it is, then a coercive approach is justified.

How urgent is the change? A short timescale necessitates a coercive approach.

Is the change technical, or people based? A technical change can be pushed through in a coercive fashion because people’s jobs and interrelationships are not fundamentally changed.

How big is the change budget? A consultative approach is expensive; a small budget necessitates a coercive approach.

A coercive approach goes against all of the tenets of good human resource management and is not conducive to creating ‘happy workers’. The model above shows that a contingency approach is more likely to succeed than following a single ‘best practice’ method. (Smith & McDermott 2016)

8.4 Change and Organisational Culture:
Charles Handy described four types of Organisational Culture:

- Power Culture, where a single individual, or a small group, determine what happens and how it happens. There is little sense of certainty, job security or long-term career patterns, but a lot of politics and jostling to be near the centre of power. Newer, growing organizations are often power cultures.

- Role Culture, where the organization has strong departments with clear career progression and job descriptions are clearly defined and followed. Other departments are sometimes viewed as inferior outsiders. Older, well-established organizations are often Role Cultures.
• Task Culture, where formal hierarchies and functional divisions are less important than achieving clear organizational goals. Newer organizations with strong values and powerful external influences are often Task Cultures.

• People Culture, where individual knowledge and expertise is valued. Organisations with this culture are rare, as it thrives where there is little need for formal structures and little urgency or risk of the organization ceasing to exist. Professionals with highly valued skills can work in this culture. (Alvesson & Sveningsson 2015)

It would be impossible to fit every organization in the world exactly into these four categories. It would be even harder to manage a culture change that transformed an organization precisely from one of them into another. It is more likely that organizations have elements of more than one culture, and that managing a change from some of the tendencies of one culture to some of the tendencies of another is more realistically achievable. Handy’s ideas can be developed into a Culture Map. This is a model with more possibilities and one in which the idea of movement in the desired direction can be expressed.

The first step is to see Hendy’s culture types as opposites. The day-to-day experience in a Role Culture, with its job descriptions and departments, is very different from that in a task Culture, where goal achievement is more important than hierarchy. The two could be placed at the opposite ends of a continuum; every organization could be placed somewhere between the two extremes – with exactly halfway being an unlikely situation. (Charles Handy 2011)

Hendy’s Power Culture, with the nature of work dependent on a leader, is the opposite of the People Culture, where individuals determine their own patterns of work in an unpredictable network.

• Again, every organization can be placed on this continuum, and it is unlikely that many will be exactly in the middle.
• If the two scales are placed on to the same diagram they form a new model that can be used to map organizational culture.

• By giving an organization a ‘score’ on each of the axes, its current position on the map can be ascertained.

Having established the current position on the map (possibly with the help of consultants), its suitability can be analysed by considering all of the influences on the organization, and its current performance in meeting its objectives.

The senior managers of the organization in the example above may come to the conclusion that they need to be more task focussed in order to fend off new competitors, and need to release more of the potential from their workforce. A move into the ‘bottom left’ of the culture map model is needed. Once this has been established, a detailed change plan can be drawn up to make all of the small changes that will build up to thieving the big change. A change of this magnitude will obviously need to be managed in a consultative, rather than a coercive fashion. (MAC-MME 2016 P157)

8.5 The Ingredients for Success in Managing Change

• Genuine pressure for change

• Leadership and vision

• Capable people

• Actionable first steps and effective rewards.

All of these are necessary the following diagram expresses this: wherever one stage is missing the outcome is less than satisfactory. (Gido, Clements & Baker 2017 P196)
8.5.1 *Figure 14:* whenever one stage is missing the outcome is less than satisfactory.

8.6 Change Management, Research and models

Practitioners and academics have considered the management of change in organizations ever since management emerged as a discipline, at the beginning of the twentieth century. The arrival of large, complex organizations after the Second World War heightened interest in this subject and thus there is a large body of thinking about change that has been developed over the last fifty years. The literature about change management is large and not easy to access for six main reasons:

- It contains contributions from several different academic disciplines including psychology, sociology, business policy, social policy and others.
- Its boundaries can be set differently, according to the definition of change management employed.
- Valuable contributions to the literature have been made in all of the last five decades, with the later not necessarily superseding the earlier.
It contains evidence, examples, and illustrations generated in a wide variety of organizations and from a diverse range of methodologies with varying degrees of rigor.

Some material is not readily accessible to non-specialists and does not readily lend itself to cumulative review.

The concepts included within its range in scale from whole academic schools, through methodologies to single tools.

8.7 Does it work?
In relation to individual models of change management, this review aims to help answer that question as far as the literature allows. But before proceeding it is important to appreciate that neither the question nor the answer will be simple or straightforward.

There are problems associated with gathering and reviewing evidence about the efficacy of change programmes. These include the following: (Setchi, Howlett & Liu 2016 P249)

1. For all but the very simplest of changes, the impact is multidimensional. The measures of the effectiveness of any change intervention must capture all these dimensions or the picture presented will be incomplete.

2. Change programmes involve analysing the causes of the presenting problem, designing the change programme, implementing and evaluating it. Often this is an iterative process, with information gained during the implementation phase informing a review of the analysis and/or of the design. In addition, a valuable tool may be applied in a situation for which it is not appropriate, or it may be applied sub-optimally. Distinguishing between the outcomes of the different stages, and also between the skilfulness of the application and the underlying value of a tool, requires the development of a sensitive set of measures. (Rao & Vallabhaneni 2015)
3. Different people involved in the change programme will have different views of the precipitating event, of the underlying causes of the problem, and of the desired outcomes of the programme. They will, therefore, measure different outcomes, and measure them differently. The evidence must consider whose measures are to be used.

What is meant by ‘change’?

Planned versus emergent change: Sometimes change is deliberate, a product of conscious reasoning and actions. “This type of change is called the planned change. In contrast, change sometimes unfolds in an apparently spontaneous and unplanned way. This type of change is known as emergent change.

Change can be emergent rather than planned in two ways: Managers make a number of decisions apparently unrelated to the change that emerges. The change is therefore not planned. However, these decisions may be based on unspoken, and sometimes unconscious, assumptions about the organization, its environment and the future (Mintzberg, 1989) and are, therefore, not as unrelated as they first seem. Such implicit assumptions dictate the direction of the seemingly disparate and unrelated decisions, thereby shaping the change process by ‘drift’ rather than by design. External factors (such as the economy, competitors’ behaviour, and political climate) or internal features (such as the relative power of different interest groups, distribution of knowledge, and uncertainty) influence the change in directions outside the control of managers. Even the most carefully planned and executed change programme will have some emergent impacts.

This highlights two important aspects of managing change:

1. The need to identify, explore and if necessary challenge the assumptions that underlie managerial decisions

2. Understanding that organizational change is a process that can be facilitated by perceptive and insightful planning and analysis and well crafted, sensitive
implementation phases, while acknowledging that it can never be fully isolated from the effects of serendipity, uncertainty, and chance (Dawson 2016).

An important (arguably the central) message of recent high-quality management of change literature is that organization-level change is not fixed or linear in nature but contains an important emergent element.

8.8 **Episodic versus continuous change**
Another distinction is between episodic and continuous change. Episodic change, according to Maureen Rhoden (2016 P103), is ‘infrequent, discontinuous and intentional’. Sometimes termed ‘radical’ or ‘second order’ change, episodic change often involves replacement of one strategy or programme with another. Continuous change, in contrast, is ‘ongoing, evolving and cumulative’ (Weick and Quinn, 1999). Also referred to as ‘first order’ or ‘incremental’ change, continuous change is characterized by people constantly adapting and editing ideas they acquire from different sources. At a collective level, these continuous adjustments made simultaneously across units can create substantial change.

The distinction between episodic and continuous change helps clarify thinking about an organization’s future development and evolution in relation to its long-term goals. Few organizations are in a position to decide unilaterally that they will adopt an exclusively continuous change approach. They can, however, capitalize upon many of the principles of continuous change by engendering the flexibility to accommodate and experiment with everyday contingencies, breakdowns, exceptions, opportunities and unintended consequences that punctuate organizational life (Angeli, Bannon & Marti 2016).

Developmental,

8.9 **Transitional and Transformational change**
Change can also be understood in relation to its extent and scope. Ackerman (1997) has distinguished between three types of change:
• Developmental change may be either planned or emergent; it is first order, or incremental. It changes that enhances or corrects existing aspects of an organization, often focusing on the improvement of a skill or process.

• Transitional change seeks to achieve a known desired state that is different from the existing one. It is episodic, planned and second order, or radical. The model of transitional change is the basis of much of the organizational change literature (see for example Kanter, 1983; Beckhard and Harris, 1987” (www.healthknowledge.org)

![Lewin's Change Model 2](image1)

8.9.1  **Figure 15: Lewin’s Change Model 2**

The cycle through each change state can be quite rapid. In modern businesses and organizations, the ‘refreeze’ state can be transitory and brief, as the quest for improvement drives onwards.

8.9.2  **Unfreeze**

Quite simply – something needs to change. Due to an external or internal driver (or drivers), the business or organization needs to restructure, reorganize, re-engineer its processes, change or develop new technology solutions.
8.9.3 Move

In this state, you are planning and executing the required changes, managing the implementation of all change products and ensuring delivery of the required benefits.

Refreeze: In this state, the changes are fully implemented and consolidated and become the ‘steady state’ management and operation of the business or organization – at least until the next big ‘unfreeze’ takes place! (Proceedings of IAC-TLEI 2016 p104). “It has its foundations in the work of Lewin (1951) who conceptualized change as a three-stage process involving:

- Unfreezing the existing organizational equilibrium
- Moving to a new position
- Refreezing in a new equilibrium position.

Transformational change is radical or second order in nature. It requires a shift in assumptions made by the organization and its members. Transformation can result in an organization that differs significantly in terms of structure, processes, culture, and strategy. It may, therefore, result in the creation of an organization that operates in developmental mode one that continuously learns, adapts and improves.

8.10 Systems thinking and change

Many of the approaches to organizational change found in the literature give the impression that change is (or can be) a rational, controlled, and orderly process. In practice, however, organizational change is chaotic, often involving shifting goals, discontinuous activities, surprising events, and unexpected combinations of changes and outcomes (Cummings et al., 1985; Dawson, 1996). Accordingly, change can be understood in relation to the complex dynamic systems within which change takes place.
Systems thinking originated in the 1920s within several disciplines, notably biology and engineering, and grew out of the observation that there were many aspects which scientific analysis could not explore. Whereas scientific method – summarised by Popper (1972) as the three Rs: Reduction, Repeatability and Refutation increases our knowledge and understanding by breaking things down into their constituent parts and exploring the properties of these parts, systems thinking explores the properties which exist once the parts have been combined into a whole.

A system is a set of elements connected together which form a whole, thereby possessing properties of the whole rather than of its component parts (Checkland, 1981). Activity within a system is the result of the influence of one element on another. This influence is called feedback and can be positive (amplifying) or negative (balancing) in nature. Systems are not chains of linear cause-and-effect relationships but complex networks of interrelationships (Senge, 1990). Systems are described as closed or open. Closed systems are completely autonomous and independent of what is going on around them. Open systems exchange materials, energy, and information with their environment. The systems of interest to us in managing change can all be characterized as open systems. In terms of understanding organizations, systems thinking suggest that issues, events, forces, and incidents should not be viewed as isolated phenomena but seen as interconnected, interdependent components of a complex entity. Applied to change management, systems theory highlights the following points.

- A system is made up of related and interdependent parts so that any system must be viewed as a whole.
- A system cannot be considered in isolation from its environment.
- A system which is in equilibrium will change only if some type of energy is applied.
Players within a system have a view of that system’s function and purpose and players’ views may be very different from each other. Pollitt (1993) and Dawson (1999) suggest that large organizations are characterized by three defining features:

- Range and diversity of stakeholders
- Complex management and resourcing arrangements
- Professional autonomy of many senior staff.

A large organization employing people with a wide range of talents, perspectives, and passions, is a complex organization, with many different cultures and norms, arising from a number of factors including:

- Different socialization processes of the professions
- Different needs and expectations of different client groups
- The different histories of different constituent parts
- Local priorities, resource allocation, and performance management.

The complexity is a result of specialization. This specialization leads to a high degree of interdependence between managers, and between processes. This interdependence and continuing technical and organizational advance means that services within the organization are dynamic as well as complex. “(www.healthknowledge.org)

A key consideration for many organizations is that much of the literature concerned with organizational change is derived from the private sector. Public sector managers often ask to what extent knowledge, theories, and models developed in a private sector context can be successfully transferred to and implemented in their own complex and dynamic organizations. Golembiewski, Proehl, and Sink (1982) found that public sector interventions displayed a pattern of results very similar to private sector programmes (84% positive in public sector versus 89% positive in private sector organizations). Robertson and Seneviratne (1995) studied organizational outcomes in terms of work setting, individual behavior and
organizational performance, and concluded that there were no overall significant differences between public and private sectors regarding the amount of change induced by the 47 planned change interventions they studied.

These findings should be interpreted with care. Change in public sector organizations, and particularly in those populated by influential professional groups, is beset by the complexity of a different order from that in more hierarchical organizations. Success is likely to depend as much on the quality of implementation, on the sensitivity to different points of view and on the degree of support from influential organization members as on the soundness of the principles of the change approach adopted. Much of the evidence from the manufacturing sector demonstrates that top management involvement is critical to success; however, in translating these findings to the public sector setting we must remember the importance of opinion-formers within the specialists, who may not see themselves as top management.

The scale of change is another important consideration when drawing lessons from other sectors. Small, focused interventions may have an equal potential for success in most contexts while more ambitious change initiatives are challenged, diverted and deflected by the inherent complexity, traditions and power dynamics of public sector organizations.
9  CHAPTER 9: STRATEGIC MANAGEMENT & LEADERSHIP

PART I

The main aim of this unit is to investigate how current thinking on leadership influences an organization’s planning to meet current and future leadership requirements. Mintzberg (2011) identified leadership as a key role of managers, for instance, in healthcare, current management thinking is mostly driven by ‘improvement’ as the overarching approach to management. Applying a range management and leadership theories and models to specific situations helps to assess their impact on organizational strategy (Galloway 2017)

The Study Pack has three sections:

- Leadership Theory

- Developing Leadership skills.
A manager is characterized according to the degree of control that is maintained by him/her. According to this approach, four main styles of leadership have been identified:

- **Tells**: The manager identifies a problem, chooses a decision, and announces this to subordinates. The subordinates are not a party to the decision-making process and the manager expects them to implement his decisions as soon as possible.

- **Sells**: The decision is chosen by the manager only but he understands that there will be some amount of resistance from those faced with the decision and therefore makes efforts to persuade them to accept it (Lussier & Achua 2015.)

- **Consults**: Though the problem is identified by the manager, he does not take a final decision. The problem is presented to the subordinates and the solutions are suggested by the subordinates.

- **Joins**: The manager defines the limits within which the decision can be taken by the subordinates and then makes the final decision along with the subordinates.
9.1 Rensis Likert Likert
New Patterns of Management also described a range of management styles or systems. This is a development of Tannenbaum and Schmidt’s model and describes the workplace behavior of the manager in each system.

- System 1: Exploitative authoritative. The manager has no confidence or trust in the subordinates, imposes decisions, never delegates, motivates by threat, has little communication with subordinates and does not encourage teamwork.

- System 2: Benevolent authoritative. The manager has only superficial trust in subordinates, imposes decisions, never delegates, motivates by reward and, though sometimes involving others in problem-solving, is basically paternalistic.

- System 3: Participative. The manager has some confidence in subordinates, listens to them but controls decision making, motivates by reward and a level of involvement and will use the ideas and suggestions of subordinates constructively.

- System 4: Democratic. The manager has complete confidence in subordinates who are allowed to make decisions for them. Motivation is a reward for achieving goals set by participation and there is a substantial amount of sharing of ideas, opinions, and cooperation.

Likert recognised that each style is relevant in some situations; for example, in a crisis, a System 1 approach is usually required. Alternatively, when introducing a new system of work, System 4 would be the most effective. His research shows that the most effective managers are those who adopt either a System 3 or a System 4 leadership style. Both are seen as being based on trust and paying attention to the needs of both the organization and employees.

9.2 McGregor’s Theory X and Theory Y
McGregor sees the style of management as a function of the manager’s attitudes towards people and assumptions about human nature and behaviour. Rather than seeking a model with
choices for managers, McGregor was interested in how manager’s attitudes affected their management style. McGregor’s research revealed two distinct types of manager, which he called “Theory X” and “Theory Y” (Chandler & Hall 2016.)

The central principle of Theory X is that people have an inherent hatred of work and as such must be cajoled, coerced, directed, threatened and even punished if corporate objectives are to be achieved. Its central tenet is that people prefer to be directed, wish to avoid responsibility and prefer security rather than satisfying ambition.

The basis of Theory Y is that people do not hate work and find it a natural function. If the right conditions can be developed for employees to work and satisfy their personal ambitions within their work, then high levels of motivation and productivity can be achieved. Theory Y is about creating a climate whereby people will motivate themselves.

Figure 17: McGregor’s “Theory X” and “Theory Y”

In a major study at the Prudential Insurance Company McGregor found that the “Theory X” managers were primarily interested in the speed and quantity of work done. They were obsessed with achieving high volumes for their department. The “Theory Y” managers were more interested in people. They talked to their staff, knew about their families and outside interests, and seemed to ignore the quantity of work being done. When they were compared, the Theory Y managers had higher output figures.
Most managers say that their views are closest to Theory Y – especially when they are on management training courses. When they complete psychometric tests the results usually show that most are actually closer to Theory X – especially when dealing with shop floor workers. As more clerical jobs become routine data input these workers are also often treated in a Theory X way.

Theory X managers run the risk of not allowing people to meet psychological needs at work, of not motivating people, and of downgrading work in a dehumanizing way. Theory X managers behave in this way in the belief that it will increase productivity, but it is unlikely to motivate workers. The result is more likely to be an “iceberg” effect, with visible low productivity figures and huge hidden costs such as theft, daydreaming, computer games playing, vandalism, cynicism and intensive reading of Situations Vacant pages.

9.3 Blake and Mouton’s Managerial Grid

In a development of McGregor’s findings, Robert Blake and Jane Mouton carried out research (The Ohio State Leadership Studies) into managerial behaviour and observed two basic dimensions of management: concern for production (or task performance) and concern for people. Along each of these two dimensions, managers could be located at any point on a continuum from very low to very high concern. Blake and Mouton observed that the two concerns did not seem to correlate, positively or negativity: a high concern in one dimension, for example, did not seem to imply a high or low concern in the other dimension. 12 Individual managers could, therefore, reflect various permutations of task/people concern.
9.3.1.1 *Figure 18: The Blake Mouton Managerial Grid*

The extreme cases shown on the grid are: Impoverished: the manager is lazy, showing little interest in either staff or work. Country Club: the manager is attentive to staff needs and has developed satisfying relationships. However, there is a little attention paid to achieving results (Stanley 2016.)

9.4 Task Management:

People’s needs are virtually ignored: Middle of the Road or the dampened pendulum: adequate performance through balancing the necessity to get out work while maintaining the morale of people at a satisfactory level.

9.5 Team Leader:

High performing managers are managers who achieve high work accomplishment through leading committed people who identify themselves with the organisational aims. The managerial grid was intended as an appraisal and management development tool. It recognizes that a balance is required between concern for task and concern for people and
that a high degree of both is possible (and highly effective) at the same time. The grid thus offers a number of useful insights for the identification of management training and development needs. It shows in an easily assimilated form where the behaviour and assumptions of a manager may exhibit a lack of balance between the dimensions and/or a low degree of concern in either dimension or both. It may also be used in team member selection, so that a 1.9 (Country Club) leader is balanced by a 9.1 (Produce or Perish) co-leader, for example. (Stanek 2016) However, the grid is a simplified model, and as such has practical limitations.

It assumes that 9.9 (Team Leader) is the desirable model for effective leadership. In some managerial contexts, this may not be so. Concern for people, for example, would not be necessary for a context of comprehensive automation: compliance is all that would be required.

It is open to oversimplification: Scores can appear polarised, with judgments attached about individual managers’ suitability or performance. The grid is intended as a simplified snapshot of managers preferred style, not a comprehensive description of his or her performance.

Organisational context and culture, technology and other “givens” influence the management style of leadership, not just the two dimensions described by the grid.

Any managerial theory is only useful in so far as it is usable in practice by managers: if the grid is used only to inform managers they „must acquire greater concern for people”, it may result in stress, uncertainty, and inconsistent behaviour. 14 Contingency Theories of Management a contingency approach to leadership is one that argues that the ability of a manager to lead and to influence his workgroup will vary according to the manager’s personality, character and preferred style of operating.
The subordinates: their individual and collective personalities and their preference for a particular style of leadership.

The task: If the tasks of a workgroup are simple, few in number and repetitive, the best style of leadership will be different from a situation in which tasks are varied and difficult.

The context: The position of power held by the manager in the organization and the group. A person with power is better able to choose a personal style and leadership, select subordinates and re-define the task of the workgroup. Organisational norms, the structure, and technology of the organization. No manager can act in a manner which is contrary to the customs and standards of the organization (Seperich & McCalley 2016.)

9.6 Charles Handy – tight/flexible spectrum

Charles Handy has drawn up a model which considers each of the first three factors above, a spectrum can be drawn ranging from „tight“ to „flexible“. He argues that the most effective style of leadership in any particular situation is one which brings the first three factors a leader, subordinates, and task into a „best fit“. The best fit occurs when all factors are on the same level in the spectrum. In practice, there is likely to be a misfit. Confronted with a lack of “fit”, the leader must decide which factor(s) should be changed to bring all three into line. In the short-term, the easiest is to change the management style. There are often long-term benefits to be achieved from re-defining the task (e.g. job enlargement) or from developing the workgroup (Charles Handy 2011).

The spectrum

<table>
<thead>
<tr>
<th></th>
<th>Tight Flexible</th>
<th>Flexible</th>
</tr>
</thead>
<tbody>
<tr>
<td>The manager</td>
<td>Preference for autocratic style, high estimation of his own capabilities and a low estimation of his subordinates. Dislikes uncertainty.</td>
<td>Preference for democratic style with confidence in his subordinates, dislikes stress, accepts reasonable risk and uncertainty.</td>
</tr>
<tr>
<td>The</td>
<td>Low opinion of own abilities; do not like uncertainty in</td>
<td>High opinion of own abilities; likes.</td>
</tr>
</tbody>
</table>
subordinates | their work and like to be ordered. They regard their work as trivial; past experience in work leads to acceptance of orders, cultural factors lean them towards autocratic/dictatorial leaders. | challenging important work; prepared to accept uncertainty and longer time scales for results; cultural factors favour independence.

The task | Job requires no initiative it is routine, repetitive or has a certain outcome. It has a short time scale for completion. Trivial tasks. | Important tasks with a longer time scale. It can involve problem solving or decision making and complex work.

9.6.1.1 *Table 11: The spectrum*

Fiedler: Fiedler set out to identify the characteristics that would lead to cohesiveness and a team approach between subordinates and a senior manager – he called it the level of situational control. He saw this as being created through a match between a manager’s style of leadership and a given situation. His research findings were that the manager’s effectiveness depends on the manager’s position (how powerful they are) the manager’s personal relationship with subordinates. The extent to which the objective is structured (clear goals, limited ways of achieving the task, easy to measure success) (Gelernter 2016)

Fiedler identified three clearly different situations:

<table>
<thead>
<tr>
<th>Situation 1 Structured Objective</th>
<th>Situation 2 Unstructured Objective</th>
<th>Situation 3 Unstructured Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Manager Power</td>
<td>Low Manager Power</td>
<td>Low Manager Power</td>
</tr>
<tr>
<td>Good Relationship</td>
<td>Good/Moderate working relationship</td>
<td>Poor Relationship with workers</td>
</tr>
</tbody>
</table>

9.6.1.2 *Table 12: Fiedler’s three different situations*

<table>
<thead>
<tr>
<th>Situation 1 Structured Objective</th>
<th>Situation 2 Unstructured Objective</th>
<th>Situation 3 Unstructured Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Manager Power</td>
<td>Low Manager Power</td>
<td>Low Manager Power</td>
</tr>
<tr>
<td>Good Relationship</td>
<td>Good/Moderate working relationship</td>
<td>Poor Relationship with workers</td>
</tr>
</tbody>
</table>
The manager can be task-centred. The task is structured and working relationships are good, there is no need to develop human relations or people skills.

The manager needs to develop good relationships and concentrate on human relations. The unstructured task will need teamwork and the elimination of conflict.

There is a lot of uncertainty here. A people centred manager will be seen as weak, and a human relations policy will not work. The only option is to be task centred.

### Table 13: Fiedler’s three different situations explained

Fielder’s view was that the situation was more likely to change than the manager’s style. This view has been challenged by those who studied it. Contingency theory has, in turn, given birth to Normative Theory. Here writers such as Vroom and Yetton argue that it is up to managers to change their style according to the situations; being task-cantered where decisions do not have a big impact on the workgroup and people-cantered when decisions have a big effect on people.

- Team A: People, who use their talents to the full, work hard and care about doing the job well. Team B: People who work the same number of hours as
- Team A, but spend most of the day chatting, absent-mindedly doing as little work as they can get away with and then steal something before going home as soon as possible.

### 9.7 Motivation

All of the management thinking that we have examined since the beginning of this Unit is about the job that managers are there to do: achieving organisational objectives through the work of other people. We have looked at what managers do management styles and choices. We have not focussed very much attention on the followers. Managers can only perform well in achieving objectives if their workers perform well. There is a big difference between high performing and low performing teams (Dembo & Seli 2016.)
Managers are interested in why some people work better than others. Psychologists see a link between actions and motivation. The more highly motivated we are to do something; the more likely we are to do actually do it. Some managers see motivation as something that workers have within them. These managers use “motivation” as an adjective; they describe people as “highly motivated” or “poorly motivated”.

They use the word motivation as if it were a trait, such as “highly skilled” or “smartly dressed”. Such managers do not clearly understand their own role in organizational behaviour. Management is pro-active, not reactive and if we use the word „motivation” as a verb, rather than as an adjective, we can then see managers as achieving their objectives by motivating workers. So to answer the question “Why do some workers work better than others?” we need to understand more about what motivates people at work and how managers can use that knowledge.

David McClelland McClelland’s work is based on the psychological theory of human needs. He claims that childhood experiences shape our behaviour and our needs in working life and that people do not all grow up with the same kinds of needs (Mayselless 2016.)

### 9.8 McClelland argues, there are three basic types of need

<table>
<thead>
<tr>
<th>Achievement Needs</th>
<th>These people need to set their own goals, and to have rapid feedback on their performance. They like to achieve things on their own, and may not work well in a team.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affiliation Needs</td>
<td>People with social needs will achieve things by working with others; they need to interact with other people and will seek acceptance and approval for their actions.</td>
</tr>
</tbody>
</table>
Power Needs

Some people need to have formal power, rather than being satisfied with influencing others. They are not good at persuading others or achieving team objectives without a position or job title through which to act.

### Table 14: McClelland’s three basic types of needs

McClelland was mainly interested in Achievement motivated individuals and their contribution to organizations. His research did find many successful managers who scored highly on Affiliation needs, and also that those in senior leadership positions had Power needs, rather than achievement needs. McClelland’s work has contributed to the modern practice of using psychometric tests to find out if job applicants are suited to the leadership posts to which they wish to be appointed.
9.9 Motivating and empowering followers

Research has suggested that the goal of management should be to move away from the old forms of bureaucracy that rely on position, reward and coercion power towards an organizational culture that relies on information, expertise, personality and moral power. In order for this to happen, the manager has to be less controlling. It can be argued that four forms of power can be used to motivate employees by empowering them information, expertise, personality and moral power. When these forms of power are used, the employees decide the course of action. If they decide to follow their leader, the form of motivation is intrinsic because they see that course of action as a good thing to do. Further, they are allowed the independence of choice and they are empowered in the process. As employees become more mature, the management style can become more collaborative and less directive.

Information can be used by a manager to involve the employee in the decision-making process and empower them. For example, if the manager wants the employee to change the way they were doing something, the manager could explain the benefits of the change. Handouts, videos, or other information extolling the advantages of the change could also be made available. The employee on analysing the information would have to make a decision. If the employee decided to change, the employee would be empowered, the motivation for the change would be intrinsic and the decision would be made independent of the leader (Grossman & Valiga 2016 p4.)
A manager who has expertise can demonstrate how to perform a task. The employee who watches the demonstration decides whether they are able to perform that task. Competence or expertise is the root of power and leaders without competence cannot maintain power. However, a leader cannot be expert in all things. Consequently, he or she must use the expertise of others to motivate employees to change. For example, if a new technique will benefit an organization, the leader needs to send key employees to another place where that technique is being successfully used. The employees observe the new process and decide whether it is beneficial and if it will work in their organization. Employees who are exposed to this form of power frequently choose to imitate what they have observed. It is their choice, the motivation is intrinsic, they are independent of the person with the expertise and they have been empowered.

A manager who has a personality or referent power is described as a person who is generally liked and admired by other because of it. When a leader uses this form of power it usually comes in the form of a request (verbal) or a signal (non-verbal). The subordinate hears the request or sees the signal and changes their behaviour to comply with the leader’s wishes. The change in behaviour is done willingly, is intrinsically motivated and the employee remains independent of the leader. The employee has made a conscious decision to grant the leaders’ wishes.
A manager who has moral power has communicated a shared set of values and obligations which lay out the right thing to do for the good of employees, the organization, the stakeholders and possibly the community as a whole. These values may be set out as a mission statement or vision, possibly arrived at through discussion with followers and explained through procedures, rules, and regulations. This type of power requires the least maintenance as following the standards laid down becomes a matter for the individual’s conscience and will be enforced through personal values, peer pressure and organizational culture (Stanley 2016).

10 CHAPTER 10: STRATEGIC MANAGEMENT AND LEADERSHIP

PART II

Much has been written on the subject of what constitutes good management, but it is probably truest to say that the effectiveness of managers is best measured by looking at the impact they have on the performance of those they lead. Excellent leadership can deliver results from an organization well above what could reasonably be predicted, while at the same time morale among employees is high; conversely, poor leadership often results in underperforming businesses, unhappy employees, and highly defensive organizational behaviours. Rensis Likerts (1903-1981) research showed that effective managers display each of the four characteristics below, in relation to leadership skills. Such managers: (Pugh & Hickson 2016 P220) Expect high levels of performance from subordinates, other departments and themselves are employee-centric. They spend time getting to know their workers and develop a situation of trust whereby their employees feel able to bring their problems to them. Such managers face unpleasant facts in a constructive manner and help their staff to do the same.
Does not practice close supervision: The truly effective manager knows performance levels that can be expected from each individual and has helped them to define their own targets. The managers’ judges result and do not closely supervise the actions of subordinates. Operate the participative style of management as a natural style. If a job problem arises they do not impose a favoured solution. Instead, they pose the problem and ask the staff member involved to find the best solution. Having then agreed their solution the participative manager would assist his staff in implementing it. Chester A. Raber Ph.D. (2016) knows how difficult management can be, but he's been able to simplify the process through the unique Core4 participative people-management system.

10.1 Henry Mintzberg What do senior managers do?
The Canadian academic, Henry Mintzberg who had trained as a mechanical engineer, wrote his Ph.D. thesis at the MIT Sloan School of Management analysing the actual work habits and time management of chief executive officers (CEOs). I Mintzberg's empirical research involved observing and analysing the activities of the CEOs of five private and semi-public organizations. Previous management behaviour studies had concentrated on a team and subordinate behaviour or organizational structure rather than on the day-to-day reality of senior managerial behaviour. To describe the work life of a CEO, Mintzberg first identified six characteristics of the job: (Henry Mintzberg 2013)

- Managers’ process large, open-ended workloads under tight time pressure a manager's job is never done.
- Managerial activities are relatively short in duration, varied and fragmented and often self-initiated. CEOs prefer action and action driven activities and dislike mail and paperwork.
- They prefer verbal communication through meetings and phone conversations.
They maintain relationships primarily with their subordinates and external parties and least with their superiors.

Their involvement in the execution of the work is limited, although they initiate many of the decisions.

Mintzberg then identified ten separate roles in managerial work, each role defined as an organized collection of behaviours belonging to an identifiable function or position. He separated these roles into three subcategories:

- Information processing
- Interpersonal contact
- Decision making.

<table>
<thead>
<tr>
<th>Informational</th>
<th>Monitor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Disseminator</td>
</tr>
<tr>
<td></td>
<td>Spokesperson</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interpersonal</th>
<th>Figurehead</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Leader</td>
</tr>
<tr>
<td></td>
<td>Liaison</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Decision Making</th>
<th>Entrepreneur</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Disturbance Handler</td>
</tr>
<tr>
<td></td>
<td>Resource Allocation</td>
</tr>
<tr>
<td></td>
<td>Negotiator</td>
</tr>
</tbody>
</table>

10.1.1.1 Table 15: Roles into three subcategories

**Monitor:** Duties include assessing internal operations, a department's success and the problems and opportunities which may arise. All the information gained in this capacity must be stored and maintained.

**Disseminator:** Highlights factual or value-based external views into the organization and to subordinates. This requires both filtering and delegation skills.

**Spokesman:** Serves in a PR capacity by informing and lobbying others to keep key stakeholders updated about the operations of the organization.
Figurehead: All social, inspiration, legal and ceremonial obligations. In this light, the manager is seen as a symbol of status and authority.

Leader: Duties are at the heart of the manager-subordinate relationship and include structuring and motivating subordinates, overseeing their progress, promoting and encouraging their development, and balancing effectiveness.

Liaison: Describes the information and communication obligations of a manager. One must network and engage in information exchange to gain access to knowledge bases.

Entrepreneur: Roles encourage managers to create improvement projects and work to delegate, empower and supervise teams in the development process.

Disturbance handler: A generalist role that takes charge when an organization is unexpectedly upset or transformed and requires calming and support. Resource Allocator: Describes the responsibility of allocating and overseeing financial, material and personnel resources.

Negotiator: Is a specific task which is integral for the spokesman, figurehead, and resource allocator roles.

Mintzberg's study on the 'nature of senior managerial work' exposed many managerial myths requiring change such as replacing the aura of reflective strategists carefully planning their firm's next move with one of the fallible humans who are continuously interrupted. Indeed, half of the managerial activities studied lasted less than nine minutes. Mintzberg also found that although individual capabilities influence the implementation of a role, it is the organization that determines the need for a particular role, challenging the common belief that it predominantly a manager's skill set that determines success. Effective managers develop protocols for action given their job description and personal preference and match these with the situation at hand. (Malik 2016)

One important overall conclusion is that leadership is just one aspect of the senior manager’s job. Mintzberg’s conclusions have been confirmed by subsequent studies.
Criticisms of Mintzberg’s study include:

He also neglects the relationship between managerial behaviour and organizational effectiveness.

He takes a 'neutral' position on the managerial role, omitting influences such as ownership and power. The empirical study is based on five organizations in action. The small sample size means that the results should not be applied to all industry, organizations or management positions.

10.2 The 7-S Model of Management

Peters and Phillips (1980), working for the US management consultancy McKinsey, developed the 7-S Model. “They suggest that there are seven aspects of an organization that need to harmonize with each other, to points in the same direction as the needles of seven compasses. If each aspect supports the others, then the organization can be said to be „organized‟.

The constituent parts of the 7S Model are:

1. Strategy: a plan or course of action leading to the allocation of an organization’s finite resources to reach identified goals
2. Structure: salient features of the organizational chart (e.g. degree of hierarchy, the presence of the internal market, the extent of centralization/ decentralization) and interconnections within the organization
3. Systems: procedures and routine processes, including how information moves around the organization
4. Staff: personnel categories within the organization, e.g. nurses, doctors, technicians
5. Style: characterization of how key managers behave in order to achieve the organization’s goals
6. Shared values: the significant meanings or guiding concepts that an organization imbues in its members

7. Skills: the distinctive capabilities of key personnel and the organization as a whole.” (www.hseland.ie)

10.2.1 Figure 19: 7s Management model

The 7S Model is usually used in two ways:

The Strengths and Weaknesses of an organization can be identified by considering the links between each of the S”s. No S is strength or a weakness in its own right; it is only its degree of support, or otherwise, for the other S”s which is relevant. Any S”s which harmonize with all the other S”s can be thought of as strengths, any dissonances as weaknesses.

2. The model highlights how a change made in any one of the S”s will have an impact on all of the others. Thus if a planned change is to be effective, then changes in one S must be accompanied by complementary changes in the others.

In a similar way to Hendy’s model, the easiest S to change is often Style. In an organization that has problems all seven S”s can be changed, but only by considering the effects
throughout the model and ensuring that they become supportive of each other. (Snell, Morris & Bohlander 2015)

The differences between leadership and management have been highlighted by Watson by referring to the 7-S organizational framework. Watson suggests that managers tend towards reliance on:

- Strategy,
- Structure,
- Systems and leaders have an inherent tendency to use them
- Style
- Staff
- Skills
- Shared values.

- This supports Kotter’s findings, as these latter four S’s are about dealing with people.

10.3 Empowerment
Employee Empowerment: Vallabhaneni (2015) expresses that there is a tendency to push authority downward to bring decision making closer to front-line personnel. An entity may take this fact to become more market is driven or quality focused. They vary with the nature of the job, the level of decision making, and the type of interaction with people. Management Functions Management is the attainment of organizational goals in an effective and efficient manner through planning, organizing, leading, and controlling.

Empowerment and delegation are related: Empowerment is the current term for making worker (and particularly work teams) responsible for achieving, and even setting, work targets, with the freedom to make decisions about how they are to be achieved. Empowerment can also be related to:
- Delayering or a cut in the number of levels (and managers) in the chain of command, since responsibility previously held by middle managers is, in effect, being given to operational workers.

- Flexibility, since giving responsibility to the people closest to the products and customers encourages responsiveness and cutting out layers of communication, decision-making and reporting speeds up the process.

- New technology, since there are more „knowledge workers”. Such people need less supervision, being better able to identify and control the means to clearly understood ends. Better information systems also remove the mystique and power of managers as possessors of knowledge and information in the organization.

According to Max Hand, the main reason for empowerment is the people lower down the organization possess the knowledge of what is going wrong with a process but lack the authority to make changes. Those further up the structure have the authority to make changes but lack the profound knowledge required to identify the right solutions. The only solution is to change the culture of the organization so that everyone can become involved in the process of improvement and work together to make the changes. The change in organization structure and culture as a result of empowerment can be shown below.
The argument is that by empowering workers (or “decentralizing” control of business units, or devolving/delegating responsibility, or removing levels in hierarchies that restrict freedom), not only will the job be done more effectively but the people who do the job will get more out of it. (Rubin & Babbie 2015)

10.4 What is Leadership?
There are many different definitions. Leadership is the process of influencing others to work willingly towards goals, to the best of their capabilities, often in a manner different from that which they would otherwise have chosen. Buchanan and Huczynski (1997) define a leader as “someone who exercises influence over other people”. Leadership is „a social process in which one individual influences the behaviour of others without the use or threat of violence”. The essence of leadership is followership. In other words, it is the willingness of people to follow that makes a person a leader” (Koontz, O’Donnell, Weihrich 1990)

Most definitions of leadership reflect the assumptions that it is a relationship through which one person influences the behaviour of actions of other people in an organizational context. It is a dynamic two-way process of leading and following that can affect both individual and organizational performance. For example, a leader can influence the interpretation of events, the choice of objectives and strategies, the organisation of work activities, the motivation of people to achieve the objectives, the maintenance of cooperative relationships, the development of skills and confidence by members and the enlistment of support and cooperation from people outside the group or organisation. (Gunter 2016)

Leadership can be defined as encouraging and inspiring others to give their best. To do this a leader must:

• Gain commitment and co-operation
• Get things moving so that plans become actionable?
Differences between leadership and management: The terms „management“ and „leadership“ are often used interchangeably. In some cases, management skills and theories have simply been relabelled to reflect the more fashionable term. However, there have been many attempts to distinguish meaningfully between them.

Yukl suggests that while management is defined by a prescribed role and position in the structure of the organization, leaders are given their roles by the perception of others, through election, choice or influence. Leadership is an interpersonal process. In other words, managers have subordinates, but leaders have followers.

Zaieznik suggests that managers are mainly concerned with order and maintaining the status quo, exercising their skills in diplomacy and focusing on decision-making processes within the organization. Leaders, in contrast, direct their energies towards introducing new approaches and ideas. They create excitement and vision in order to arouse motivation and focus on the meanings of events and actions for people. Leaders search out opportunities for change.

Katz and Kahn point out that while management aims to secure compliance with stated organizational objectives, leadership aims to secure willingness, enthusiasm, and commitment. Leadership is the influential increment over and above mechanical compliance with the routine directives of the organization.

John Kotter (The Leadership Factor, 1988) has made one of the most detailed and helpful distinctions between leadership and management and in so doing have further described both. According to Kotter, management involves the following activities:

- Planning and budgeting target-setting, establishing procedures for reaching the targets and allocating the resources necessary to meet the plans.
• Organising and staffing – designing the organization structure, hiring the right people and establishing incentives.

• Controlling and problem-solving monitoring results against the plan, identifying problems, producing solutions and implementing them.

• Everything here is concerned with logic, structure, analysis, and control. If done well, it produces predictable results on time. Leadership requires a different set of actions and, indeed, a completely different mind-set. Leadership involves:

• Creating a sense of direction – usually borne out of dissatisfaction with the status quo. Out of this challenge, a vision for something different is created.

• Communicating the vision which must meet the realized or unconscious needs of other people and the leader, must work to give it credibility.

• Energising, inspiring and motivating – in order to stimulate others to translate the vision into achievement.

All of these activities involve dealing with people rather than things; leadership is a conscious activity. The emphasis on leadership is on interpersonal behaviour in a broader context. It is often associated with the willing and enthusiastic behaviour of followers. Leadership does not necessarily take place within the hierarchical structure of the organization (Mullins). Many people operate as leaders without their role ever been clearly established or defined.

### 10.5 Leadership Characteristics:

Whether or not we make the distinction between management and leadership, attempts to define what makes leadership „special“ have suggested some key points about the benefits effective leadership can bring and why it is valuable.

Leaders energize and support change, which is essential for survival in highly competitive and fast-changing business environments. By setting visionary goals, encouraging
contribution from teams, leaders create environments that: - Seek out new information and ideas - Allow challenges to existing procedures and ways of thinking - Invite innovation and creativity in finding better ways to achieve goals - Support and empower people to cope with the turbulence.

Leaders secure commitment, mobilizing the ideas, experience, and motivation of employees – which contributes to innovation and improved quality and customer service. This is all the more essential in a competitive, customer-focused, knowledge-based business environment.

Leaders set direction, helping teams and organizations to understand their purpose, goals, and value to the organization. This facilitates team-working and empowerment (allowing discretion and creativity about how to achieve the desired outcomes) without loss of coordination or direction (Rosenstein 2016 p55)

Leaders support, challenge and develop people, maximizing their contribution to the organization. Leaders use an influence-based facilitates-empower style rather than a command-control style, and this is better suited to the expectation of empowered teams and the need for information sharing in modern business environments.

10.6 Theories of Leadership

Theories of leadership can be classified as follows:

- Trait. Based on analysing the personality characteristics of the preferences of successful leaders.

- Activity-based. Based on analysing what designated leaders actually do, and how they do it.

Contingency: Based on the belief that there is no „one best way” of leading, but that effective leaders adapt their behaviour to the specific and changing variables in the leadership context: the nature of the task, the personalities of team members, the organization culture and so on.
Style: Based on the view that leadership is an interpersonal process whereby different leader behaviours influence people in different ways. More or less effective patterns of behaviour (or “styles”) can, therefore, be adopted. Yukl identified four approaches for studying leadership: The “power influence approach” attempts to understand leadership effectiveness in terms of the amount and type of power possessed by the leader. This approach would examine how power is acquired, lost and maintained. The “behaviour approach” looks at the actual tasks performed by leaders. This involves evaluating daily activities and behavioural characteristics of leaders. The “trait approach” looks at the personal attributes of leaders, such as energy, intuition, creativity, persuasiveness, and foresight. The “situational approach” examines leadership in terms of its relationships with environmental factors, such as superiors, subordinates, and peers. This approach is often referred to as the contingency theory because the role of the leader is contingent on the situation.

Trait theories of leadership: Early theories suggested that there are certain qualities, personality characteristics or “traits” that make a good leader. These might be aggressiveness, self-assurance, intelligence, initiative, a drive for achievement or power, appearance, interpersonal skills, administrative ability, imagination, upbringing and education, and the “helicopter factor” (i.e. The ability to rise above a situation and analyze it objectively) etc. This approach has much in common with the “great man” theory of history, which states that great men set the great events of history in motion. Thus, those who display leadership in one situation would probably be the leader in any other situation. They are leaders because of some unique and inherent set of traits that set them apart from normal people. Lists of leadership qualities were compiled that included:

- Physical traits, such as drive, energy, appearance, and height.
- Personality traits, such as adaptability, enthusiasm and self-confidence and
- Social traits, such as cooperation, tact, courtesy and administrative ability.
Traditional Traits theory, although superficially attractive, is now largely discredited in favour of other theories. An interesting footnote to this has been added in 2011 by Jon Ronson, who enlisted psychologists to apply standard tests for psychosis to corporate leaders. The results, in “The Psychopath Test”, showed that the proportion of corporate leaders who are psychopaths is far higher than the 1% of the population as a whole. Activity Based Theories of leadership Adair’s action-cantered leadership Professor Adair’s action-cantered or situational model sees the leadership process in a context made up of three interrelated variables – task needs, the individual needs of group members and the needs of the group as a whole (Ronald, Styron & Jennifer 2017 p74)

Adair claims that leaders must perform 3 functions all at the same time:

<table>
<thead>
<tr>
<th>Task Functions</th>
<th>They must constantly work towards clear objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Functions</td>
<td>They must maintain an effective team</td>
</tr>
<tr>
<td>Individual Functions</td>
<td>They must fully utilise each person’s potential</td>
</tr>
</tbody>
</table>

10.6.1.1 *Table 16: Leaders three functions performance*

In the example shown, the leader is devoting attention to maintaining team spirit and focussing on the objectives of the task but is failing to look after each individual. Individuals with problems or complaints will adversely affect the leader’s overall performance. In the same way, if the task function is ignored, the leader will have happy individuals, high team spirit, but will fail to meet objectives. Adair’s model of leadership is more a question of appropriate behaviour than of personality or of being in the right place at the right time. This model stresses that effective leadership lies in what the leader does to meet the needs of the task, group, and individuals. This takes the model nearer the contingency approaches of modern theorists, whose concern is with a variety of factors task, people and situation all having a bearing on leadership and leadership styles (Bruce Rosenstein 2016 p25)
Human Resources Management: The Influence of Leadership Style and Staff Retention.

10.7 Goleman

Research published in March-April 2000 Harvard Business Review (Goleman, „Leadership that gets results”) investigated how each of six distinctive leadership styles correlated with specific components of an organization's culture. These cultural components are:

- Flexibility, employees’ ability to innovate without excessive rules and regulations.
- Responsibility, how responsible employees feel towards the organization.
- Standards, the level of standards expected in the organization.
- Rewards, the accuracy of performance feedback and rewards.
- Clarity, how clear employees are about the mission, vision and core values.
- Commitment, employees’ commitment to a common purpose.

Daniel Goleman (2011) suggests that effective leaders choose from six distinctive leadership styles:

Coercive (Do what I tell you) this describes a leader that demands immediate compliance. This style can destroy an organizational culture and should only be used with extreme caution. It is useful in an emergency and may work in a crisis or as a last resort with a problem employee. This leadership style has the most negative impact on the overall organizational culture.

Pacesetting (Do as I do, now) describes a leader who sets extremely high standards for performance. This style can also destroy a good culture and only works with a highly motivated and competent team who are able to „read” the leaders mind. Others will feel overwhelmed and give up because they cannot see themselves reaching unrealistic standards. This style also has a negative impact on the overall organizational culture, especially on rewards and commitment.
Coaching (Try this) describes a leader who is focused on developing people for the future. These leaders are good at delegating and are willing to put up with short-term failures, provided they lead to long-term development. This style works best when wanting to help employees improve their performance or develop their long-term strengths and has a positive impact on the overall organizational culture.

Democratic (What do you think?) describes a leader who achieves consensus through participation. This style builds trust, respect, and commitment and works best when wanting to receive input or get employees to „buy-in” or achieve consensus. If handled correctly, this style has a positive impact on the overall organizational culture.

Affiliative: (People come first) this describes a leader who is interested in creating harmony and building emotional bonds with employees. This style works best when motivating employees, building team harmony, improving communication, increasing morale or repairing broken trust and has a positive impact on the overall organizational culture. Because this style has virtually no downside, it is often described as the best overall approach.

Authoritative (come with me) describes a visionary leader who gives people lots of scopes to innovate and take calculated risks, provided that they move in the direction of the stated vision. This style works best when change requires a new vision or when employees are looking for a new direction but fails when employees are more knowledgeable or experienced than the leader, or if the authoritative style becomes overbearing. Provided that it is used subtly, this style has the most positive impact on the overall organizational culture (Schein 2016).

10.8 Charismatic and Leadership

Assumptions: Charm and grace are all that is needed to create followers. Self-belief is a fundamental need of leaders. People follow others that they personally admire.
Human Resources Management: The Influence of Leadership Style and Staff Retention.

Style: The Charismatic Leader gathers followers through dint of personality and charm, rather than any form of external power or authority.

10.9 The searchlight of attention:

It is interesting to watch a Charismatic Leader 'working the room' as they move from person to person. They pay much attention to the person they are talking to at any one moment, making that person feel like they are, for that time, the most important person in the world.

Charismatic Leaders pay a great deal of attention in scanning and reading their environment, and are good at picking up the moods and concerns of both individuals and larger audiences. They then will hone their actions and words to suit the situation.

10.10 Pulling all of the strings:

Charismatic Leaders use a wide range of methods to manage their image and, if they are not naturally charismatic, may practice assiduously at developing their skills. They may engender trust through visible self-sacrifice and take personal risks in the name of their beliefs. They will show great confidence in their followers. They are very persuasive and make very effective use of body language as well as verbal language. Deliberate charisma is played out in a theatrical sense, where the leader is 'playing to the house' to create the desired effect. They also make effective use of storytelling, including the use of symbolism and metaphor (Zehndorfer 2015)

10.11 Leading the team:

Charismatic Leaders, who are building a group, whether it is a political party, a cult or a business team, will often focus strongly on making the group very clear and distinct, separating it from other groups. They will then build the image of the group, in particular in the minds of their followers, as being far superior to all others. The Charismatic Leader will
typically attach them to firmly identify the group, such that to join the group is to become one with the leader. In doing so, they create an unchallengeable position for themselves. Alternative views on charisma Musser (1987) notes that charismatic leaders seek to instill both commitment to goals and also devotion to themselves. The extent to which either of these two goals is dominant depends on the underlying motivations and needs of the leader. Conger & Kanungo (1998) describe five behavioural attributes of Charismatic Leaders that indicate a more transformational viewpoint:

- Vision and articulation;
- Sensitivity to the environment;
- Sensitivity to member needs;
- Personal risk taking.

10.12 Performing unconventional behaviour

Transformational leadership is an idea that was introduced by Burns (see below) The Charismatic Leader and the Transformational Leader can have many similarities, in that the Transformational Leader may well be charismatic. Their main difference is in their basic focus. Whereas the Transformational Leader has a basic focus on transforming the organization and, quite possibly, their followers, the Charismatic Leader may not want to change anything. When change is needed charismatic leadership may not be enough to ensure the survival of the organization. Despite their charm and apparent concern, the Charismatic Leader may well be somewhat more concerned with themselves than anyone else. The values of the Charismatic Leader are highly significant. If they are well-intentioned towards others, they can elevate and transform an entire company. Their self-belief is so high, they can easily believe that they are infallible, and hence lead their followers into an abyss, even when they have received an adequate warning from others. They may also be intolerant of challenges
and their irreplaceability (intentional or otherwise) can mean that there are no successors when they leave (Amos & Condon 2016)

10.13 Transformational Leadership

James MacGregor Burns (1978) first introduced the concepts of transformational and transactional leadership in his treatment of political leadership, but it is now used as well in organizational psychology. “According to Burns, the difference between transformational and transactional leadership is what leaders and followers offer one another. This work was developed between 1985 and 1998 by Bass. Transformational leaders offer a purpose that transcends short-term goals and focuses on higher order intrinsic needs. Intrinsic means inside the people; their internal needs are met, and this, in turn, leads to the more visible extrinsic needs of the organization is met. This results in followers identifying with the needs of the leader. The four dimensions of transformational leadership are Charisma or Idealized influence: the degree to which the leader behaves in admirable ways that cause followers to identify with the leader. Charismatic leaders display convictions, take stands and appeal to followers on an emotional level. This is about the leader having a clear set of values and demonstrating them in every action, providing a role model for their followers (Dobbs & Walker 2010).

10.14 Inspirational motivation:

Inspirational motivation occurs when the leader gains commitment and inspires followers with a shared vision. Intellectual stimulation reflects leader behaviours that challenge the status quo, facilitate innovative thinking and risk-taking. The degree to which the leader articulates a vision that is appealing and inspiring to followers. Leaders with inspirational motivation challenge followers with high standards communicate optimism about future goal attainment and provide meaning for the task at hand. Followers need to have a strong sense of purpose if they are to be motivated to act. Purpose and meaning
provide the energy that drives a group forward; it is also important that this visionary aspect of leadership is supported by the communication skills that allow the leader to articulate their vision with precision and power, in a compelling and persuasive way (Sermeus, Procter & Weber 2016).

10.15 **Intellectual stimulation:**

The degree, to which the leader challenges assumptions, takes risks and solicits followers’ ideas. Leaders with this trait stimulate and encourage creativity in their followers.” (www.transformational leadership)

10.16 **Individualized consideration or individualized attention:**

The degree to which the leader attends to each follower's needs acts as a mentor or coach to the follower and listens to the follower's concerns and needs. This also encompasses the need to respect and celebrate the individual contribution that each follower can make to the team (it is the diversity of the team that gives it its true strength).

Transactional leaders use conventional reward and punishment to gain compliance from their followers. They have continued, at times unspoken interaction that takes such forms as: "Do as I say and you will get a raise." "Meet this quota or you will get fired."

These are extrinsic motivators which bring only minimal compliance from followers. Some followers will supply their own internal (intrinsic) motivation such as pride in their work, but this is a matter of chance. Transactional leaders accept the goals, structure, and culture of the existing organization. They must do so because this type of leadership is ineffective at bringing significant change. Transformational leaders question all of these in order to move towards their vision.
10.17 Types of Transactional Leadership

There are two components of Transactional Leadership

Contingent Reward: Here the leader provides rewards if, and only if, subordinates perform adequately and/or try hard enough.

Management by exception: In this case, the leader does not seek to change the existing working methods or subordinates so long as performance goals are met. He/she only intervene if something is wrong. This can be "active," where the leader monitors the situation to anticipate problems, or "passive," where the leader does nothing until a problem or mistake has actually occurred (Group of authors 2016 ISBN:8088085063 p69).

Personal Characteristics of Transactional Leaders:

Transactional leaders tend to be directive and sometimes dominating. They tend to be action oriented. It is clear from the above that transformational leaders are needed in order to achieve any kind of change, but especially those changes that are intended to lead to a new internal structure or way of working. When deciding whether an organization is capable of achieving the type of change that is envisaged, the first consideration is whether it has the right type of leaders. The psychological profile and management style of the leaders may be the main factor preventing the success of many kinds of change model – see The Virtual Organisation above. The need for transactional or transformational leadership can also be linked to the stage or the organization in its lifecycle.
10.17.1 Figure 21: Organisational life cycle.

The implication of this analysis is that the early and late stages are the most risk-prone and the organization is in need of transformation.

10.18 What do Leaders Do?

This is a broad question and is difficult to answer. Senior Manager’s jobs usually exist because the owners of an organization do not take part in running it and need someone to make sure that the objectives of the organization are met. This applies to both the public and private sectors; taxpayers and politicians do not want to run the National Health Service (although they play a role in setting its objectives). Shareholders own large companies, but they do not run them (Rosenstein 2016 ISBN: 1119236878 p28).

Managers have to achieve things with other people. What they achieve should meet the objectives of the owners, but will involve setting goals and creating strategies to meet those objectives. We can divide managers into Senior Managers, who decide the strategic objectives, 48 and Junior Managers who implement the strategy, often by setting departmental objectives that contribute towards those of the organization.

The contributions of writers from the whole of the twentieth century are relevant. Henri Fayol was already an old man when he produced his important work before the First World War.
Peter Drucker changed management thinking in the 1940s and 1950s. Henry Mintzberg is still challenging established management thinking in the twenty-first century.

Organisational climate and culture

Organisational climate is directly related to the leadership and management style of the leader, based on the values, attributes, skills, and actions, as well as the priorities of the leader. The ethical climate then is the “feel of the organization” about the activities that have ethical content or those aspects of the work environment that constitute ethical behaviour. The ethical climate is the feeling about whether we do things right or the feel of whether we behave the way we ought to behave. The behaviour (character) of the leader is the most important factor that impacts the climate.

On the other hand, culture is a long-term, complex phenomenon. Culture represents the shared expectations and self-image of the organization. The mature values that create “tradition” or the “way we do things here.” Things are done differently in every organization. The collective vision and common folklore that define the institution are a reflection of culture. Individual leaders cannot easily create or change the culture because culture is a part of the organization. Culture influences the characteristics of the climate by its effect on the actions and thought processes of the leader. But, everything a leader does will affect the climate of the organization. It also influences the decision making processes, the style of management and what everyone determines as a success (Duncan Waite, Ira Bogotch 2017 ISBN: 1118956702).

10.19 Leadership and Vision

Leadership is a dynamic process in a group (or team), where one individual influences the others to contribute voluntarily to the achievement of group tasks in a given situation. The role of the leader is to direct the group towards their goals. Leadership starts with having a vision of the future, then developing a plan to achieve it. In the literature concerning leadership, a vision has a variety of definitions, all of which include a mental image or
picture, a future orientation, and aspects of direction or goal. Vision provides guidance to an organization by articulating what it wishes to attain. By providing a picture, the vision not only describes an organization's direction or goal, but also the means of accomplishing it. It has a compelling aspect that serves to inspire, motivate and engage people. It answers the questions: Who is involved? What do they plan to accomplish? Why are they doing this? Vision, therefore, does more than provide a picture of the desired future; it encourages people to work, to strive for its attainment. Given a clear vision and a strategy the leader can empower people to achieve the goals. Empowerment means giving employees control of the decision-making process and allowing them to be independent of the leader (Wang, Victor C. X. 2016 ISBN: 1522510508 p116)

10.20 Leadership and change

Change can be classified into two categories: planned and unplanned. Planned change is a deliberate and conscious effort designed to meet forthcoming input changes that can be seen or predicted. For example, changes in the buying patterns or customer requirements.

Unplanned change is thrust upon the organization by environmental events beyond its control. For example, changes in the bank rate, sudden changes in the value of a currency, unexpected scarcity of a raw material or a serious fire. The role of the leader is to anticipate the need for change, create an atmosphere of acceptance of change and manage the stages of introduction and implementation. He or she can expect resistance to change since all major changes threaten somebody’s security or somebody’s status. One of the most important factors in the successful implementation of organizational change is the style of managerial behaviour. In certain situations, and with certain members of staff, it may be necessary for leaders to make use of hierarchical authority and attempt to impose change through a coercive, autocratic style of behaviour. In most cases, however, the introduction of change is
Human Resources Management: The Influence of Leadership Style and Staff Retention.

more likely to be effective with a participative style of behaviour. If employees are kept informed of proposals, are encouraged to adopt a positive attitude and have personal involvement in the implementation of the change, there is a greater likelihood of their acceptance of the change (Finkelstein 2016.ISBN:0698192834).

10.21 Leadership Effectiveness “Goleman”

Research undertaken in 2000 by Goleman studied whether precise leadership behaviour led to positive business results. This was a similar approach to that of McGregor, but targeted chief executives. The research involved 3871 senior executives worldwide, and identified six different styles of leadership:

- Coercive leaders who demand immediate compliance
- Authoritative leaders who mobilize people towards a vision
- Affiliative leaders who create emotional bonds through harmony
- Democratic leaders who build consensus through participation
- Pacesetting leaders – who expect self-direction and excellence
- Coaching leaders who develop leaders for the future.

Only four of these had a positive effect. The two that failed to yield positive results were:

The Coercive style demands immediate compliance and lacks flexibility and motivation. This was the least effective style in the study.

The Pacesetting style, where a visionary leader sets high standards of performance actually led to low morale and had a largely negative effect on performance.

Goleman found that the most effective leaders use more than one style each at just the right time. This echoed the results of Fiedler, who found similar results for operational managers. Goldman’s conclusions indicated that the Authoritative style, although overbearing and not always popular, was the most effective in inspiring commitment to the goals of the organization provided that it was not used 100% of the time. The Affiliative style can create
Harmony in the organisation and be found to be effective when used in conjunction with the Authoritative style. The Democratic approach was found to be positive, and encouraged input from staff, helping to build consensus. This participation led to a feeling of ownership of the organization’s objectives. The Coaching style was the least used but was effective at helping staff to identify their strengths and encouraged long-term development. Mastering all four of the successful styles is seen by Goldman as the way forward. Like Fiedler, he found that the skill lay in deciding when to use each style. This is affected by the manager’s own values and experience, the type of power, the characteristics of the followers, the organizational culture, organization structure, and the influence of national culture. Goldman’s other work includes a study of Emotional Intelligence (Goleman 2017 ISBN: 1633692612).

11 CHAPTER 11: STRATEGIC MANAGEMENT AND LEADERSHIP
PART III

The leadership and management development programme has been specifically designed to embed the technical and behavioural skills required to support the delivery of the ‘fairer future’ promises and future organizational culture by creating a high-performance workforce. The goal of the programme is to build organizational capability and capacity to ensure that we have managers who have the right skills (behavioural and technical) and knowledge. This will drive and improve development and business performance throughout the Council and ensure we deliver an excellent service to our customers. The programme will provide the structured learning to develop our existing and aspiring managers (future talent pipelines) at the supervisor, first line, business and strategic manager levels (Thorpe & Gold 2016).
11.1 Developing Leadership Skills

How can managers become leaders? Bennis suggests that “the leaders of the future will have to cast off the heavy burden of command and control of hierarchically based leadership”.

<table>
<thead>
<tr>
<th>The manager administers</th>
<th>The leader innovates</th>
</tr>
</thead>
<tbody>
<tr>
<td>The manager is a copy</td>
<td>The leader is an original</td>
</tr>
<tr>
<td>The manager maintains</td>
<td>The leader develops</td>
</tr>
<tr>
<td>The manager focuses on systems</td>
<td>The leader focuses on people</td>
</tr>
<tr>
<td>The manager relies on control</td>
<td>The leader inspires trust</td>
</tr>
<tr>
<td>The manager asks how and when</td>
<td>The leader asks what and why</td>
</tr>
<tr>
<td>The manager looks at the bottom line</td>
<td>The leader looks at the horizon</td>
</tr>
<tr>
<td>The manager preserves the status quo</td>
<td>The leader challenges it</td>
</tr>
<tr>
<td>The manager does things right</td>
<td>The leader does the right thing</td>
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</tbody>
</table>

“Management consulting courses”

“Although there is much that organizations can do to encourage the development of leaders, it is clear from the work of Bennis and others that leadership skills have to be consciously developed by those who wish to assume leadership positions. Leadership behaviour, both physical and psychological, needs to be acquired through continuous self-development. Emotional Intelligence EQ - is a relatively recent behavioural model, rising to prominence with Daniel Goldman’s (1995) Book called ‘Emotional Intelligence’ the early Emotional Intelligence theory was originally developed during the 1970s and 80s by the work and writings of psychologists Howard Gardner, Peter Salovey and John ‘Jack’ Mayer. Emotional Intelligence is increasingly relevant to organizational development and developing people because the EQ principles provide a new way to understand and assess people's behaviours, management styles, attitudes, interpersonal skills, and potential. Emotional Intelligence is an important consideration in human resources planning, job profiling,
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recruitment interviewing and selection, management development, customer relations and customer service, and more.

Emotional Intelligence links strongly with concepts of bringing compassion and humanity to work, and also to 'Multiple Intelligence’ theory which illustrates and measures the range of capabilities people possess, and the fact that everybody has a value. The EQ concept argues that IQ, or conventional intelligence, is too narrow; that there are wider areas of Emotional Intelligence that on dictate and enable how successful we are. Success requires more than IQ (Intelligence Quotient), which has tended to be the traditional measure of intelligence, ignoring essential behavioural and character elements. We've all met people who are academically brilliant and yet are socially and inter-personally inept. We know that possessing a high IQ rating, does not automatically lead to success (DuBrin 2015 Isbn: 1305465083).

EQ has two important aspects. This is the essential premise of EQ: to be successful requires the effective awareness, control and management of one's own emotions, and those of other people. EQ embraces two aspects of intelligence:

- Understanding yourself, your goals, intentions, responses, and behaviour
- Understanding others, and their feelings
- Goleman identified the five 'domains' or stages of EQ as:
  3. Knowing your emotions.


4. Recognising and understanding other people's emotions.

5. Managing relationships, i.e., managing the emotions of others.
Emotional Intelligence embraces and draws from numerous other branches of behavioral, emotional and communications theories, such as NLP (Neuro-Linguistic Programming), Transactional Analysis, and empathy. By developing Emotional Intelligence in these areas and the five EQ domains we can become more productive and successful at what we do, and help others to be more productive and successful too. The process and outcomes of Emotional Intelligence development also contain many elements known to reduce stress for individuals and organizations, by decreasing conflict, improving relationships and understanding, and increasing stability, continuity, and harmony” (sites.google.com) EQ theory states that the five domains are not innate, but can be consciously developed, either alone through self-development or by working with a mentor, coach or another facilitator (Sallie-Dosunmu 2016 ISBN: 1562861042)

11.2 Values and Psychological Development

In addition to recognizing, managing and developing emotions, leaders can also manage their values. One of the initial threads identified in the Trait theories was that followers respect leaders partly because they have clearly defined values, and that these are admired by followers.

Kuhnert and Lewis proposed that leadership development is linked to the development of peoples, egos and that this occurs in four stages: from the egocentric leader to the leader that works across different value systems. The authors built on transactional and transformational leadership theory and proposed a method that explained how leaders develop their moral value system, therefore linking a theory of development with a theory of leadership. This supports the view that the conscious development of leadership skills can be achieved. Another approach comes from Stenberg who proposed that leadership needs to follow a balanced approach incorporating the constructs of wisdom, intelligence, and creativity, and synthesized (WICS) when prioritizing and negotiating competing demands in the
environment. Leadership development here is seen as both, increasing the level of each of these attributes as well as being able to balance them in negotiating situational tensions and demands.

Lord and Hall proposed that leader progression from novice to intermediate and to expert is accompanied by a shift in their identity, from emphasizing individual uniqueness to collective identities. Each change in identity focus brings along a different set of associated leadership skills to be mastered. The authors’ premise of the theory is that problem solving is the key function of leaders and that this is a skill that is improved with the evolution of one’s identity. These theories proposed explanations for developing individual leaders. They are supported by other writers who emphasis that as leaders grow, they move from an individual to a collective view of problems to be solved, and of their own role (Jaško & Marinković 2016 ISBN: 8676803269)

Hooijberg, Hunt, & Dodge combined leadership complexity with leadership development in their Leaderplex model. They differentiate between cognitive, social, and behavioural complexity. Cognitive complexity is the ability to think multidimensionality, Social complexity is the capacity to differentiate and act on personal and relational aspects of social situations, Behavioural complexity is the result of these two levels of complexity. In the view of the authors, Behavioural Complexity is the key to leadership success. Behavioural complexity is the ability of a leader to adapt his or her behaviours to different situations for increased organizational effectiveness. They suggested that the model would be useful to assess individual and organizational levels of competency and therefore promote the right individuals depending on their cognitive, social, and behavioural complexity levels. Similarly, individuals who possess the cognitive and social capacity, but lack behavioural skill, for example, could be developed through specific leadership programmes. The Leaderplex model, however, is more concerned about integrating these previously disparate
streams of psychological research (i.e. cognitive, social, and behavioural complexity), rather than explaining how leadership could be developed (Lussier&Achua 2015. ISBN: 1305465075)

Enric Bernal (2014), in Designing Transformational Leadership Programmes, has suggested that leadership development programmes should be constructed from the starting point of how to change individual behaviour. His psychological reference point is studied over 25 years of how people change deep-rooted behaviour such as addiction. Proposing the view that aspiring leaders may be “addicted” to behaviour that does not allow them to view themselves and others as a leader. A programme, whether part of self-development or as a formal programme, could be built around the six stages of the behaviour change “spiral”. This recognizes that each stage may not be a simple step forward, but there may be some reverting back to the previous stage before progress can be made. Leadership programme interventions that are to help people change or modify behaviours permanently, need to be geared towards the different stages where participants are in their change process. The six stages are:

11.2.1 Pre-contemplation
People at this stage typically deny having a problem and are not intending to take any action to change. People at this stage are simply not aware that certain observable behaviour is negatively perceived by others. Pre contemplators usually cannot see the problem and even if they do, they not only do not want to change themselves but they want to change the people around them - they are in a denial mode. (Gary Yukl also includes that the belief that change is unnecessary, is one of the nine factors for resistance to change)

11.2.2 Contemplation
The most important change from pre-contemplation to contemplation is that people in this stage acknowledge that they have a problem and are beginning to think seriously about changing. They, however, do not have any specific plans for changing. “Contemplators
struggle to understand their problem, to see its causes, and to wonder about possible solutions. Many contemplators have indefinite plans to take action within the next six months or so”. It is important to notice that both pre contemplators and contemplators need encouragement to continue evolving in the change process. (Bernal, Cos & Tarre 2014 ISBN: 0990568202)

11.2.3 Preparation
People in this stage have made two significant changes versus those on the contemplation stage: they focus on the solution, rather than on the problem, and they think more about the future than the past. They have developed a plan of action and are therefore intending to begin to change their behaviour in the immediate future (within the next thirty days). An important step at this stage is to make a public display of the intended change a small but convincing “win”

11.2.4 Action
This stage is the one that requires the greatest commitment of time and energy. It is also the stage where behavioural change is more apparent, but that does not make it the more important stage. A permanent change of behaviour also requires a change in the level of awareness, the level of emotion, the level of self-image, etc...

11.2.5 Maintenance
This stage involves the necessary work towards consolidating the gains attained during the previous stages. This stage is about working to prevent relapse, typically to pre-contemplation or contemplation stages, therefore commitment to change has to remain strong.

11.2.6 Termination
This stage is the ultimate objective of the change process. People who successfully achieve permanent behaviour change have zero temptation and 100% self-efficacy. The temptation is a measure of the intensity of urges in a particular situation to engage in a particular
behaviour. Self-efficacy is a concept that derived from Bandura and represents the confidence that individuals have that they can maintain their behaviour change in specific situations.

11.3 The case for formal Leadership Programmes
The idea of a "group" setting direction is vital. No single chief executive, regardless of talent or past performance, is able to set a sustainable growth course unaided. Just as a company is a prisoner of its past successes, any individual's ability to see into the future comes along with that person's unique set of biases and blinkers. It is just part of the territory of the human psyche. These limitations can never be entirely eliminated, but they can be balanced and supplemented by others on the team. Strong growth company executives surround themselves with a broad range of personalities and perspectives. The need for diversity at the top is reason enough for companies with serious strategic ambitions to develop more leaders. The best defense against myopia is diversity. Systems theorists have developed what they call "the law of requisite variety" to explain why this is so important. This principle implies that, if a company is to grow in anything but a monolithic marketplace, there must be at least as great a variety of perspectives inside the organization as there are a variety of complications in the market (Johnson & Dempster 2016 p 274 ISBN: 3319283022).

11.4 The Scandinavian Leadership Development model
In keeping with their cultural preferences, Scandinavians themselves have shied away from promoting or branding their definition of leadership. The “Scandinavian Model” has become an influential source of inspiration for those creating leadership development programmes. A group of Swedish and Danish business leaders and academics recently set out to describe their somewhat vague leadership model and in particular to explore the competitive advantages which it might offer at a national and corporate level (Lapsley & Knutsson 2016 ISBN:1317197917).

According to this research, the cornerstones of Scandinavian leadership are: -
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- Respect for the individual
- A holistic, humanistic and value-based approach with a multiple stakeholder focus (e.g. the public/private/voluntary sectors, activist movements, trade unions and employee representatives)
- Flat and non-bureaucratic organizations with a high degree of devolved responsibility and accountability in an empowering and enabling environment which stimulates creativity, innovation and collaboration.

11.5 Trust, care, and concern as key values
The report concludes that the Scandinavian leadership style is particularly suited for a post-industrial knowledge economy where success is dependent on collaboration across the value chain, networks and partnerships, and the ability to innovate in an environment of high levels of ambiguity and change. Scandinavian countries come high on “willingness to delegate responsibility” in the Global Competitiveness Report from the World Economic Forum. An obvious question is “how well does the model travel”? The Danish Leadership Institute points out that the most well-known and successful individual exponents of this model operated outside Scandinavia for most of their corporate career. In the view of the Institute, the traditional hierarchical leadership structure may have been useful in the industrial age, but the model is hopelessly outmoded today. Instead, the flat, democratic, open model preferred by Denmark and its Nordic neighbours is the “wave of the future”. (Swanwick & McKimm 2017 p78)

11.6 Leadership development based on the Scandinavian leadership model
Danish Leadership Institute has defined a number of learning principles as guidelines for more Reality. All development should be focussed on real-time challenges and opportunities.
11.6.1 Reflection
Learning happens when actions, experiences, and reactions are put into perspective by a process of reflection; guided reflection is by far the most powerful tool that you can offer busy, action orientated executives.

11.6.2 Challenges
Whilst any leadership development has to provide the right level of support and show respect for the individual, it will have more impact if there is an element of risk because the executive has something at stake.

11.6.3 Dialogue
Leadership development should seek to tease out the existing and/or tacit knowledge and capabilities of the executives involved in an interactive format. The authority of leading experts is no longer based on their intellectual knowledge alone but as much on the way it is delivered or transferred.

11.6.4 Action
Reflection without action leads nowhere. Any leadership development should be firmly focussed on delivering measurable value to the business.

11.6.5 Variation
The format of learning should be varied and adaptable to different learning styles and needs. The responsibility for the learning process is handed over to the executives who are asked to intervene at any time if the leadership development does not meet their objectives. Underpinning the above principles are the expert knowledge, competency, and integrity of the facilitators or consultants. The learning principles take participants from passive to active learning through guided reflection and experimentation. Some of the above ideas are developed by Robert Tomasko in the “Models for leadership Development Programmes” discussed below.
11.7 Models for Leadership Development Programmes

11.7.1 Effective executive learning

Robert M. Tomasko has proposed seven ideas for types of Management Development Programme:

1. Intellectual Content-Based
2. Learning-Lab-Based
3. Business Issue-Based
4. Strategy-Based
5. Career Stage-Based
6. Leaders-Developing-Leaders (University of Michigan model)
7. Pantheon of Leaders

11.8 Intellectual Content Based: The Curriculum is based on a set of concepts

What leaders need to know (knowledge and ideas) Strategic thinking and planning Target setting Performance measurement and control Organizing the work of others Systems thinking Change Management Emotional intelligence (self-mastery and relationship skills)

What skills leaders need to practice (behaviours) Decision making and problem-solving Negotiation Motivating Others Presentation techniques Time management Cross-cultural sensitivity and communication Effective meeting leadership (Victor C. X. 2016 p701).

- A theory of leadership
- Managers vs. leaders
- Transactional vs. transformational leaders
- Situational/contingency
- Personality, psychology topologies,
- Company-specific norms
11.8.1 These are ideal for intellectually curious employees with available time
Learning-Lab-Based: Simulations of business leadership situations in a controlled setting
Allow for experimentation with new behaviours Put participants in touch with personal passions and power Feedback-rich opportunities for awareness and reflection Team-oriented
(Eskelinen & Aaltio 2016)

11.8.2 Examples

- Emphasis on stressful physical exercises
- "Personal growth sessions" Emphasis on emotional intensity Management game simulations
- “Perspective-broadening” seminars (classic literature, poetry, arts)
- Business Issue-Based: Identify broad issues of general concern to leaders Construct programs to deliver a specific benefit Examples:
  - Leading corporate renewal
  - Orchestrating winning performance
  - Mobilizing people
  - Managing the innovation process: from idea and technology to market
  - Accelerating international growth
  - Provide updates on latest-thinking from top thought leaders, e.g. latest Journal articles
    (David Peyerwold 2016).
Strategy-Based: Curriculum content is a mirror image of the organization’s strategic plan

Very company-specific Examples:

1. Grow in consulting - study consulting skills
2. Broaden employee gene pool - study how to create a multicultural workforce
3. Grow in Europe study European cultures and business practices
4. Grow through acquisition and partnership study successes and failures in alliance-creation and acquisition-assimilation
5. Grow by doing more of the same - study best-of-the-best practices now in place/spread them.
6. Curriculum changes as strategy evolve
7. Curriculum development is integrated into strategic planning
8. Scenario-planning is sometimes taught as a way to "condition" the thinking of those involved in preparing the strategic plan
10. Career Stage-Based: Movement from stage-to-stage requires the acquisition of some new skills - and unlearning of some old ones. Each stage needs a different development programme (Frischmann 2013). Two models of career stages:
   - Individual roles:
   - Stage 1: Apprentice dependent learner
   - Stage 2: Individual contributor independent specialist
   - Stage 3: Manager (or Senior Professional) - assumes responsibility for others expands the breadth of skills.
   - Stage 4: Director (or Guru/Recognized Thought Leader) exercises power to shape the direction of the organization sponsors future leaders.
11.8.3 Organizational transitions from:

- Managing self to managing others
- Managing others to managing managers
- Managing managers in managing a function
- Managing a function of managing a business
- Managing a business to managing a group of businesses
- Managing a group of managing an enterprise

11.9 Developing Leaders

This should be learned holistically, not by analysis of components. It must not confuse concepts about leadership with leadership don’t struggle to define and analyse leadership. Instead, consider leadership as something that is present and must be encouraged in the future (Geiger & Peck 2016).

11.9.1 Assumptions:

Leadership is best learned through coaching, mentorship and modelling from recognized leaders and that this learning happens through the process of “identification” with a role model. Leadership is best expressed in the act of transmitting its essence to future leaders you know it is that you can teach it. Leaders can lead others into leadership. Components of what is to be transmitted:

- Beliefs, values, philosophy, tactics, mind-set, techniques (explicit)
- Tacit know-how and behaviours.

Use the Cascade model of transmission:

- Current leaders develop their personal point of view on the business often done through systematic reflection on their experiences using an advisor to serve as a sounding board.
Avoid:

- mission statements
- lists
- intellectual generalizations
- bullet points

Include:

- "here's what I believe based on my experiences"
- Idea generation
- Promoting values
- Choosing a direction
- Mobilizing support (inside and outside the company)
- Generating energy throughout the organization
- Making tough decisions.
- Use stories to make it teachable

Stories are:

- Memorable
- Illustrative of underlying hidden dynamics
- Reflective of the ambiguity in the real world

Stories answer the most important questions:

- Who I am
- What we are
- Where we have come from.
- What we are facing
Human Resources Management: The Influence of Leadership Style and Staff Retention.

- Where we are going
- What we need to do
- How we will get there

The best stories leave things out, and provide opportunities for listeners to flesh out or even change the ending. Provide a structure to allow future leaders to put in practice the lessons they derive from the stories and interaction with the current leaders by solving real-time/real-world business issues in an atmosphere of coaching and reflection. Leadership does not stop at the office building door; these programs frequently include consideration of how business leaders can also have a strong family life and discussions of the ethical dilemmas involved in making tough business decisions (Victor C. X. 2016 p551).

11.10 Pantheon of Leaders
Assumptions about leadership: The nature of effective leadership will vary with the situation. Learning only by role modelling current leaders produces clones. Leader's mistakes can teach as much as their successes. The content of these programs goes beyond reflection by current leaders. Designate a “pantheon of leaders” whose actions will be studied; individuals within the company and in other industries, as well as a range of political, social and historical personalities. Adjust the characters in the pantheon regularly, as the business' challenges change.

Tomasko (2014) argues that “mutants” are preferable to clones, and studying the leaders of competitors and other organizations will provide a better curriculum for leadership development than just learning from in company leaders and former leaders. All of the above seven approaches provide strong frameworks that have worked in organizations. They are alternatives, and should not all be attempted at once, although some of them could be used in sequence. For example, Intellectual Content based a series of seminars facilitated by an outside consultant (Cardon 2016).
Followed by:

- Leaders

- Developing Leaders sessions with top-level managers sharing their values and stories.

Overcoming Problems with Leadership Programmes: The main problems likely to be encountered are:

- Lack of Motivation and Commitment
- Lack of Respect for Facilitators
- Bosses don’t know how to Teach
- Lack of Time
- Results Measurement
- Lack of Resources
- Resources Inappropriate

11.11 Lack of Motivation and Commitment
Do not make the programme compulsory or “nominated”; make it self-selection, but hard to get on to. Create an application process requiring candidates to make a case for themselves in an annual competition for places. Make the expected performance outcomes explicit, and include reference to the programme in performance reviews. Make it clear that senior management is involved with the programme, and recognize success (Cooper 2016 p. What about the Followers? People may not need to be taught how to follow leaders, but if they know how their leaders are being developed, who they are, and what they will be setting out to achieve, it provides a framework for “followership” (Wayne 2015 p73).

11.12 Lack of Respect for Facilitators
Carefully choose experienced outside facilitators; make use of feedback from contacts in other organizations. Do not allow the programme to diverge from leadership as it is practiced
in the organization. Involve senior management; if the “boss’s boss” takes it seriously then the participants will.

11.13 Bosses don’t know how to teach
Teach them; formally, or through coaching sessions. Evaluate their abilities. Do not allow poor teachers to teach regardless of their rank in the organization. Instead use them as planners, coaches, or evaluators. Lack of Time Leverage executive’s time through technology such as video; live or recorded. Use distance learning.

11.14 Use intensive carefully planned sessions
Integrate learning with practice – senior executives teach others while they are actually doing the job.

11.15 Results Measurement
Do not just measure student satisfaction with the programme – this is of no use to the organization. The organization is the customer - measure direct impact on the organization by agreeing on targets and changes in advance.

11.16 Lack of Resources
Phase the programme in slowly to achieve a small number of high impact successes; results make the best case for more investment. Try not to fund as an addition to overheads create sponsors in departments such as sales and production, and let the sponsors approve and fund the budget. Consider tuition fees either payable by individuals or their departments. Senior management support can be gained for setting leadership development targets, for which sub-unit managers are accountable. Consider company “scholarships” to fund chosen applicants as a corporate project (Group of authors’ 2016 p97).

11.17 Resources Inappropriate
If the facilitators are not able to deliver the programme properly, the buildings and technology are wrong, or the budget is too small, it is likely that these things are driving the programme, rather than the programme coming first and the resources second.
12 CHAPTER 12: STAFF RETENTION IN UK COUNCIL’S HOUSING DEPARTMENT

12.1 Introduction

It has been observed that employee turnover particularly in the public sector, is becoming a problem. High staff turnover costs a substantial amount of money for advertising and training as well as time and energy. The costs associated with recruiting, selecting and training new employees often exceed 100% of the annual salary for the position being filled (Mello 2014 P.585). This research aims to identify the fundamental turnover factors in the one of London Borough’s Sheltered Housing department. Key solutions to the problem of high staff turnover are developed and some employee retention strategies, which can be used within the public sector context, are suggested. Data were collected by questionnaires distributed to all sheltered housing officers, senior and middle managers in the councils via email as well as telephone interviews. The outcome of this research can be used to reduce the costs associated with high staff turnover in the public sector.

In this Council, there are twenty sheltered housing units. They are divided into three patches, named North East, North West and South Central. Each of these patches is managed by a senior sheltered housing officer. Each unit is managed by a scheme manager (sheltered housing officer), which means there are twenty scheme managers managed by three senior sheltered housing officers (SSHO).

In 2014, the majority of scheme managers were agency staff; subsequently five of them left the council to work elsewhere. This has left the rest of the team under huge pressure as they need to manage their scheme and cover other schemes on a daily basis, whilst not knowing when this problem is going to come to an end. Employees cannot take their annual leave unless they organise a cover for their scheme. Rent arrears were mounting higher than ever; void properties were not getting ready for viewing on the planned time scale; sickness level has significantly increased. In early 2015, two additional scheme managers left raising
the total number to seven. Furthermore, the service manager who was responsible for running the entire sheltered housing scheme had left to take another post in the council and has been replaced by a temporary manager (Ronald, Burke, Noblet, & Cooper 2013 p.4).

The new service manager has tried to remove all the agency staff and replace them with permanent employees and employed two more permanent scheme managers. This was one step forward in terms of filling the vacancies. At present the department only has one temporary employee, the rest of them are permanent. There is no doubt this will improve the staff turnover (Boella & Turner, 2013, p.163). A few months later, one of the senior sheltered housing officers who was on permanent employment left to do a secondment within the council. This left the team one manager short and the service manager replaced the SSHO by another temporary manager. The SSHO only worked for two months and has been suspended pending further investigation. As a result, the two senior sheltered housing officers were forced to manage the entire twenty schemes between them. In other words, they were managing ten schemes each.

Further problems developed when the former service manager decided that all scheme managers should make their holiday arrangement with their buddy and let their manager know; plus, when scheme managers were covering two or three schemes every day, the SM (service manager) refused to allow time off in lieu (TOIL). According to the SM, Scheme managers are expected to start and finish at the normal time and are expected to do everything without the need for extra time. However, after long discussion with SHOs and SSHOs, the SM allowed the SSHOs to use their discretion whether to allow TOIL. At the same time, the service manager was trying to change the job description (JD) and person specification (PS) to increase responsibilities, such as making scheme managers take lettings and void on the same salary. As a result, all scheme managers raised their concerns opposing the above changes as well as demanding that:
- Organising annual leave should be the manager’s duty.

- When covering more than one scheme, they need to be allowed to claim TOIL.

- The current scale should be changed from scale seven to scale nine due to the added responsibility.

The trade union and staff representatives became involved in the issues highlighted, but no outcomes have been achieved. Senior managers are not showing any willingness to come to an agreement on the above demands. Furthermore, there is no consultation on decision making. Scheme managers only find out once everything has been decided. This is putting all the scheme managers under huge pressure and dissatisfaction and has already started to cause long-term sick leaves, thereby affecting the rest of the scheme managers who have to cover two to three schemes every day. Likewise, service users are not getting the service they deserve, because when scheme managers cover more than one scheme they will not be there to deal with tenants’ urgent issues and enquiries.

The service manager who was employed temporarily was imposing all the changes on all scheme managers and SSHOs. He then finally announced his resignation in December 2015. The GM (group manager) has recently announced that another service manager has been employed on a three months rolling contract. This leaves all sheltered housing officers on unpredictable future. The new service manager has now decided to swap areas for the two senior sheltered housing officers. The service manager is also planning to do the same to all the twenty scheme managers. Should this take place within the next twelve months, it will create a disaster within the service. In the last twelve months, scheme managers have been working hard to establish a good rapport with all their tenants. In the last five years, one of the main reasons why tenants complained was that as soon as they started getting to know the
scheme manager and started to open up and feel comfortable, the scheme manager was replaced by another.

The management style used by some SSHOs seems authoritarian, the communication is only one way, from top to bottom when changes are introduced and no one knows about changes until they are made public. Refer to section 12.21 interview with scheme managers on, (P.237).

If a member of staff asks anything that involves decision making, it takes months to respond and it has to be chased repeatedly before getting any answer. For example, with most employers and other departments in the council, to carry over five days annual leave into the next holiday year is automatic. In the sheltered housing department, it was impossible to do so. One of the scheme managers wanted to carry over his five days annual leave and was not allowed. He appealed against the decision and this went to the GM who took three months to come back to the officer with the answer. Price (2011 P.246) argued that “There is so much that managers can do to make their employees valued and improve level of engagement that will benefit both employers and employees.”

12.2 Framing the Research Questions

The initiation of interest in a specific topic is from the research process; however, familiarity with the subject enables defining a suitable research question. A perceived knowledge scarcity gives rise to questions within a field of study or subject area. Merrill, Frankenfeld & Mink (2015 p.113) argued that the challenge posed to the development of a suitable research question deals with assessing which uncertainties could or should be investigated, along with rationalising the need for their evaluation. There are several ways in which an individual can increase knowledge regarding a specific subject. Assistance can be provided in research question development by the awareness about the present technological advances and trends. FINER criteria have been proposed by Hulley,
Cummings, Browner, Grady & Newman (2013) for developing a good research question that highlights the useful points that can increase the possibility of development of a successful research project. Specification of the research population should be presented by the research question and be of interest to the scientific community and potentially to the public, adding further to existing knowledge in the field. Therefore, the framing of the research question was performed based on FINER criteria to ascertain that it is feasible, getting the answer sought, confirming, refuting or extending previous findings, being approved by the ethical review board and relevant to knowledge.
12.2.1.1 Figure 22: Sheltered Housing Department Current Structure.

The structure in figure 1 was introduced in April 2013. Prior to this, the role of scheme managers was non-existent. Instead, three to four floating support officers were spending only five to six hours a week in each scheme. When this structure was created in 2013 it was a significant change in terms of service provision and job creation. However, as highlighted above, there were issues with this structure in terms of management.

The current structure seems diagrammatically flatter than the newly proposed one, but in practice it has been proven that it is more bureaucratic and authoritarian. The service manager only manages the senior sheltered housing officers, he was micromanaging the senior sheltered housing officers, did not allow them to make decisions without his intervention and the senior sheltered housing officers were frustrated as a result. The GM manages four other managers in different departments plus the service manager in the sheltered housing department, which makes it five managers and five different departments in
total. Unlike the group manager, the service manager only manages one department and three managers. The decision-making process was very slow; getting up-to-date information at the right time was impossible, which could have a negative impact on staff morale. Employees are not allowed to go for training costing more than £100 a day, parking permits issued to scheme managers prior to the service manager’s arrival were recalled, scheme managers are not allowed to take TOIL and there was no cooperation with unions regarding negotiation on the current salary scale. This is an example of Douglas McGregor’s Theory X; Chapman (2014) which says that many managers tend towards theory X, and generally get poor results (Ricky Griffin 2016 p.44). Refer to Figure 3: Douglas McGregor – Theory X and Y on page 197.

The position of the service manager shouldn’t exist. Instead, the SSHOs should report directly to the group manager making the management structure rather flatter. As a result, the decision-making process would be quicker, communication would be faster and employees would have more responsibilities to make decisions. Ultimately, this would create a happy atmosphere in the workplace and reduce staff turnover, (Mone & London 2014 p.32).
This new structure looks hierarchical; however, it is expected to show an improvement on the previous structure. This is because, unlike the current structure, the resident area managers are managing four managers, including the senior sheltered housing officers. As a result, the SSHOs might have more responsibilities. This will enable decisions to be made locally and all scheme managers to feel they are more valued. This will ultimately create a happy atmosphere in the work place, decrease stuff turnover and long term sickness. Employees achieve and contribute more when you trust them and give them more responsibility. (McGregor’s theory Y Griffin (2016 p.44) argues that people are committed to goals to the degree that they receive personal rewards and trust when they reach their objectives. At the moment, the above structure is only a proposal; it is expected to go live around September 2016. How it will look like in practice remains to be seen.

Following on from a period of initial consultation, which started in March 2016, all feedbacks have been fully considered. This revised establishment and structure for the Resident Services Division following the decision of the Cabinet on the senior management restructure on 28 July 2015 and the subsequent changes to the Housing and Modernisation structure. Following the consultation and this new structure a report has been produced; this report recommends that:

- The management of council housing properties is delivered on an area basis by three dedicated area housing managers responsible for North, South and Central teams. Area teams will also include lettings management and the management of Sheltered Housing tenancies.
- The proposed Supported Housing Team will manage the council’s temporary accommodation units, supported hostels and extra-care accommodation, provide
tenancy sustainment services and support for clients moving from hostels to general needs accommodation.

- The realignment of the departmental Strategy and Performance Improvement service (merging the former Housing Strategy and Partnership team and Business Improvement Unit) to deliver the council’s cross-tenure housing objectives, together with departmental performance improvement and health & safety functions.

- A small strategic business planning unit will be established consisting of two staff to undertake financial modelling and analysis to update new build and investment programmes and ensure coordination between the council’s Housing Business Plan and housing investment strategies.

- All divisional business support and project management functions will be incorporated into the proposed Resident Services Programmes and Investigations business unit, including newly incorporated support functions from Temporary Accommodation and the Sheltered Housing business unit.

- The revised establishment for the management of services in the Resident Services Division as detailed in this report will be approved and implemented following appropriate consultation with staff and trade unions.

12.3 Reviewing My Context

The extensive challenge faced by organisations at present is not only related to the management of resources but also with their retention. A critical role is played by securing and retaining of skilled employees in any organisation since the skills and knowledge of employees are central to the ability of a company to be economically competitive. In addition, another challenge experienced by employers today is maintaining the continuous satisfaction of employees. An active role is played by the human resource department in employee retention, by making policies for the betterment of employees so that the
employees are satisfied with the organisation and continue their association with the organisation for a prolonged period. It determines not only employee retention but also the retention of valued skills. Balance in work and life is imperative for engagement and influence retention (Hyatt & Harkavy, 2016). An empirical research in the UK heightened that stress is caused among employees by interventions of work demand into personal life, besides, they also cause emotional exhaustion. A range of positive benefits was noted to be present in 70% of the businesses that integrated options of teleporting. These benefits varied from increased participation of the workforce, improved work-life balance, flexibility, reduced costs and increased productivity of business (Sushil, Connell & Burgess 2016 p. 24).

12.4 Reviewing External Knowledge

There is constant change in organisations, which has an impact on not only the organisation but also on the employees. For maximising the efficiency of an organisation and optimally utilising the resources, proper management of HR is indispensable. Treatment of employees within an organisation is a responsibility of the HR department. Employee retention is a critical challenge and issue for all organisations at present (Eeden 2014). Employees are motivated to leave or stay in an organisation by various factors. These factors might be internal, external, or a combination of both. In these regards, practices of HR (human resources) count a lot. The needs of employees are required to be identified by the managers along with the development of retention strategies. However, it is important to consider that one strategy does not fit all organisations as they have different priorities (Goyal 2012). A negative effect is left on the knowledge gain, customer satisfaction, and innovation and on the profitability of an organisation. A significant problem is caused by costs associated with the replacement of employees. A vital role is played by the middle and top management in the people dimension of an organisation. Providing rewards and appraisals to
employees make it possible to increase employee retention and decrease turnover (Buckley, Halbesleben & Wheeler 2014 p.124).

12.5 Research Purpose and Questions
The area of research being proposed for study is employee turnover and retention in the London council’s sheltered housing department. Labour shortages, anticipated due to the new demographics of the council require organisations to question how to attract, engage and retain their workforce. Moreover, increased competition induced by globalisation forces companies to protect their key employees to maintain their competitive advantage (Farr & Tippins 2013). Maintaining and improving organisational performance remains a major challenge for organisations today. To meet this challenge, the strategic approach to human resources management (HRM) enables organisations to invest in work practices that mobilise, motivate, train and involve employees, contributing to their retention (Tariq 2014). However, the question remains: what really are the consequences of working labour on the organisational performance of companies? In scientific literature, many researchers believe that the working labour is detrimental to organisations because of the direct and indirect costs associated with employee departures (Willard 2013 p.124). Based on the investigation of the current scenario on chapter 6.6 Quantitative Research questionnaire to scheme managers, (p.54), scheme managers at the Council’s sheltered housing department are not involved in any decision-making process, they don’t feel their salary reflects the job they are doing, they don’t get enough training, they feel they are pressured by their managers to organise their annual leave with their colleague instead of the other way round, they are not happy with the way they are managed, they are not allowed to claim flexible working and TOIL and making decisions takes far too long due to which the likelihood of turnover is excessive. Wyatt & Hulbert-Williams (2015 p.459), posit that when stress and workload are increased on staff due to the resignation of previous employees, a fierce cycle is likely to
reduce the quality of work and increase rate of turnover. Dewe, O'Driscoll & Cooper (2010 p.9-10) reported an association between workload and job stressors with employee turnover. Various other factors are also related to the intention of employees to quit the job. There is also a possibility that the management is unable to understand the requirements of employees, leading to reduced commitment and excessive turnover at the organisation. Thus, this study assessed this imperative aspect of employee turnover and retention.

The research questions were framed by following the FINER criteria, which led to the development of the following research questions:

- What factors have contributed to the employee retention or turnover at the Council’s sheltered housing department?
- What is the level of satisfaction among employees with their managers?
- To what extent are scheme managers likely to be unsatisfied with extreme workload enforced by the managers?
- What association exists between employee retention and turnover with stress and workload?
- What are the causes and consequences for the high employee turnover?
- What needs to be done to fully understand how to reduce turnover and increase employee retention?

12.6 Employee Turnover and Rates

Change in the labour market and the economy’s downturn can have a big impact on employee turnover. Whenever there is a strong economy, job availability goes up, which encourages employees to look for a better job, which eventually leads into high staff turnover. Correspondingly, when there is a recession the job availability goes down, which
leads employees to stay on their job for as long as possible, (CIPD, 2013). Not so long ago, many people used to think that government jobs were for life. In today’s world, there is no job where people can stay as long as they want or until they retire. The average length of time an employee works for a firm has fallen dramatically. White (2016) argues that this is not strictly true, happy employees stay longer when they enjoy working for the organisation. In fact, nearly a third of workers have engaged with their current employers for more than ten years.

12.7 Functional turnover

As was briefly introduced above, this category consists of all resignations that are accepted by the employer and the employee. A major example is a departure due to poor performance or lack of conformity with organisation culture. Though these resignations are reasonable and less harmful to the organisation, they also come with downsides such as lost opportunities and unnecessary cost (Robert, Mathis, Jackson & Valentine 2016 p.182). The main solution to reduce turnover rate of this group is to improve recruitment and selection procedures, to ensure that people who are assigned to specific positions are capable of doing their job. A minor part of this category is not because of employees ‘lack of ability but lies in organisational factors such as management scheme changes. Usually, changes result in new pressures and workplace ethics that are hard for the employees to adapt to in short time. For example, if an employee working in isolation or in a back office mainly dealing with administrative duties, who never had any contact with customers, is suddenly placed in a contact centre or one-stop shop where he/she will be facing the public, his or her attitude towards customers might be completely unsuitable (Rottenberg & Shuman 2012 p.158).
12.8 Push Factors

This category consists of the factors regarding dissatisfaction with the job or the organisation that lead to undesirable turnover. Push factors relate to a wide range of issues, in which the most common are listed below:

- Lack of development opportunities
- Ineffective supervision
- Low levels of employee involvement in any decision-making
- Personality clashes with line managers
- Inappropriate management style
- Excessive workload
- Lack of recognition
- Change of hours, i.e., forcing employees to cut their hours or vice versa.
- Pay cut.

These issues can be addressed and solved in advance. However, many organisations in general and the council’s Sheltered Housing department in particular, are failing to do all or some of the above because they do not have any procedure to explore signs of dissatisfaction at an early stage. The employees who are unhappy with their jobs have no chance to communicate their opinions and feelings with management; naturally, they will try to seek a better working place elsewhere (Huang & Cai 2016). While they look for a better job elsewhere, it is quite obvious that they will spend some of their working time looking for alternative employment and filling application forms. It is also possible they might also take sick leave whenever they need to attend an interview or work elsewhere while they are off sick. "A council worker who took part in athletics competitions while off sick from work with a bad back has been found guilty of defrauding his employers. The Newham Council payroll officer was paid £13, 892.12 while on sick leave. Thomas was found guilty of seven
counts of fraud at Inner London Crown Court” on 31 Aug 2010 (www.bbc.co.uk/news/uk-england-london-11144436)

12.9 Pull Factors

While push factors are internal problems that derive from within an organisation, pull factors are those forces that come from rival employers. A good team of talented employees have always been the desire of every employer, while real talents available in the labour market are limited. Attracting employees that currently work for competitors not only brings human resource benefit to an organisation but also creates disadvantages to its rival, (Sirotka Klein & Russo 2013).

It is also important to make sure that employees are satisfied and appreciate their current benefits. This calls for effective communication with an employee, to listen to their expectations and help them become aware that the unique benefits the organisation is providing cannot be found in any other places. For example, Westminster City Council is one of the neighbouring boroughs to central London Councils. There are twenty-two sheltered housing units in Westminster borough and all scheme managers have the package of a free residential home, which is hardly available in any local authority. The salary package is almost the same with this Council. If we convert the free rent into money it will be approximately over £10,000 a year, (Edward & Logan, DDS – 2011 p.99).

12.10 Application of Motivation Theories in Retention

Employee satisfaction is a very important aspect of retention because more than 32% of turnover has resulted from employees being dissatisfied with their current work. Price (2011 p.246), argues that “One-quarter of employees are dissatisfied with their management and 47 per cent are looking for another job or in the process of leaving. On the other hand, from a human resource point of view, the terms “job satisfaction” and “motivation” are interrelated. Effectively motivated employees are more satisfied with their jobs, and satisfied
employees are proven to be more productive and committed to the employers. Hence, to formulate the overall picture of the retention strategy, the following part of this thesis introduces Maslow’s hierarchy of needs and Herzberg’s two factors theory, to generate more insightful knowledge of motivational aspects (Rangaraju & Kennedy 2012).

### 12.11 Definitions

Employee turnover is defined as the employee fraction leaving an organisation over a predefined duration presented in percentage of entire personnel statistics. It includes both the intentional and spontaneous employees leaving the organisation. In contrast, retention deals with the extent to which employees are retained by an employer, measured in terms of the fraction of employees with particular service duration represented as the percentage of entire personnel statistics (CIPD, 2013a, p.1). It is an important area to study because based on the findings of the Labour Force Survey, during the months of October to December in 2012, the percentage of employee turnover was 2.6%. It encompassed 1% involuntarily turnover (by dismissal or redundancy) while 1.6% voluntary turnover (by retirement, resignation, or other reasons) (CIPD, 2013b, p.2).

In terms of organization, staff turnover affects all entry and exit movements of staff during a given period, usually a year. Turnover rate, meanwhile, is the ratio of all staff movements (hires and separations) on the average size of the business for a given period (Miller & Gordon 2014). By contrast, it is important to see that the turnover of the workforce in the literature and in practice is generally associated with employees.
12.11.1.1 Figure 24: Types of leaving staff

As shown in Figure 24, the turnover is characterized in different ways. First, the literature distinguishes voluntary turnover from involuntary turnover (Bellandi 2012). The authors define voluntary turnover as arising from the decision of the employee leaving the organization, and involuntary turnover as arising from the employer's decision to terminate the employment relationship. The reasons for voluntary departures may be another job, return to school, return home to care for a child or moving required due to the change of employment of the spouse. As for involuntary departures, they concern redundancies and retirements (Farnham 2015).

Some authors suggest that voluntary turnover is not necessarily harmful for organizations (Tonidandel, King & Cortina 2015). Thus, voluntary turnover can be divided into functional and non-functional working.

12.12 Conceptual Model
The conceptual model is based on four components: staff turnover (independent variable), organizational performance (dependent variable), HRM practices (moderator variable) and other determinants of organizational performance (control variable). This research aims to measure the specific impact of employee turnover on organizational performance. Furthermore, this model, based on Warner (2014 p.44) who believes that HRM
practices act as a moderating variable in the relationship between staff turnover and organizational performance.

12.13 Professional Context

Undoubtedly, among all the resources present in any organisation, human resource (HR) is the most valued; (Sharma 2015 p.32). Employees’ quality within an organisation determines the triumph or failure of a business. To some extent, employee turnover is a problem experienced by all organisations. As a consequence of globalisation, there is an increased demand for administrators having established and efficient skills along with the option of choosing an organisation as per their willingness. Employee turnover and absenteeism can be definitely caused due to the inconsiderate handling of HR. However, the significance of retaining valuable employees has been certainly realised by HR managers. A number of techniques and methods are being used by such managers for achieving this task. Groves & Rocca (2011) argues that although leadership development programmes are not novel concepts in management and leadership education, there is insufficient research to determine the impact of such programmes on employee turnover rates. Only a scarce amount of empirical research is present defining the influence and effectiveness of leadership development programmes on turnover and retention rates (Groves & La Rocca, 2011). As indicated by Herzberg (2005), employees with appropriate motivation are more likely to execute their duties at higher levels with less probability of leaving an organisation. Therefore, it becomes the duty of HR of an organisation to accentuate the significance of employee turnover by determining the methods for reducing turnover among employees.

“For decades, researchers and business people alike have realised that the first contact that employees have with an organisation after being hired is crucial for their success in the workplace. This research focuses on how organisations can increase their workers’ employability orientation, that is, their openness to adapt to changing work requirements
through flexible and broader skills and a readiness to change tasks and jobs (Anderson, Sandra & Bolt 2015). Job satisfaction may arise from many different sources, including levels of role ambiguity, autonomy, quality of supervision, quality of social relationships, and level of support in the workplace. The satisfaction–turnover relationship may also be moderated by other variables such as gender or mood. It is unclear how strong the job satisfaction–turnover intention relationship should be given that it may depend on specific aspects of work in particular organisations (SHRM, 2016). Working satisfaction can reduce absence and employee turnover, it also can reduce the rate of accidents. However, in the longer term, adverse effects such as loss of trained employees, unrealized productivity, and lowered morale often translate into lower financial gains than anticipated (Cascio, 2013).”

12.14 Motivational Factors

Honest and two-way communication between employees and managers as well as discussion in a constructive way.

- Making sure every employee has a challenge plan and is reviewed regularly to rate the degree of excitement.
- Rewarding managers who develop and train their employees that enable them to get promoted and become responsible for successful completion of their learning plans.
- Recognising and rewarding good performance. I.e. thank you. For example, a thank-you letter, putting their name in a weekly or monthly bulletin or a day off. Make sure this reward is fairly distributed across the board.
- Trust employees to make decisions on their given project and follow them up in a constructive way. Give employees periodic rent collection reports on the schemes they manage.
Creating a team with the skills and the capacity to work flexibly and creatively with relevant colleagues and partners to support delivery of the organisation’s overall objectives and priorities.

To create a staff development, with apprentice roles offering entry level positions into the division and the opportunity to gain experience across a variety of housing services prior to moving on to other roles such as service development, systems, investigations and other housing delivery roles.

Providing clear leadership and management to ensure the department is able to deliver commitments as set out in the Sheltered Housing Strategy 2015 – 2016 and the action plans contained therein.

Introducing extended leave for long serving officers. For example, employees who worked for John Lewis Partnership for over 25 years' can take paid leave for six months, (Mulhearn & Vane 2015 p.97)

Rewarding people for attending work when they are already getting paid for the work they are doing is a controversial management measure and Southwark Council does not reward employees for attending work (either in the form of cash or in-kind benefits) beyond payment of their salary. It is important, however, for managers to acknowledge high levels of attendance from employees and this may be done through a variety of ways, including:

- Acknowledgement as part of the performance management review process;
- A letter of appreciation and congratulation from senior management; and
- Acknowledgement through the publication of employees’ names in an in-house journal article on attendance (with the employee’s prior consent).
Attendance/sickness absence levels may also be included as criteria for progression under the Performance Management scheme to determine whether an increment may be awarded. Managers should also be aware that attendance may be encouraged where appropriate by emphasising the detrimental effect that an employee’s sickness absence has on both the service delivery ability of the business unit and the workload and morale of their colleagues in the team who are left to cover the absence, having regard to the reason for the absence and the appropriateness of this proposed action.

12.15 Terms of Reference
This report is for the Sheltered Housing Service Manager who is responsible for the overall operation of all sheltered housing units. The whole purpose of this report is to conduct good research and find out why staff are leaving the council’s housing department, address those issues one by one then make Southwark Council in general and the Housing department in particular desirable places to work. The ultimate goal is to eradicate staff turnover and to eliminate all the issues and problems associated with it.

12.16 Research Methodology (Design)
This study was performed to determine the retention and turnover rate of the scheme managers at the Council’s sheltered housing department. The NELM process enables an individual to utilise his/her professional experience in contributing to the existing knowledge. NELM process also enhances professional and personal influence at work by enabling knowledge and skills development while broadening and deepening the impact by means of reflective approach. Furthermore, it enables increasing performance within specific work practices and processes (University of Chester, 2016). In order to design this research, reading several research methods books was necessary one of them is Research Design: Qualitative, Quantitative, and Mixed Methods (John & Creswell 2013).
Selection of a specific research topic is a principle for initiating the research process. Hence, I selected a topic that was related to my professional life and experience, as I have served in various organisations and observed several management styles influencing employee retention and turnover. Consequently, I consider it important to investigate the impact of factors like workload, rewards, appraisals, wages and compensation on employee retention and turnover. Various research questions were designed based on FINER criteria because framing proper research questions is essential to the research process. These research questions allowed a comprehensive assessment of areas being investigated, (Gabe, Wang, & Park 2016).

Considering that respondents in this study are scheme managers and their senior managers, it was vital to use a method of data collection which takes minimal time to perform and convenient for the respondents so that they can take part in the study. Consequently, selecting telephone interviews and questionnaires via email served as the best option because it enabled the scheme managers and senior managers to participate, despite being busy in their professional life. If another method of interviewing and questionnaire survey had been selected, such as face-to-face interview or online interview, then the rate of participation might have been low. As posed by Neelankavil (2015), the chief disadvantage of the telephone interview is that incorporation of prompts and visual aids is difficult and that scales and cards cannot be read by the respondents. The limitation is also present in the length of the interview though it varies with motivation and subject area. However, it is possible to set appointments for the interview and send material as the stimulus for the respondents in advance so that they can have a look, because this can potentially enhance the response rate.

It is imperative to understand that telephone interview was one of the best methods for collecting data from the scheme managers and senior managers at Southwark Council, which
would have otherwise been difficult because scheme managers were already under pressure of their duties and workload. If only either a qualitative or quantitative research approach would have been used then it would not have been possible to view the opinions of scheme managers and senior managers comprehensively as was made possible by using a mixed methods approach.

The first part, for the employers (Senior Managers) Appendices (p.83-84), consists of questionnaires related to their view of employee turnover, causes of turnover and their plan to prevent turnover in their organisations; the second part, for employees, consists of questionnaires about the employee’s personal information related to their organisations, their view about turnover and their jobs appendices (p.83-84). After collection of data, the information was analysed by applying several techniques such as plotting curves and tables to represent the results graphically (Chapters 6 p. 47, 6.3 p.51, 6.4 p.52 and 6.6 p.54). Finally, all the outcomes were marked out and concluded with recommendations for further research and solutions for the current problem. For Research strategy/Approach and Methods for data Collection, refer to appendices (p.83-84)

12.17 Methods for Data Analysis
Data analysis is fundamental to any research process because it forms the foundations for the findings of the study. In this study, both the methods of qualitative and quantitative data analysis are used for assessing the data collected. Qualitative method used in this research included transcription of the responses of the participants, which was later formed into codes and themes based on the similarity of information in each of the responses provided by the respondents. Transcription is the initial step in converting recorded data into textual format, due to which it is an essential precursor for commencing interview in the data analysis (King & Horrocks, 2010).
The method selected for conducting the research was a mixed method research approach because it included the use of both the qualitative and quantitative research methods. It is a research design with philosophical assumptions along with inquiry methods. Although I am very much aware I need to remain impartial as much as possible, as a practitioner researcher and insider I have access to some key information which some times creates challenges to remain impartial hence I made some philosophical assumptions. These assumptions guide the direction of data collection and analysis, and the combination of quantitative and qualitative approaches in several phases of the research process. Being a mixed method, it focuses on the collection, analysis and mixing of both qualitative and quantitative data in a single study. The central principle is that a better understanding of the research problems is provided by the utilization of combined qualitative and quantitative approaches as compared to either of the approaches separately (Creswell, 2013).

Thereby, bearing in mind the potential significance of this method, I selected this method for conducting research. It enabled me to gather not only the opinion of employees and scheme managers but also the views of senior managers at Southwark Council, facilitating the answering of the research questions. It was possible to provide a better understanding of the issue at the Council by mixing the data collected from qualitative and quantitative methods. One data set could be embedded in the other by means of using this method. Open-ended as well as close-ended data could be gathered by using the mixed methods approach. Interviews and surveys were used for collecting data. The tools utilised for collecting data included both the open-ended and close-ended questions in the form of surveys and interview questionnaires. Surveys allow procuring information from huge population samples. Demographic data can also be collected through them, describing the composition of the sample (Thomas, 2015).
Proposed questions are answered and the proposed or observed issues are solved, requirements are assessed, goals are established, aims are investigated, comparative standards are created, drifts in time are analyzed, and generally presence of what, in what amount, and in what setting is described by survey research design (Armstrong 2012). Therefore, selecting to conduct a survey was a critical decision in the research process of this study because it allowed determining the opinion of scheme managers in terms of their satisfaction with the current senior managers and the organizational policies (Chapters 6 p.47, 6.3 p.51, 6.4 p.52 and 6.6 p.54).

12.18 Being Ethical
Maintaining research ethics is vital to the process of study, due to which it became essential that all the concerned ethics were practised. Hence, ethical approval was taken by the Ethical Review Board of the University. Confidentiality of the participants is a fundamental part of research ethics, assuring that individuals have the right to keep their affairs private. Consequently, maintaining confidentiality confirms that what has been discussed during participation in the study will not be revealed without permission of the participant. Anonymity deals with concealment of private information of the participants like names and other private data (Domingo-Ferrer 2014). This study ensured that an ethical approach was followed by taking informed consent from the participants. Moreover, all the data was kept confidential and kept safely in a password protected laptop by the researcher. Thus, only the researcher had access to all the collected data. Pseudonyms were used for assuring anonymity of the participants. Guaranteeing anonymity means that the information sources are not recognised or mentioned (O’Hara, Wainwright, Carter, Kay, and Dewis, 2011). Thus, the names of respondents were kept confidential and pseudonyms were used for maintaining anonymity.
12.18.1 Data / Data Analysis / Findings

<table>
<thead>
<tr>
<th>No</th>
<th>Employee Satisfaction Survey (Quantitative research methods)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>My employer has created an inclusive work place</td>
<td>50%</td>
</tr>
<tr>
<td>2</td>
<td>Tasks are appropriately assigned and performed</td>
<td>80%</td>
</tr>
<tr>
<td>3</td>
<td>I am getting appropriate training and development</td>
<td>40%</td>
</tr>
<tr>
<td>4</td>
<td>I am happy the way I am managed</td>
<td>50%</td>
</tr>
<tr>
<td>5</td>
<td>I am happy with my pay</td>
<td>30%</td>
</tr>
<tr>
<td>6</td>
<td>I love my job</td>
<td>100%</td>
</tr>
<tr>
<td>7</td>
<td>Staff members are supporting each other</td>
<td>80%</td>
</tr>
<tr>
<td>8</td>
<td>I feel valued and recognised</td>
<td>40%</td>
</tr>
<tr>
<td>9</td>
<td>I have the right skill for the job</td>
<td>90%</td>
</tr>
<tr>
<td>10</td>
<td>I am happy to buddy my colleague with TOIL</td>
<td>80%</td>
</tr>
<tr>
<td>11</td>
<td>I am happy to organise my own annual leave</td>
<td>40%</td>
</tr>
<tr>
<td>12</td>
<td>My opinion is taken in to consideration before making a decision</td>
<td>30%</td>
</tr>
<tr>
<td>13</td>
<td>The refusal to carry over annual leave has made an impact on me</td>
<td>70%</td>
</tr>
<tr>
<td></td>
<td>Average</td>
<td>60%</td>
</tr>
</tbody>
</table>

12.18.2 Table 17: Data / Data Analysis

Percentage of Data Analysis

12.18.3 Figure 25: percentage data analysis.
12.19 Data Analysis

In this survey, there are strengths and weaknesses but the strength outweighs the weakness hence the average satisfaction is above 50%. Having said that, questions 1, 3, 4, 5, 8, 9, 11 and 12 are the main areas of weakness scored below 50% that need further research. The good news is that, regardless of the few ups and downs, all of them love their job. It is therefore up to the senior managers to address the areas of concern as soon as possible.

From the above staff satisfaction survey on 12.18.1 five, p.216, I have identified the following as potential weakness of the Sheltered Housing Department. The questions scored below 50% are potential risks for staff turnover. To get a proper understanding of why their satisfaction is below 50%, I held telephone interviews with nine scheme managers selected from each patch.

<table>
<thead>
<tr>
<th>No</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Has your employer created an inclusive workplace?</td>
</tr>
<tr>
<td>2</td>
<td>Do you get appropriate training and development?</td>
</tr>
<tr>
<td>3</td>
<td>Are you happy with the way you are managed?</td>
</tr>
<tr>
<td>4</td>
<td>Are you happy with your pay?</td>
</tr>
<tr>
<td>5</td>
<td>Do you feel you are valued and recognised?</td>
</tr>
<tr>
<td>6</td>
<td>Are you happy to organise your own annual leave?</td>
</tr>
<tr>
<td>7</td>
<td>Does your supervisor take your opinion into consideration before making a decision?</td>
</tr>
</tbody>
</table>

12.19.1.1 Table 17.1 Telephone interview with nine SHOs

12.20 Findings

12.20.1 Has your employer created an inclusive workplace?

50% of employees felt that there was no inclusive environment in the workplace. During the interview they expressed their view that, due to the nature of the post, all SHOs are lone working and they feel lonely at times. They felt senior managers should create a platform that enables SHOs to meet more often and share their day-to-day experience.

Maslow mentioned social needs is one of the five stages of needs, belongingness and love
needs such as family affection, relationship, work group etc. (Maslow’s theory section 4.12.3 p34)

12.20.2 Do you get appropriate training and development?
  60% of employees felt they are not getting appropriate training and development. Their overall response was that their training was limited. At the beginning, it was okay to go for any training. In the last 12 months they have been told that the training is limited to £100 a day. In other words, if a day’s training costs more than £100, they were not allowed. It has to be free or below a hundred pounds a day.

12.20.3 Are you happy with the way you are managed?
  50% of the council’s Sheltered Housing scheme managers answered they were not happy with the way they were managed. As mentioned in the introduction, as the department was one SSHO short, the two SSHOs were managing the twenty SHOs between them. On the research questionnaire, the team who were under the same SSHO reflected they were not happy with the way they were managed. During the interview they clearly expressed their feelings saying they were better managed under their previous manager. The remaining ten said they were happy with their manager. As mentioned on Herzberg’s two factor theory Hygiene factors are where dissatisfaction can arise from which include quality of supervision and relationship with others. (Herzberg’s two factor theory section 4.14 p35)

12.20.4 Are you happy with your pay?
  70% of employees have shown that they were not happy with their pay. They said that, in comparison with housing officers in the council doing the same, their pay was a lot more than SHOs. Having said that, most of them expressed that as long as their job is secured and they get all the training they want, this was not the main area of their concern.

12.20.5 Do you feel you are valued and recognized?
  50% of the staff felt they did not get any recognition. Employees can go the extra mile if they take full responsibility for the outcome of their work, being valued by their manager;
believe their skill is making a positive contribution. Hard working employees should always be recognised and get appropriate reward for their performance. Herzberg’s Motivation factors on section 4.13 and 4.15 (p35-36) clearly explains the importance of recognition at the work place.

12.20.6 Are you happy to organise your own annual leave?
60% of them believed it is the manager’s job to organise annual leave, not employees, because if two or more employees want to go on holiday at the same time, employees should not be expected to sort this out. If all annual leaves were organised by a manager, they would be able to make sure annual leave was taken fairly and would look professional. According to the comments of a few employees, this was the first time they came across a situation where employees are responsible for organising their own annual leave. On the other hand, other employees saw this as a freedom to organise their annual leave with their colleague. However, this will very much depend on the colleague whom they have to organise their annual leave with.

12.20.7 Does your supervisor take your opinion in to consideration before making a decision?
70% of scheme managers felt that they did not get any say on any decision-making process. They felt everything was decided by senior managers on the top and it becomes news to all employees including SSHOs. Employers that make decisions while their employees are in the dark could risk losing their employees’ trust. When decisions are made by one person, or a handful of managers, they will only look in one angle. Whereas, when many people are involved in a decision-making process, different ideas will emerge and they will make a big difference to the decision they make (Lussier & Kimball 2013 p.70).

To conduct qualitative and quantitative research, and to have a clear understanding of both the employers’ and the employees’ points of view, the following questionnaire was designed for both the manager who directly manages the staff on a day-to-day basis and for
the employees who are directly line managed. This enabled me to find out the exact problem from the managers and subordinates points of view. (Appendices on pages 299-301).

12.21 Qualitative Research and answer

<table>
<thead>
<tr>
<th>QUESTIONNAIRE TO SENIOR MANAGER</th>
<th>ANSWER</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 How enthusiastic are your employees?</td>
<td>Extremely Enthusiastic</td>
<td>100</td>
</tr>
<tr>
<td>2 Overall, how effective at their job are your employees?</td>
<td>Extremely effective</td>
<td>80</td>
</tr>
<tr>
<td>3 How well does your employee work with other employees?</td>
<td>Extremely well</td>
<td>70</td>
</tr>
<tr>
<td>4 How much attention to detail do your employee have?</td>
<td>A moderate amount of attention</td>
<td>70</td>
</tr>
<tr>
<td>5 How quickly do your employees adjust to changing priorities?</td>
<td>Moderately quickly</td>
<td>80</td>
</tr>
<tr>
<td>6 How often do your employees exceed your expectations?</td>
<td>Most of the time</td>
<td>80</td>
</tr>
<tr>
<td>7 How often do your employees fail to meet your expectations?</td>
<td>Once in a while</td>
<td>65</td>
</tr>
<tr>
<td>8 How much trust do you have in your employee's ability to make the right decisions?</td>
<td>A little trust</td>
<td>70</td>
</tr>
<tr>
<td>9 How well do your employees collaborate with other employees?</td>
<td>Moderately well</td>
<td>90</td>
</tr>
<tr>
<td>10 How professionally do your employees behave?</td>
<td>Quite professionally</td>
<td>75</td>
</tr>
<tr>
<td>11 How respectfully do your employees treat you?</td>
<td>Quite respectfully</td>
<td>80</td>
</tr>
</tbody>
</table>

12.21.1 Table 18: Qualitative Research with answers 12.21

% of answers to questions in 12.21

12.21.2 Figure 26: % of answers to questions 12.21
12.22 Questionnaire to employees

<table>
<thead>
<tr>
<th>QUESTIONNAIRE TO EMPLOYEES</th>
<th>ANSWER</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  How available is your supervisor when you need him or her?</td>
<td>Slightly available</td>
<td>60</td>
</tr>
<tr>
<td>2  How often do you get feedback from your manager?</td>
<td>Slightly often</td>
<td>50</td>
</tr>
<tr>
<td>3  Did the feedback help you to improve your performance?</td>
<td>Not at all improved</td>
<td>70</td>
</tr>
<tr>
<td>4  Did you get effective training from your supervisor?</td>
<td>Slightly effective</td>
<td>50</td>
</tr>
<tr>
<td>5  Does your employer reward for good work? If so is it consistent?</td>
<td>Not at all consistently</td>
<td>60</td>
</tr>
<tr>
<td>6  Does your supervisor make reasonable decisions?</td>
<td>Not at all reasonable</td>
<td>40</td>
</tr>
<tr>
<td>7  If a decision needs to be made how long do you need to wait for the decision outcome?</td>
<td>Too long</td>
<td>50</td>
</tr>
<tr>
<td>8  Does your supervisor take your opinion in to consideration before making a decision?</td>
<td>Not at all often</td>
<td>80</td>
</tr>
<tr>
<td>9  Does the inability to be involved in the decision-making process have an impact on your performance?</td>
<td>Yes it has a big impact</td>
<td>75</td>
</tr>
<tr>
<td>10 Can you disagree with your supervisor’s decision without any negative consequences?</td>
<td>Not at all easy</td>
<td>50</td>
</tr>
<tr>
<td>11 Is the expectation of your supervisor reasonably realistic?</td>
<td>Not at all realistic</td>
<td>40</td>
</tr>
<tr>
<td>12 How professionally does your supervisor behave?</td>
<td>Not professionally</td>
<td>70</td>
</tr>
<tr>
<td>13 Do you feel you are getting paid the right salary for the job?</td>
<td>Not at all</td>
<td>80</td>
</tr>
</tbody>
</table>

12.22.1 Table 19: Questionnaire to employees

12.22.2 Figure 27: % of answers to questions in section 12.22

12.23 The gap between employer and employee

As you can see on the above questionnaire there is a big gap between the employer and employees. From this research, the main cause of the turnover is the employer. There is a lack of communication and authoritarian management style. Douglas McGregor Theory X
which says many managers tend to lean towards theory X and they get poor results. (Section 4.15.1 p.36-37 & figure 5 Theory X p36). Eventually, this will have negative consequences to the organisation to the employees as well as to the service users. As a result, there will be:

12.24 **Intangible Negative Consequences to Organizations**

Intangible negative consequences to the employee include moral impact, increased workload, disruption of the team, the way they are treated or managed and the distraction of job performance and job security. The above employee questionnaire mainly falls into the following categories:

12.25 **Lack of opportunity for advancement or growth**

If the managers are aware the job is not going to last, in other words the job will no longer continue after a certain period, it is the manager’s obligation to make this clear before hiring an employee. This can also lead to staff leaving the organisation.

12.26 **Feelings of not being appreciated**

The majority of employees do their very best to do a good job to impress their employer. When the managers fail to recognise their good work, they feel undervalued, as a result that their performance will go down. So recognising good employees plays a big role in staff retention. (Figure 4 Herzberg’s motivation factors p35.)

12.27 **Inadequate supervision and training**

Employees will do well if they get appropriate guidance and direction. If there are employees who are in need of extra help and training it should be available to them without delay. The absence of regular training could cause employees to fall behind with their performance, which will eventually lead to resignation.

12.28 **Unequal or substandard wage structures**

The equal salary scale for employees who are doing the same job is important. If there is payment discrimination between employees, this can cause an unhappy atmosphere in the workplace and employees to quit their jobs.
Turnover basically arises when an employee is unhappy at the workplace due to the above reasons. As the above questionnaire explains, employees are doing what they are expected to do because they are scared they will lose their job if they don’t. There is a big difference between when employees do their job because they are happy about their job and when they fear they will be fired. When they are happily doing their job they are productive, they stay in the job longer, their attendance is good, and they deliver excellent customer service. When they are not happy, it is the exact opposite.

12.29 Quantitative Research (questionnaire to scheme managers)

<table>
<thead>
<tr>
<th>Quantitative Research (secondary interview to scheme managers)</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Are you a permanent member of staff?</td>
<td>19</td>
<td>1</td>
</tr>
<tr>
<td>2 Are you getting appropriate training and development?</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>3 Are you happy with the way you are managed?</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>4 Is your supervisor available when you need him or her?</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>5 Do you get feedback from your supervisor?</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>6 Does the feedback help you to improve your performance?</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>7 Does your supervisor reward you for good work?</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>8 Do you believe the decisions made by your supervisor are reasonable?</td>
<td>3</td>
<td>17</td>
</tr>
<tr>
<td>9 Does your supervisor make a decision in a reasonable time scale?</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>10 When a decision is made, is your opinion taken in to consideration?</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>11 How easy is it for you to disagree with your supervisor’s decision?</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>12 Does your supervisor have realistic expectations from you?</td>
<td>17</td>
<td>3</td>
</tr>
<tr>
<td>13 Does your supervisor behave professionally?</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

12.29.1.1 Table 20: Quantitative Research (questionnaire to scheme managers)

On the above questionnaire I left a space for them to give me further clarification for their answer to any of the questions. Here is what they had to say:
12.29.2 Are you permanently employed?
From the above questionnaire, I found out that out of twenty scheme managers, only one of them is agency staff. One of the good things the new service manager did was replacing agency staff by permanent employees. In terms of job security, it has shown dramatic improvement. From having six agency staff about a year ago to one agency staff today is a big step forward. Job security is very important as it makes an employee feel safe and secured. Maslow’s hierarchy on section 4.11 (p34) argues that security is also extremely important for human survival because it makes the human being feel safe and secure but it is possible to live without. Having said that, 50% of them are not happy with the way they are currently managed.

12.29.3 Are you getting appropriate training and development?
Training in the workplace is extremely important to the organisation in general and to the employees in particular, having said that, senior managers are not very keen to allow employees to attend expensive training. As mentioned above, employees are only allowed to go for training if it is free. Hence 75% of scheme managers answered they were not getting appropriate training and development to do their job.

12.29.4 Are you happy with the way you are managed?
50% of scheme managers said they were not happy with the way they were managed; all of these scheme managers fall under the same manager. Prior to the new manager who is currently managing them, they had another manager, and some of them mentioned in the questionnaire they were happy with their previous manager.

12.29.5 Is your line manager available when you need him or her?
Eleven employees answered no. The main reason is that all scheme managers have their own office and they do lone work so it is logical for their manager to not always be available. The problem is that scheme managers are not empowered to make decisions, so
they always need their manager’s approval for every little thing, which makes it necessary for them to see their manager more often.

12.29.6 Do you get feedback from your supervisor?  
Eleven employees answered no, they do did not get feedback about their work. Without feedback, they wouldn’t know where they are.

12.29.7 Does the feedback help you to improve your performance?  
Ten of them answered yes to this question. They said that the feedback they got was negative and non-constructive, which affected their morale.

12.29.8 Does your supervisor reward you for good work?  
Ten of them said yes and ten of the employees answered no. The manager was quick on picking on the mistakes done by the staff but no appreciation when there was a good work, which they said kills their morale.

12.29.9 Do you believe the decisions made by your supervisor are reasonable?  
Seventeen staff out of twenty answered the decisions made by their manager were not reasonable. The decisions they made were only in their best interest. They never took the interest of the employees into consideration. For example, if a member of staff wanted to book annual leave they needed to find someone from the team to cover them first then tell their manager to authorise it. The manager should be the one who finds someone to cover annual leave, not the other way round.

12.29.10 Does your supervisor make a decision in a reasonable time scale?  
Eleven employees answered no. When an employee raised an issue that needs to be resolved, it took months for the manager to come back to the staff. For example, employees rose their concern saying they shouldn’t find someone to cover their holiday and that this should be done by the manager. The request was done six months ago and they still have not had a reply.
12.29.11  When a decision is made, is your opinion taken in to consideration?
More than 75% employees answered their opinion was not taken in to consideration when a
decision is made (Lashley 2012 p.80). Allowing employees to participate in the decision-
making process increase productivity and retention because: A, Employees can input
important ideas from their point of view. Decisions made by consulting employees are more
powerful and longer lasting than decisions made by few and B, “Empowered employees are
committed, loyal and conscientious. They are eager to share ideas and can serve as strong
ambassadors for their organisation (Davies & Quinn 2016 p.30).

12.29.12  How easy is it for you to disagree with your supervisor’s decision?
As can be seen on the above table, 50% of scheme managers answered it was not easy
for them to disagree with their manager’s decision. It is increasingly important to allow
employees to disagree with the decision of the manager as long as they have a justifiable
reason why they don’t disagree rather than dictating them to accept their decision (Johnson
2015). You can reduce feelings of anger and betrayal by allowing employees to provide their
own interpretations and to disagree.

12.29.13  Does your supervisor have realistic expectations from you?
Seventeen of them answered yes and three of them answered not all the time. Overall, SSHOs
seem to be reasonable in terms of their expectation from scheme managers. This can have a
positive or negative impact on their staff’s development (Mathis, Jackson, Sean & Valentine
2016 p.171).

12.29.14  Does your supervisor behave professionally?
This question has been answered by 50% of employees either way. It seems there is a
misunderstanding between the new manager and the employees. I am hoping their
relationship will improve in the future and hopefully this will not happen again. At this point
in time, it is very difficult to determine where the problem is. It could be they were getting
away with many things with their previous manager and they expect the same and they are not getting it or their manager is not behaving professionally (Patole 2015).

12.30 Comparison survey in the council as a whole.
Southwark Council Staff Survey 2015

<table>
<thead>
<tr>
<th>Department</th>
<th>Number of responses</th>
<th>Percentage of department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive’s Department</td>
<td>278</td>
<td>72%</td>
</tr>
<tr>
<td>Children’s &amp; Adults’ Services</td>
<td>584</td>
<td>43%</td>
</tr>
<tr>
<td>Environment &amp; Leisure</td>
<td>511</td>
<td>39%</td>
</tr>
<tr>
<td>Finance &amp; Corporate Services</td>
<td>328</td>
<td>53%</td>
</tr>
<tr>
<td>Housing &amp; Community Services</td>
<td>752</td>
<td>63%</td>
</tr>
<tr>
<td>Total</td>
<td>2951</td>
<td>60%</td>
</tr>
</tbody>
</table>

12.30.1.1 Table 21: The Council’s Staff Survey 2016
Departmental population figures are taken from 14/16 data held in the SAP payroll and HR system.

Trends over time

12.31 Conclusion
Despite the challenges that the employees face in terms of cuts on training budget and other issues raised above, the vast majority of sheltered housing employees are proud to work for the council, are satisfied with their jobs and would speak highly of the council as an employer and service provider. In many cases, levels of positivity have actually increased since the last Staff Survey in 2012 (Figure 10 on page 58). Similarly, a greater proportion of employees in 2016 than in 2014 feel encouraged and able to share their ideas for improving the way the council works as well as feeling inspired and valued by the council. There are some areas where scores have not improved since 2012. Many employees are saying that senior managers are not always visible or approachable and the majority of them are sceptical about the extent to which they act on findings (Douglas McGregor theory X and Y section 4.15.3 p37). However, since the 2016 survey, the chief executive said she has taken these concerns seriously as they are clearly widespread perceptions.

The average staff turnover in the last five years is as high as 25%. In other words, every year one out of every 4 employees was leaving the department, which costs the council
considerably and causes huge pressure to the staff. The main reason was that over 70% employees were agency staff. Hence, the staff turnover as well as the cost was considerably high. However, the SM who left in January 2016 managed to replace all the agency staff by permanent employees. Now the department has one agency staff only, the remaining nineteen are all permanent (Herzberg two factor theory, Hygiene factors section 4.14 p35.) As Job security plays a big roll on employee retention, it is highly recommended replacing the one agency staff by permanent and maintaining this momentum for as long as possible, because this has dramatically stabilised the department (Warner 2014 p.14). If the department goes back to where it was two years ago, more and more employees will be stressed and absent from work, which can lead to further staff turnover. Turnover is a burning issue for any organisation. For the steady productivity and service of an organisation, it is essential to maintain its skilled workforce. But most of the time it is very difficult to control the turnover rate within organisations. There are so many factors that affect turnover. According to the research I have done so far, the ones listed above are the ones I believe are the main reasons for high staff turnover. The consequences of staff turnover are endless. For example, a skilled worker is an asset to any organisation. If a skilled person leaves an organisation then the effects will be very high, whereas in the case of a semi-skilled or unskilled person the effect will be less. As a result, a vacant place of a skilled labourer may be filled by another new worker but the service will fall due to their skill difference. Not to mention the huge cost that involves in advertisement, training, etc. It is, therefore, crucial to maintain a constant workforce, particularly the skilled ones, in an organisation to reduce turnover for the betterment of the organisation (Lincoln & Lashley (2012 p.108).

12.32 Recommendations/Implications

The findings of this study suggest that senior managers should consider reviewing the salaries of SHOs before they increase their workload. If the workload of scheme managers is
excessive and their salary remains unchanged, it is likely that they will quit the job. Moreover, the balance should be maintained in allocating the work responsibilities to scheme managers by developing appropriate organisational policies. Such a workload and stress can lead to turnover of scheme managers (Phillips & Gully 2013 p.155). Consequently the council’s sheltered housing will be required to hire new scheme managers, adding to the expenses. Instead, concentration should be placed towards retention of skilled employees to avert these costs. Assessing the workload of scheme managers is crucial in this aspect and senior management is required to take immediate steps in this regard. Further research is necessitated for studying various factors influencing turnover and retention of employees other than the factors that have been previously explored. Senior managers at the Council should consider employee motivation strategies such as appraisals and rewards, as they have been observed to reduce turnover and increase retention among employees (Lincoln & Lashley 2012 p.200). Outstanding employees may leave an organisation because they become dissatisfied, underpaid or unmotivated and while trying to retain employees within the organisation they may present other challenges as well. They may demand higher wages, not comply with organisational practices, not interact well with their co-workers or comply with their managers’ directions. Hence, it becomes fundamental that senior managers at Southwark Council sheltered housing place an emphasis on employee satisfaction so that the rate of scheme managers’ turnover is reduced while simultaneously increasing the rate of retention. (Herzberg’s motivation factors section 1.3 figure 4 p35)

After conducting the above research, it has been concluded that the main cause for high staff turnover in the housing department was employing agency staff. Having said that, applying a wrong management style, not empowering or not trusting employees to make a decision, not allowing claiming TOIL when they cover more than one scheme on any given day and asking employees to organise their own annual leave against their will can also lead
Human Resources Management: The Influence of Leadership Style and Staff Retention.

to staff turnover, (Lashley 2012 p.80). Therefore, the key solution to this is giving SHOs and SSHOs more responsibility to make a decision locally and apply an appropriate management style, because the research shows that 50% of employees are unhappy with the way they are managed. So it is the responsibility of the new area manager to investigate this problem and find a solution as soon as possible (Hunt & Reekie 2013 p.71).

12.32.1 Pay competitive salary
In todays free market it is very important to make sure employees are gating paid the right amount of money for the job they are doing. If other employers are paying more for the same job, it will not take long for the employees to find out. As a result instead of concentrating on their job they will be spending their time looking for another job. Consequently the service or productivity of the organization will go down. As soon as they find alternative employment they will start leaving the organization. This will start causing pressure and stress to the remaining employees. The stress will eventually lead to long term sickness which will eventually lead to hire agency staff. (Diana Swihart, Kelly J. Gantt – 2015)

12.32.2 Flat or horizontal organization structure
A flat organisation aims to reduce bureaucracy and give employees more active roles by allowing them to become more involved in problem-solving and decision-making activities. Since there are fewer managers, each employee is more accountable, a flat structure can encourage better productivity and more work gets accomplished and decisions made quicker. For example, the service manager can be removed, which enables the senior SHOs to directly contact the group manager, (Cenere, Gill & Lawson 2015 p.32).

12.32.3 Re balance the work load.
If employees are stressed and overloaded with tasks that are unfairly allocated, they will not perform appropriately. This will trigger for the employee to start looking for alternative employment elsewhere. Not only that they will:

- Start coming late,
Human Resources Management: The Influence of Leadership Style and Staff Retention

- Be slacking on the job,
- Not provide good customer service,

As a result service and productivity will go down and service users will be unhappy consequently the organizations reputation will go down. (Karen Orlando, Lloyd Dean, Tiberiu Hajas 2016)

12.32.4 Offer potential for advancement. Recognizing and rewarding hard working employees plays a big roll on reduction of employee turnover. Employees who are rewarded and recognized for their hard work are likely to stay with the same employer longer and happier on their work place. Recognition or rewarding does not necessarily mean cash reward it could simply be a thank you letter from a senior manger, extra day off or a certificate. (Michael Salone 2017)

12.32.5 Encourage friendly employee relationships Employees who do not: Socialize, talk to each other, help each other and share responsibilities are liability to the organization. Therefore creating happy atmosphere in the work place is extremely important. Full time employees spend more time in the work place than they would at home; so senior mangers have a big role to play on facilitating friendly relationship between employees. It is on the best interest of the organization to make sure employees are happy and friendly between each other. Tammy D. Allen, L, T. Eby 2016)

12.32.6 Trust your employees with responsibility Research shows employee work harder and fell more responsible when they are trusted given a responsibility. Unfortunately this is always forgotten by many mangers even by the best once. It is practically impossible for mangers to be at two places at the time; so suspecting and micromanaging employees will only make them irresponsible and unproductive. (Confederation College 2014)
12.32.7 Hire more selectively
One of the main causes for increasing staff turnover is failing to select the right person for the job. Therefore employers must make sure the person they are employing is fit for the job. Often if employees are desperate to find a job they don’t really care whether they like the job or not. It is obvious they will not be happy on the job so they will start looking for the job they like from day one. So it is the employer’s job to ask the employer the right question at the interview. (Richard N. Landers, Gordon B. Schmidt 2016)

12.32.8 Offer Employees the Option of Cross-Training
Cross-training helps organisations capture and flex knowledge across multiple teams and persons, as such, setting them up for success in knowledge retention, mentoring/pairing, leadership development and workforce management. Firms that have a well-structured knowledge management strategy are outperforming those who do not. Part of knowledge management is cross-training to ensure the most effective workers can retail tribal knowledge inherent within a corporation. When they leave, they take with them decades of knowledge, expertise and know-how. Cross-training will help keep this knowledge, expertise and know-how alive and well, (Grebner & Mattingly 2016).

12.32.9 Review and assess employee concerns regularly
No matter how small or big the problem might be, managers must encourage their employees to talk to them about their concerns. Failing to deal with employee’s concern at the right time can lead to a bigger problem. (John Snape 2017)

12.32.10 Offer them Flexible Hours
Let your team work when they want to work. The flexibility can be worth a lot more than cash. Maybe they won’t need day-care services for their child, for example, if they can make their own schedule (Christensen & Schneider 2010).
12.32.11 Appreciation
Saying thanks about something specific may be the ultimate reward. If you do it selectively yet authentically, a thank-you note may be pinned above your employee’s desk for years. An extra day off from work always helps and is even better when employees can pick the day and get paid to boot (Mosley & Irvine 2014).

12.32.12 Skills
Does this person have what it takes to increase your business’s value? It is very important for the employee to have the right skills to do the job. This can be done in the selection process. If for whatever reasons the employee was hired without this being noticed in the interview, it is the senior manager’s job to help him or her by giving appropriate training, (Almeida, Behrman & Robalino 2012).

12.32.13 Experience
Does this person have the right experience to do the job? If at all possible, it would be preferable to find someone who was doing the same job. In the case of sheltered housing, experience working with the public is not enough. Employing someone who has housing management experience and who has worked with retired people would reduce employee turnover. (Jacob Morgan 2017)

12.32.14 Employment Background
How long did this person work in his last job and what was the reason for him/her to leave the job? This is very important information to decide whether the candidate will stay in the job for long or not. If the applicant was flicking from one job to another within a short period, it is important to find out whether he/she was moving between permanent or temporary jobs, (Nixon & Kerr 2011 p.143).
13 CHAPTER 13 MANAGING FINANCIAL PRINCIPLES PART I

13.1 Introduction

The aim of this research is to investigate the principles that underpin how organizations manage financial matters. It is a broad-based subject, providing a general overview of finance for all researchers and a foundation for further study in the specialist area of finance. It is not to do with bookkeeping but looks at how to understand where money can come from and how an organization manages and uses it. It is also about how to use financial information and data in order to make logical and sensible business decisions. (World Bank 2015)

13.2 The Public Sectors

The research concentrates on private sector financial management. This topic covers:

- Sources of Finance,
- Budgeting,
- Making Pricing Decisions, and
- Making Investment Decisions.

Public sector managers will recognize the importance of all of these. Throughout this research, I will refer to business and profit. This does not mean that public sector organizations are being ignored. The public sector increasingly has to use business terminology. There is often a greater need to explain and justify financial decisions than there is in a business, where the owners may be accountable only to themselves, or to shareholders who will rarely question specific actions. (Triantis 2016)

13.2.1 Summary of outcomes:

At the end the researcher or reader will know how to:

1. Apply relevant forecasting techniques
2. Examine and apply financial appraisal techniques
13.3 Sources of Finance:
All businesses need money. Not just money generated as profit, but money to get started, to expand and to keep running on a day-to-day basis.

- Generated by the business itself,
- Borrowed,
- Or owners will have to put it into the business themselves.

These are the only three sources of funds, and we shall see them again later when we look at Balance sheets. The first is internal, and the other two are external. A new business only has access to the two external sources. It will not have generated any money yet, so in order to keep the business going, the finance will have to come from outside. All the “start-up” money needed for initial capital and revenue needs will either have to be put in by the owners or borrowed. (International Monetary Fund Statistics Dept. 2016)

13.4 Internal sources of finance:
An existing business can generate funds in two ways:

- By earning profits, and retaining them in the business
- By selling some of its assets

13.4.1 Retained Profit:
Profit is only generated by successful businesses. As long as Sales Revenue is greater than Total Costs there will be some profit. The business cannot always keep all of it to fund future operations; the shareholders expect a share of the profits, and so does the Government.
Total Sales | £200,000.00
--- | ---
Less total cost | (£120,000.00)
Total Profit | £80,000.00
Tax | (£80,000.00)
Distributed to the Owners | (£35,000.00)
Retained in the Business | £25,000.00

Table 17: Retained profit

13.4.2 Table 22 Retained profit

The decision over how much profit to retain and how much to distribute is a difficult one. The owners have invested in order to receive a return on their investment. Retaining a large proportion of the profit requires a long-term view and steady investment nerves by the shareholders. Retained profit is the most important source of finance for British businesses; the large and small privately owned businesses often retain all of their profit especially if the owners have received a salary for working in the business. Public Limited Companies feels obliged to keep their shareholders happy by distributing some of their profits as a dividend. This can sometimes harm their long-term plans by depriving the business of finance. A PLC that has suffered a fall in profits often keeps its dividends at the same level in order to persuade shareholders not to sell their shares this may leave little or no profit retained in the business. (Kieso, Weygandt & Warfield 2016)
13.4.3 Sale of Assets:

The Sale of Assets may be a normal part of the business but are undertaken when a firm has assets such as land or machines that are no longer needed. Sometimes the asset sale is made reluctantly because the firm has not been able to raise finance by any other means. A business may sell an entire division, or a subsidiary business. Occasionally a business buys another firm with the intention of selling off its assets to raise finance. This usually happens when the total value of the firm’s shares on the stock market is less than the value of the assets. This is known as “asset stripping”, and includes firms which are bought with the intention of closing them down, and firms which are bought and then their surplus assets are sold off. British Aerospace sold most of Rover’s valuable land assets before selling the company to BMW. So although Rover cars did not make any profits for British Aerospace, the sale of assets raised substantial amounts of internally generated finance. (Ernst & Young LLP 2015)

13.5 External Sources of Finance:

Externally raised finance can be clearly divided into short-term funds and long-term funds. Long-Term Funds are particularly important for new businesses, but all businesses need capital planning so that major purchases are handled in a way that will not put the survival of the business in jeopardy. (Whittington 2015)

We have already seen that the long-term funds are external finance, and come from the owners themselves, or are borrowed. These are called:

- Share Capital
- Loan Capital
- Share Capital
Share Capital is how the owners of private and public limited companies introduce funds into the business. It is a simple, formal way of creating permanent capital, because it is not normally repaid. Sole traders and partners put their own money into their businesses, and there appears to be no difference between them and a company. But the business is regarded as owing the money to the owners, and they can withdraw it if they leave. It is long term, but not permanent. (Slorach & Ellis 2016)

Why would anyone want to buy shares in a company if they were not entitled to their money back?

Shares are proof of ownership and create a formal, legal relationship. Each shareholder has a share of the business and is entitled to a share of the profits. Each share represents an entitlement to share in the running of the business as well as share in its profits. Dividends are usually announced as an amount per share, for example, 15p per share. Each share receives 15p. Decisions are taken on the basis of one share one vote, so shareholders could vote to sack the Board of Directors or change the company’s policies.

Shares can be sold often at a profit. In a Private Limited Company, this can sometimes be difficult. There may be an internal agreement that shares can only be sold with the permission of other shareholders. And even if permission is granted it may still be difficult to find someone willing to buy the shares. Banks can act as intermediaries to help one person sell their shares, and another to find a suitable investment.

If a company wishes to raise a large amount of finance through a share issue it can “go public” and offer the shares for sale to outsiders. This turns the company into a PLC and is an expensive process because there are legal safeguards to protect investors from fraud.
The new shareholders could be members of the public, institutions such as insurance companies, or specialist investment firms called venture capitalists, whose business is investing in other companies. Whoever buys the shares is entitled to vote at the Annual General Meeting. This could lead to a takeover of the company because the original owners are unlikely to own a majority of the shares. (Madura 2015)

13.5.1 There are two methods of issuing shares to become a PLC

13.5.2 A Placing:

- Private Placing – the firm uses a stockbroker or other financial intermediary to sell the shares to private investors, some of whom publish a monthly investor’s newsletter with details of shares on offer.

13.5.3 Stock Exchange - the firm uses the stock exchange as an intermediary to approach institutional investors.

13.5.4 A Prospectus Offer:

- Public Issue an issuing house, usually a merchant bank, advertises the shares by publishing the prospectus in newspapers.

- Offer for sale: the issuing house takes all of the shares and then sells them on

- Sale by tender: the company announces a minimum price and invites bids for the shares, which are sold to the highest bidders.

13.5.5 Rights Issue:
Once a firm is established as a Public Limited Company it can offer further shares to its existing shareholders. This is a very cheap method of introducing more external finance, but will only be successful if the shareholders believe that the firm is being managed well! Such offers are known as rights issues because the existing shareholders have the right to buy more shares. A rights issue has the added advantage that it does not dilute the ownership of the company. (Cowan Ervine 2016)

13.5.6 Loan Capital:
Long Term Loans are part of the capital of the business. So although they have to be repaid, they are not seen as a short-term liability.

13.5.7 Long Term Loans comes in the form of:
- Mortgages which are usually for the purchase of property, just like a household mortgage they are also usually secured on the premises.
- Long-Term Bank Loans are agreed with a bank and have a loan agreement stating the term of the loan and the rate of interest, which is usually fixed. Some form of security is normally required. This could be business assets, or the private assets of the owners, such as the deeds to their houses.
- Venture Capital using specialist firms such as the 3i alternative to taking a shared stake in the business, a venture capitalist may provide loan capital. They ask to see a very detailed business plan. Venture capitalists are prepared to take more risks than banks and may make more detailed conditions to do with the running of the business.
- Debentures are fixed period loans, usually secured on specific company assets, which can be issued without the expense of a share issue. There are certificates, which resemble a share certificate, but do not represent ownership. Debentures have to be honoured on the due date, and interest paid during the life of the debenture.
13.5.8 External Sources of Short-Term finance

Short-Term Bank Loan: This gives banks some certainty in their lending to business. There is a formal agreement, with monthly payments at a set amount, and usually some form of security.

13.5.9 Overdraft:

This is the biggest source of external finance for established businesses. Interest rates are lower than for a bank loan, and interest is only payable on the outstanding amount, which can work out far cheaper than paying the agreed interest for a bank loan. Overdrafts are flexible, they are used when needed. Some businesses always have an overdraft, and others go “into overdraft” when their cash flow requires it. (International Monetary Fund. African Dept. 2014 P18)

New businesses have to provide detailed business plans and cash flow forecasts in order to negotiate an overdraft facility and may have to provide security in the form of private assets. Hire Purchase – Businesses can take advantage of extended credit in the same way as individuals, so a large lump sum is not needed. Capital assets such as machines can be put to use immediately, and the purchase spread over several years. The goods are actually purchased by a finance company, which collect payments and interest every month until the total agreed amount is paid off. If payments are not kept up to date the goods may be repossessed by the finance company. Interest charges are usually very high because the finance company is taking a bigger risk than a bank – where loans are usually negotiated face-to-face.
13.5.10 Leasing:
Many businesses prefer leasing to hire purchase, leasing means paying for the use of the assets, not for their purchase. Although most leasing agreements contain the option to purchase at the end of the lease, many businesses do not wish to own the assets, as they will be out of date, worn out or no longer required. It is a good way to get the use of up to date equipment and vehicles without spending large sums of money or buying assets that will depreciate quickly. Lease payments can be included as trading expenses, so they reduce the amount of tax liability for the business. Because the assets do not belong to the business they cannot be used as security for loans. (World Bank; Islamic Development Bank 2017)

13.5.11 Working Capital:
Short-term funds can be released by careful management of payments in and out of the business. Customers can be encouraged to pay their invoices early by offering a discount. If the business needs cash urgently it may be better to cut the profit margin by 2% and have the money in seven days than to wait a month for the full amount. At the other end of the working capital, the cycle is money going out of the business. If each payment is delayed until it is absolutely necessary then the business has use of the cash in the short term. Late paying should be avoided as it creates poor relationships with suppliers. In the UK there is now legislation to allow creditors to add interest to late payments.

The shareholders of a PLC do not have a close relationship with the company. If they do not receive attractive, regular dividends they may sell their shares. This could lead to a takeover of the business if the share price falls, and even to asset stripping if the shares become very cheap. The shareholders of a private limited company are often directly involved in the running of the business. They may have a salary, which enables them to leave the profits in the business.
Advantages and disadvantages of issuing shares

13.6.1 Advantages:
The share capital is permanent. The shareholders are not entitled to have their money repaid, only to a share of the profits. No interest has to be paid, so if the company does not make a profit there are any finance costs to be made unlike loan payments, which become a fixed cost and must be paid whatever the state of the business.

13.6.2 Disadvantages:
The shareholders are entitled to vote, so the control of the business may be lost. It is an expensive process if large amounts are to be raised, and difficult to found suitable investors if smaller amounts are sought. (Brigham & Daves 2014)

Why might leasing be chosen instead of hire purchase when buying a new computer network? The business never becomes the owner of the obsolete equipment. Defective equipment will be replaced. Lease payments count as running costs, which reduce the tax burden on the company. Why would you advise a firm to factor its invoices even at a discount rate of 20%? Effective management of working capital can reduce the need to look for outside sources of finance. Factoring gives a prompt payment of invoices. This saves interest payments because money is available. The firm is released from having to chase after debtors, which saves on wages, postage and telephone costs, and leaves the firm free to concentrate on what it is good at.

Choosing Sources of Finance:
Finance is needed in the long term as well as the short term. It is available both externally, and from within the business.

<table>
<thead>
<tr>
<th>Internal</th>
<th>Retained Profit Sale of Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>External</td>
<td>Long Term</td>
</tr>
<tr>
<td></td>
<td>Share Capital Loan Capital</td>
</tr>
<tr>
<td>Short Term</td>
<td>Bank Loan Overdraft Hire Purchase Leasing Working Capital Factoring</td>
</tr>
</tbody>
</table>

13.7.1 Table 23: Source of finances
Choosing between the sources of finance is an important business decision. If the cost of finance is higher than necessary it will adversely affect the firm’s profits. Even short-term finance can tie the firm to a long contractual obligation.

The factors most likely to affect choice of finance are:

- The size of the firm
- The cost of the alternatives
- What the funds will be used for
- The firm’s financial performance
- The strategic objectives of the business
- The external threats faced

### 13.7.2 Size of the Firm
A large firm has more options available.

- It can use powerful intermediaries to approach institutional investors.
- Its retained profits will be large
- It can negotiate for better rates of interest, so may be more likely to use a bank loan than a smaller firm.

### 13.7.3 Cost of Alternatives:
The prevailing rate of interest will influence some firms. If bank interest rates are very high, then a share issue may become attractive despite the high administration costs. Improving working capital management may be less attractive if new staffs, with the necessary skills, have to be employed.
13.7.4 Use of funds:
Revenue expenditure is financed by short-term finance. This even applies if a very large item occurs. If a firm has to buy an exceptionally expensive load of components in order to fulfil a special order, it will seek overdraft facilities. Large capital expenditure items will be financed by very long term finance. A new building will be funded by a mortgage, or even a share issue.

13.8 Financial Performance:
Financial institutions are always most willing to lend to firms who don’t actually need the money! The more desperate the position of the firm the less enthusiastic the lenders will be - and the higher the rate of interest. Those least able to keep up the payments are the most likely to have their loans recalled. Even huge businesses worth millions of pounds are not immune. Robert Maxwell’s apparent suicide was linked to his business loans being recalled at short notice. The firms which have trouble borrowing money, will have trouble selling shares, and are unlikely to have much profit to retain in the business. If the only source of finance is expensive hire purchase and high interest loans secured on the owner’s private assets then these have to be used.

13.9 The Strategic Objectives of the Firm:
If a company wishes to retain its independence it may seek to fund long-term projects with loan capital, rather than share capital, because this will not cause a dilution of control. Even if the loans are expensive the strategic aims may be more important.

A public limited company that thinks it may become a takeover target could choose loans not only to keep control over a many shares as possible, but also to create a defence against takeover. A firm with heavy debts is not as attractive; any buyer would assume responsibility for the debt. This is known as a “poison pill” defence. If a firm was particularly keen to announce high profit figures, it could fund new equipment from retained profits in order to
avoid leasing, which would show up as a cost on the accounts. If a high return on capital employed was considered important, leasing might be a better option because it would not increase the size of the firm’s assets, and would only create a small cost. If a firm has long term ambitions to become a fully floated PLC, it would suit its strategy if finance were raised using merchant banks and the stock exchange. This would prepare the way by making contacts, generating publicity and “learning the ropes” (Group of authors 2016).

13.10 External Threats:
If a firm faces a volatile market, or political and economic uncertainty, it may wish to avoid the fixed cost of loans. Loan agreements with banks tie firms to interest charges and the real likelihood of legal action if they are not honoured. Competitive pressure may lead to a firm choosing leasing, as the way to obtain the latest technology, with options to upgrade if necessary.

13.11 Shareholder/Investor attitudes gearing:
The ratio between share capital and loan capital is an important one, and is known as the Gearing Ratio. A company with more debt than share capital (equity) is said to be Highly Geared. A company with more equity than debt has a low gearing ratio.

The gearing ratio is worked out by dividing long term debt by equity. Long term debt is debt that will be paid back over a period of time that is more than one year.

ABC plc has the following external financing situation:

<table>
<thead>
<tr>
<th>Share Capital</th>
<th>£200 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgages</td>
<td>£150 million</td>
</tr>
<tr>
<td>Bank Loans</td>
<td>£175 million</td>
</tr>
<tr>
<td>Debentures (long term secured loans)</td>
<td>£ 75 million</td>
</tr>
</tbody>
</table>

13.11.1 Table 24: External financing situation
This company has £2 of debt for every £1 of equity; this is a ratio of 2:1, so it is a highly geared company. A highly geared company is a riskier investment, because its loans may be recalled, and it has high fixed costs because of the interest payments. On the other hand, because a highly geared company has comparatively few shares it has the potential to pay big dividends per share because the profits are not thinly spread. When profits are high the shareholders of a highly geared company receive big dividends because their small investment has acted like a small gear wheel to generate big returns. When profits are small, however, the shareholders in a highly geared company may receive nothing, because all of the profit has been taken up with high fixed interest payments to the bank.

In general, a highly geared company will find it difficult to borrow more money, but its shareholders may resent the issue of new shares because it dilutes their control, and they will have to share the profits with the new shareholders. A rights issue, as discussed above under External Sources of Finance, is often a good compromise; the gearing ratio is not adversely affected, and the shareholders end up owning the same percentage of the company, so do not have their shareholding diluted.

13.12 Forecasting
We have spent some time considering the sources and cost of finance. Now we need to get down to understanding the role of finance in a business. We have already seen that there are only three types of finance normally available to a business

- Funds contributed by the Owners
- Borrowed Funds
- Funds retained in the business from previous profits

We now concentrate on what happens to this money. It is just as simple to remember: there are really only two things that the funds can be used for. Purchase of Fixed Assets: Machinery, Buildings, Furniture.
Current Assets - The cash and stock needed for the day to day running of the business. These, together with the money owed by customers, are known as the Working Capital.

<table>
<thead>
<tr>
<th>Owner's Funds</th>
<th>Fixed Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowed Funds</td>
<td></td>
</tr>
</tbody>
</table>
| Retained Profits| Working Capital |}

13.12.1 Table 25: Working capital

There is nothing else that the business can legally do with the money – apart from giving it away.

- 11 Fixed Assets

13.12.2 Figure 28: Fixed assets

Most businesses need some form of equipment - office furniture, computers, workshop tools, and vehicles - before they can function properly as a business. These things are necessary, but a firm would want to commit as little of its funds as possible to them.

Fixed assets are not actually the "business" at all, although they can appear to be. We look at a building and a fleet of logo-liveried trucks, and they seem to be real evidence that the business is happening. The real "business" is the goods and services, which satisfy the customers and make a profit - the fixed assets, help that to happen. Many fixed assets could even be used in the running of completely different businesses.
Those impressive buildings and huge fleet of trucks may not even be owned by the business. Most fixed assets lose value very quickly, so the money used to buy them is gone forever. Leasing enables firms to obtain the use of fixed assets for an agreed period of time - this avoids a large lump sum being spent, but commits the firm to regular outgoings. When firms buy fixed assets, we immediately think of them in terms of how easily they could be turned back into cash - even if it is much less than the cash which went into them! (Flood 2015)

- Buildings are regarded as very "fixed" - many could not easily be used by another business, so are not easy to sell.
- Machinery and fittings are slightly less "fixed" - they could be sold in small lots and transported to a buyer.
- Vehicles are very easy to sell - they could be auctioned within a few days.

13.13 Consequences of not investing enough money in fixed assets?
Without sufficient fixed assets the firm could find itself with insufficient capacity to cope with an increase in sales. The result would be dissatisfied customers. This would also happen if there were breakdowns because the machinery could not cope with the demands being placed on it, and if quality suffered (or was lower than competitors). Delivery schedules may also not meet customer’s expectations if there were not enough vehicles (Foroohar 2016.)

13.14 Consequences investing more than necessary in fixed assets?
With too much invested in fixed assets, there would be surplus capacity and under-used machines. These, and idle vehicles, would not be “earning their keep". Any profit made would be a very small percentage return on the amount of money invested in the assets.
### Working Capital

![Working Capital Diagram]

13.14.1 Figure 29: Working capital

Any funds not sunk into fixed assets are available for the "real business" of making a profit. This money is spent as the direct costs of providing goods and services – on wages, raw materials, advertising etc.

13.14.2 Cash flow Forecasting:

Not all costs are constant; we can forecast future costs on the basis on known figures, and experience and expectations.

**Six month Cost forecast (All figures are £000)**

<table>
<thead>
<tr>
<th></th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock</td>
<td>100</td>
<td>105</td>
<td>105</td>
<td>110</td>
<td>110</td>
<td>115</td>
</tr>
<tr>
<td>Wages</td>
<td>200</td>
<td>200</td>
<td>210</td>
<td>210</td>
<td>212</td>
<td>212</td>
</tr>
<tr>
<td>Power</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Rent</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Leasing</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Insurance</td>
<td>0</td>
<td>0</td>
<td>20</td>
<td>0</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>Promotion</td>
<td>100</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>

13.14.3 Table 25: Six months cost forecast

Forecasting costs is important, but on its own it does not give us the full picture, because we need to forecast revenue as well.
13.15 Six month Revenue forecast (All figures are £000)

<table>
<thead>
<tr>
<th></th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Revenue</td>
<td>300</td>
<td>350</td>
<td>400</td>
<td>425</td>
<td>450</td>
<td>475</td>
</tr>
</tbody>
</table>

13.15.1 Table 26: six months revenue forecast.

These two forecasts together represent a cash flow forecast that can reveal our cash needs over the coming months.

13.15.2 Six month cash flow forecast (All figures are £000)

<table>
<thead>
<tr>
<th></th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start Balance</td>
<td>50</td>
<td>(75)</td>
<td>(105)</td>
<td>(115)</td>
<td>(85)</td>
<td>(32)</td>
</tr>
<tr>
<td>Revenue</td>
<td>300</td>
<td>350</td>
<td>400</td>
<td>425</td>
<td>450</td>
<td>475</td>
</tr>
<tr>
<td>Total In</td>
<td>350</td>
<td>275</td>
<td>295</td>
<td>310</td>
<td>365</td>
<td>443</td>
</tr>
<tr>
<td>Stock</td>
<td>100</td>
<td>105</td>
<td>105</td>
<td>110</td>
<td>110</td>
<td>115</td>
</tr>
<tr>
<td>Wages</td>
<td>200</td>
<td>200</td>
<td>210</td>
<td>210</td>
<td>212</td>
<td>212</td>
</tr>
<tr>
<td>Power</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Rent</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Leasing</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Insurance</td>
<td>0</td>
<td>0</td>
<td>20</td>
<td>0</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>Promotion</td>
<td>100</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Total out</td>
<td>425</td>
<td>380</td>
<td>410</td>
<td>395</td>
<td>397</td>
<td>424</td>
</tr>
<tr>
<td>End Balance</td>
<td>(75)</td>
<td>(105)</td>
<td>(115)</td>
<td>(85)</td>
<td>(32)</td>
<td>19</td>
</tr>
</tbody>
</table>

13.15.3 Table 27 Six months cash flow forecast.

The above cash flow shows that the business has a negative cash flow for the first five months. If the sales forecast goes according to plan, the “Total In” will eventually grow and the negative cash flow will turn positive. Unless the owners have more funds to introduce into the business, they will have to negotiate an overdraft facility with their bank. This is not always easy for a new business, and the bank may require personal security, such as the title deeds to the owner’s houses. The model in the example does not include other costs such as telephone and post, office overheads etc., and a bank would prefer to see a forecast that is deliberately pessimistic, rather than an overhyped forecast backed simply by enthusiasm.
14 CHAPTER 14 MANAGING FINANCIAL PRINCIPLES PART II

14.1 Introduction
The aim of this research is to investigate the principles that underpin how organisations manage financial matters. It is a broad-based subject, providing a general overview of finance for all researchers and a foundation for further study in the specialist area of finance. It has nothing to do with bookkeeping, but looks at how to understand where money can come from and how an organisation manages and uses it. It is also about how to use financial information and data in order to make logical and sensible business decisions. (World Bank 2015)

14.2 Forecasting:

14.2.1 Case Study:
After trading for six months Catherine Apalat was very satisfied with the progress of her business. She produced sets of storage boxes at a total cost of $7.00 a set, and sold them to distributors throughout South East Asia for $10.00 a set.

Catherine set the business up with $80,000 share capital, paid for out of her own money after selling some property. She used part of this to pay for some detailed market research so that she could forecast her sales.

Catherine had a straightforward and conservative approach to her business. She kept enough finished goods in stock to last for 30 days of trading, paid all her bills immediately, and allowed her customers 30 days credit.

On January 1st her cash situation was:
Cash $40,000 in bank current account
Debtors $80,000 owing from December sales

During January Catherine sold 10,000 sets of storage boxes from stock for $100,000 (on 30 days credit).
She produced 20,000 sets (30 days stock to supply her forecast February sales) and paid $140000 immediately for the materials. She collected the $80,000 cash from her December sales. Customer feedback was favourable, and Catherine could reliably forecast that sales would increase over the next few months in line with her market research. In order to maintain supplies, and stock levels at 30 days predicted trading, output is forecast to rise as follows: (an extra 10,000 every month until a saturation point of 90,000 a month is reached)

<table>
<thead>
<tr>
<th>Sales forecast</th>
<th>Output forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 20,000 sets</td>
<td>February 30,000 sets</td>
</tr>
<tr>
<td>March 30,000 sets</td>
<td>March 40,000 sets</td>
</tr>
<tr>
<td>April 40,000 sets</td>
<td>April 50,000 sets</td>
</tr>
<tr>
<td>May 50,000 sets</td>
<td>May 60,000 sets</td>
</tr>
<tr>
<td>All to be sold on 30 days credit</td>
<td>All costs paid for immediately</td>
</tr>
</tbody>
</table>

14.2.2 Table 28: sales forecast

This trend is expected to continue until the saturation point is reached.

Catherine is encouraged that her January sales have made a good profit. She sees this as a trend that will continue as sales increase, although materials price increases are expected to increase costs by 50 cents in June, the same month in which she was hoping to increase salaries a move which would add 50 cents to the unit cost. She would like to lease new premises for an extra $20,000 a month, starting in February, and believes that there is enough cash being generated for her to commit the business to the deal for two years. She needs bigger premises in order to develop more products to add to her range.

14.3 Solutions:

Catherine Apalat’s cash flow forecast for the next twelve months

<table>
<thead>
<tr>
<th>$</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>40,000</td>
<td>-20,000</td>
<td>-130,000</td>
<td>-210,000</td>
<td>-260,000</td>
<td>-280,000</td>
</tr>
<tr>
<td>Cash in</td>
<td>80,000</td>
<td>100,000</td>
<td>200,000</td>
<td>300,000</td>
<td>400,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Total available</td>
<td><strong>120,000</strong></td>
<td><strong>80,000</strong></td>
<td><strong>70,000</strong></td>
<td><strong>90,000</strong></td>
<td><strong>140,000</strong></td>
<td><strong>220,000</strong></td>
</tr>
</tbody>
</table>
Human Resources Management: The Influence of Leadership Style and Staff Retention

<table>
<thead>
<tr>
<th>Cash out</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>End</td>
<td>Balance</td>
<td>Balance</td>
<td>Balance</td>
<td>Balance</td>
<td>Balance</td>
</tr>
<tr>
<td>-140,000</td>
<td>-210,000</td>
<td>-280,000</td>
<td>-350,000</td>
<td>-420,000</td>
<td>-560,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>$</th>
<th>July</th>
<th>Aug</th>
<th>Sept</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>-340,000</td>
<td>-380,000</td>
<td>-400,000</td>
<td>-320,000</td>
<td>-140,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Cash in</td>
<td>600,000</td>
<td>700,000</td>
<td>800,000</td>
<td>900,000</td>
<td>900,000</td>
<td>900,000</td>
</tr>
<tr>
<td>Total available</td>
<td>260,000</td>
<td>320,000</td>
<td>400,000</td>
<td>580,000</td>
<td>760,000</td>
<td>940,000</td>
</tr>
<tr>
<td>Cash out</td>
<td>-640,000</td>
<td>-720,000</td>
<td>-720,000</td>
<td>-720,000</td>
<td>-720,000</td>
<td>-720,000</td>
</tr>
<tr>
<td>End Balance</td>
<td>-380,000</td>
<td>-400,000</td>
<td>-320,000</td>
<td>-140,000</td>
<td>40,000</td>
<td>220,000</td>
</tr>
</tbody>
</table>

14.3.1 Table 29: Catherine Apalat’s cash flow forecast for the next twelve months.

Increasing Levels of Cash in the Forthcoming Months

Cash flow describes the financial transactions of a company in a given period. The end balance flows from November to December are positive which shows that cash inflows are higher than cash outflows. The business is likely to generate increasing levels of cash in the upcoming months as the difference between receipts and payments is showing positive cash flows. However Net cash flows have been showing negative until October. In fact the negative balance was increasing form month to month and started to slow down in September and October and showed a dramatic improvement in November and December. From having (-$140,000.00) in October it went to a positive end of year balance of £220,000.00. Costs of the material are increasing, in addition to raising salaries, resulting in higher output costs.

14.4 Advice to Catherine to Lease the New Premises

Lease is a contract assignment of a factor of production in which the owner gives it to other for certain remuneration. Cash flows of initial months are negative as the capital was only 80000 whereas cost was high. The cash flows of the last two months are positive. How ever if Catherine takes the business lease the out going will be up by $20,000.00 a month from February which lives her with zero cash flow. She has only recovered form negative cash flow to positive not so long a go.
At this stage of the business I would suggest her not to lease the new premises and focus on providing quality services and maintain the business. In the long run her net profit will increase and she will have healthy balance in her account. She will then be in a better position to lease new premises. Cash flow forecast if she takes the lease at $20,000.00 a month. As you can see on the below forecast the cash out has increased by $20k form the month of February which resulted for the end of year balance to be zero.

<table>
<thead>
<tr>
<th>$</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>40,000</td>
<td>-20,000</td>
<td>-150,000</td>
<td>-250,000</td>
<td>-320,000</td>
<td>-360,000</td>
</tr>
<tr>
<td>Cash in</td>
<td>80,000</td>
<td>100,000</td>
<td>200,000</td>
<td>300,000</td>
<td>400,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Total available</td>
<td><strong>120,000</strong></td>
<td><strong>80,000</strong></td>
<td><strong>50,000</strong></td>
<td><strong>50,000</strong></td>
<td><strong>80,000</strong></td>
<td><strong>140,000</strong></td>
</tr>
<tr>
<td>Cash out</td>
<td>-140,000</td>
<td>-230,000</td>
<td>-300,000</td>
<td>-370,000</td>
<td>-440,000</td>
<td>-580,000</td>
</tr>
<tr>
<td>End Balance</td>
<td>-20,000</td>
<td>-150,000</td>
<td>-250,000</td>
<td>-320,000</td>
<td>-360,000</td>
<td>-440,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>$</th>
<th>July</th>
<th>Aug</th>
<th>Sept</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>-440,000</td>
<td>-500,000</td>
<td>-540,000</td>
<td>-480,000</td>
<td>-320,000</td>
<td>-160,000</td>
</tr>
<tr>
<td>Cash in</td>
<td>600,000</td>
<td>700,000</td>
<td>800,000</td>
<td>900,000</td>
<td>900,000</td>
<td>900,000</td>
</tr>
<tr>
<td>Total available</td>
<td><strong>160,000</strong></td>
<td><strong>200,000</strong></td>
<td><strong>260,000</strong></td>
<td><strong>420,000</strong></td>
<td><strong>580,000</strong></td>
<td><strong>740,000</strong></td>
</tr>
<tr>
<td>Cash out</td>
<td>-660,000</td>
<td>-740,000</td>
<td>-740,000</td>
<td>-740,000</td>
<td>-740,000</td>
<td>-740,000</td>
</tr>
<tr>
<td>End Balance</td>
<td>-500,000</td>
<td>-540,000</td>
<td>-480,000</td>
<td>-320,000</td>
<td>-160,000</td>
<td></td>
</tr>
</tbody>
</table>

14.4.1 Table 30: Cash flow forecast if she takes the lease at $20,000.00 a month.

14.5 Actions for Producing Enough Cash to Finance the New Premises

They were producing more units than their selling requirements. Therefore, they were bearing extra costs of producing these additional units. They can generate more cash by selling more units or by reducing variable factors involved in production of these units e.g. getting material at lower rate or by providing satisfaction to its target audiences. They can also ask new buyers to pay for their goods one month in advance for one year and start taking their stock in credit like every one else their after. This wills enable to minimize the risk of non payment and increase the cash flow.
Cash flow forecast paying the suppliers one month in arrears.

<table>
<thead>
<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>40,000</td>
<td>-20,000</td>
<td>-130,000</td>
<td>-210,000</td>
<td>90,000</td>
<td>140,000</td>
</tr>
<tr>
<td>Cash in</td>
<td>80,000</td>
<td>100,000</td>
<td>200,000</td>
<td>300,000</td>
<td>400,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Total available</td>
<td>120,000</td>
<td>80,000</td>
<td>70,000</td>
<td>90,000</td>
<td>490,000</td>
<td>640,000</td>
</tr>
<tr>
<td>Cash out</td>
<td>-140,000</td>
<td>-210,000</td>
<td>-280,000</td>
<td>-350,000</td>
<td>-420,000</td>
<td></td>
</tr>
<tr>
<td>End Balance</td>
<td>-20,000</td>
<td>-130,000</td>
<td>-210,000</td>
<td>90,000</td>
<td>140,000</td>
<td>220,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>July</th>
<th>Aug</th>
<th>Sept</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>220,000</td>
<td>260,000</td>
<td>320,000</td>
<td>400,000</td>
<td>580,000</td>
<td>760,000</td>
</tr>
<tr>
<td>Cash in</td>
<td>600,000</td>
<td>700,000</td>
<td>800,000</td>
<td>900,000</td>
<td>900,000</td>
<td>900,000</td>
</tr>
<tr>
<td>Total available</td>
<td>820,000</td>
<td>960,000</td>
<td>1,120,000</td>
<td>1,300,000</td>
<td>1,480,000</td>
<td>1,660,000</td>
</tr>
<tr>
<td>Cash out</td>
<td>-560,000</td>
<td>-640,000</td>
<td>-720,000</td>
<td>-720,000</td>
<td>-720,000</td>
<td></td>
</tr>
<tr>
<td>End Balance</td>
<td>260,000</td>
<td>320,000</td>
<td>400,000</td>
<td>580,000</td>
<td>760,000</td>
<td>940,000</td>
</tr>
</tbody>
</table>

14.5.1 Table 31: Cash flow forecast paying the suppliers one month in arrears.

In order to ease the cash flow situation, I have suggested for Apalat to negotiate 30 days credit with her suppliers rather than paying her suppliers immediately. As she will be paying her suppliers after she sold the goods, she did not have any outgoing in April. This cash flow will leave her in a comfortable situation at the end of the year. With this cash flow, if she goes ahead with the leasing she will still have end of year balance $720,000. However she will still be in arrears for the stock she had in December which will be payable in January next year. The net balance is still going to remain $220,000.00 which is the same with the first cash flow forecast. Therefore it is not advisable for her to take the new lease. She needs to concentrate on the existing business.

However negotiating 30 days credit leaves her with a positive cash flow immediately and she is $720,000 better off at the end of the colander year.
Cash flow facilitates the management of a company in order to know the amounts receivable, amount payable to the assumed obligations and the balance available at that time.

14.6 Financial Performance:
What is “Performance”?

In the above scenario we came across businesses that was making good profits, but was failing. Catherine Apalat discovered that financial performance is measured not just in terms of profit, but is about the business's ability to pay its debts. We are therefore interested in measuring:

- **Stability** - The likelihood of the business surviving
- **Profitability** - The return on the capital invested
- **Liquidity** - The ease with which you can liquidate your assets into cash.

These two concepts are linked; we have already noted that every business is managed differently because people manage them; some managers are bigger risk-takers than others. Profit is usually the reward for risk - the higher the risk, the higher the potential profit. High risks are not usually associated with a conservative working capital policy.

If plenty of cash is kept in the business, and "safe" levels of stock, this will increase the overall capital employed - but tie up funds in non-productive assets. The rate of return (profitability) will suffer as a result, but the survival odds (stability) will improve.

The long-term objectives of the business will also have an impact on the short-term measures of profitability and stability. A firm that is aiming for a large market share in the long run may charge low prices in order to take sales from its competitors. As a result it may appear to be weak on profitability in the short run, but strong on stability - as it seeks to ensure its survival in the long run.
14.6.1 How do we measure Financial Performance?
To evaluate the chances of Survival, we must look at the relationship between short-term debts and the short-term assets available to pay them.

To arrive at a measure of Performance, we must look at Profit.

The data we need is in the financial statements of a business.

- The Balance Sheet tells us about assets and liabilities

- The Profit and Loss Account obviously tells us about profits

14.6.2 The Balance Sheet and Definition
Balance sheet is a financial statement showing measures of the assets, liabilities and owner's equity or net worth of a business firm or non-profit organisation as of a specific moment in time.

Example: Awal Gupta is a computer-boffin school-leaver who is keen to start up his own business building computers and selling them by mail order. He borrows some money from his uncle, buys some components and begins his business from his bedroom at home. His uncle asks for a half-yearly update on the position of the business.
After six months trading Martin’s balance sheet looks like this

<table>
<thead>
<tr>
<th>Fixed Assets</th>
<th>£</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workbench</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Toolkit</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Computer</td>
<td>800</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1000</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>Stock</td>
<td>9000</td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>4000</td>
<td></td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors</td>
<td>-3500</td>
<td></td>
</tr>
</tbody>
</table>

| Working Capital | 10,000 |     |
| Net Assets      | 11,000 |     |

Financed by:

| Long Term Loan | 11,000 |     |

### 14.6.3 Table 32: The balance sheet

Martin has £3.86 of Current Assets to cover every £1.00 of Current Liability. Acid Test ratio for Martin’s business is based on the cover for every £1 of debt which is provided by Cash and Debtors only.
Cash | £500.00
Debtors | £4,000.00
Total | £4,500.00

**Current Liabilities** £3,500

So if we divide the liabilities into the assets this will tell us how many times they are "covered"

\[ \frac{4,500}{3,500} = 1.28 \]

Martin's Acid Test is therefore 1.28:1

£1.28 of asset for every £1 of debt

This is within "normal" levels. We would expect about 1:1 in most businesses.

A business with few debtors and plenty of cash may well have an acid test ratio of less than 1:1; 0.7:1.

- **Table 34: Acid test ratio**

14.7 **Financial Statements:**
The following report is based on John Lewis partnership’s 2013 and 2014 annual report and accounts. On this report I will be going through the accounts for 2013 and 2014 and will make financial and none financial analysis.

<table>
<thead>
<tr>
<th>Financial Statement Analysis 2014</th>
<th>In £M</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Ratio</strong></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td>1139.5</td>
</tr>
<tr>
<td>Current liability</td>
<td>1705.6</td>
</tr>
<tr>
<td><strong>Acid Test</strong></td>
<td></td>
</tr>
<tr>
<td>CA-Stock</td>
<td>1139.5-554.00</td>
</tr>
<tr>
<td>CL</td>
<td>1705.6</td>
</tr>
</tbody>
</table>
## Human Resources Management: The Influence of Leadership Style and Staff Retention

| Gross profit % | Gross Profit | 3018.9 | $X100 = 29.68\%$
|----------------|--------------|--------|-----------------
| Sales          | 10171.5      |        |                 |

| Net Profit %   | Net Profit   | 470.9  | $X100 = 4.6\%$
|----------------|--------------|--------|-----------------
| Sales          | 10171.5      |        |                 |

| ROCE %         | Net Profit   | 101.6  | $X100 = 2.66\%$
|----------------|--------------|--------|-----------------
| Net Assets     | 3818.4       |        |                 |

### 14.7.1 Table 35 Financial statement analysis 2014

<table>
<thead>
<tr>
<th>Financial Statement Analysis 2013</th>
<th>In £M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Ratio</td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td>1247.6</td>
</tr>
<tr>
<td>Current liability</td>
<td>1633.9</td>
</tr>
<tr>
<td></td>
<td>= 0.66</td>
</tr>
<tr>
<td></td>
<td>0.76:1</td>
</tr>
</tbody>
</table>

| Acid Test                         |       |
| CA-Stock                          | 1247.6|
|                                  | - 514.00|
|                                  | = 0.44|
|                                  | 0.44:1|
| CL                               | 1633.9|

| Gross profit %                    |       |
| Gross Profit                      | 2825.4|
| Sales                             | 9541.3|
|                                   | $X100 = 29.61\%$

| Net Profit %                      |       |
| Net Profit                        | 453.4 |
| Sales                             | 9541.3|
|                                   | $X100 = 4.75\%$

| ROCE %                            |       |
| Net Profit                        | 101.0 |
| Net Assets                        | 3729.7|
|                                   | $X100 = 2.70\%$

### 14.7.2 Table 36 Financial statement analysis 2013

### 14.8 Analysis
Current Ratio: As you can see on the above table, John Lewis Partnership PLC has £0.66 of current assets to cover every £1.00 of their current liability which means their current asset is less than their current liability. These do not mean that the business is weak it simply means that due to the nature of their business they sell their stock very fast and cash is always in their till.

The acid test is £1.14 of assets for every £1 of debt. In most UK business £1.00 to £1.00 ratio is classed as healthy. This business shows cash rich because it has more cash and less stock. This shows their cash is not tied up in stock and they have a healthy bank balance which enables the business to be in a comfortable position to expand their business as and when it is
necessary. On the other hand, they have a large amount of cash seating in a bank is not a wise decision. The partnership will be better off to use the cash for business expansion.

Gross Profit Ratio: The gross profit ratio is showing 29.68%. The figure is reasonably healthy and it is in a viable trading position.

Net profit: is showing a big drop from 29% to gross profit to 4.6%. This is simply because the partnership has very high operating expenses. Despite the gap between the gross profit and net profit, the business is stable. When you compare 2013 gross and net profit they are almost identical there is no big difference between them. This clearly shows the sustainability of the business.

A firm like John Lewis which is now facing tough competition all over the country is quite normal to aim for a large market share in the long run. One of the ways to increase market share is to charge low prices in order to take sales from its competitors. As a result, it may appear to be weak on profitability in the short run, but strong on stability - as it seeks to ensure its survival in the long run.

ROCE: The Return on Capital Employed is showing 2.66 %. This takes a year’s profit performance and measures its value against what has been invested in the business. Overall the business is showing a good return and is stable. This is showing the money is not seating in a bank it is being reinvested.

14.9 None financial information
Strength: The Company is uniquely owned by its employees and they are very well known for looking after their employees. In addition to the bonus they get every year they get non-contributory pension plan and many other benefits. They are well known for looking after their staff. They are environmentally friendly. They always continue to lower the environmental impact across their estate. They have also invested in community activities and encouraging customers to live more sustainable lives. Their new Waitrose store in Chipping is 40% more carbon efficient than their competitors in the area.

They are also known for providing the best quality products and services. Every time there is a customer service satisfaction survey, they are always on the top.

Weakness: Their employee ethnicity is not balanced. 84% of their employees are predominantly white and the remaining 16 % from all over the world. In this day and age, this is totally unacceptable for a company as big as John Lewis with over 90,000 employees. The UK is known for its mix of diversity and that is not reflected in John Lewis.
“Following a review of the Partnership’s pay policy, it became clear to the Directors that certain Partners had not received the correct amount of holiday pay under the Working Time Regulations legislation. As a result, a charge of £47.3m has been recorded, which includes payments to Partners, associated expenses and an increase in the pension obligation”

14.10 Recommendation
This organization has been on the market for over 80 years. Currently holds 40 Department Stores and 305 Waitrose. Their market share is increasing from year to year. Based on their financial performance their Profitability, Sustainability and Liquidity are positioned in the right direction. Therefore taking their financial and nonfinancial performance into consideration, my overall recommendation on the business is very good having said that, the weaknesses that I have mentioned above still need further attention. My advice to the organization’s head is, in order to tackle the above weaknesses it is extremely important to pay extra attention to balance the race of their employees sooner rather than later.
15 CHAPTER 15: CRITICAL REFLECTIONS ON RESEARCH PROCESS

15.1 Introduction

My research is completed; it is now time to critically reflect the intellectual, methodological and technological challenges that I faced during this journey and the skills that I acquired throughout the project. The purpose of critically reflecting on my experience throughout this research is to help me to recognise my strengths and weaknesses then continue developing on my strengths as well as to learn from my mistakes, which will help me to avoid repeating them. In this section, I will critically analyse and examine what happened, who was involved, what went wrong and right, what the opportunities were and what can be done not to repeat the same mistake in future? The idea of the need for reflection goes back to the time of “Socrates” who claimed that the unexamined life was not worth living because unexamined life is the life still constrained by inherited prejudices, false opinions that life did not actually live, (David & Johnson 2011 p.74). John Dewey as early as the 1930s also wrote and advocated the need for reflection in learning. Dewey, the father of experiential learning, was the first to put forward the idea that education was concerned with experience rather than abstract knowledge (Scanlon & O'Shea 2012 p.93)

15.2 Stage 1 what?

As far as human resources management is concerned, this research addressed all the necessary issues, by collecting data and interviews from senior managers and employees. Subsequently, this will hopefully bring a solution to the problem if senior managers are willing to address the issues. I have also learned the disadvantages of doing internal research because I found it difficult to get the honest opinion of all employees. Despite my reassurance that their information would be kept confidential, some of them were still sceptical. I had to dig deeper and deeper by asking them different questions and continued reassuring them this research would not be shared with anyone.
This study was performed to determine the retention and turnover rate of the scheme managers at Southwark Council. The NELM process enables the individual to utilise his/her professional experience in contributing to the existing knowledge. NELM process also enhances professional and personal influence at work by enabling knowledge and skills development while broadening and deepening the impact by means of reflective approach. Furthermore, it enables increasing performance within specific work practices and processes, (University of Chester, 2016).

Selection of a specific research topic is a principle for initiating the research process. Hence, I selected a topic that was related to my professional life and experience. As I have served in various organisations and observed several management styles influencing employee retention and turnover, I have consequently considered it is important to investigate the impact of factors like workload, rewards, appraisals and wages on employee retention and turnover. Various research questions were designed based on FINER criteria because framing proper research questions is essential to the research process. These research questions allowed a comprehensive assessment of areas being investigated.

The cumulative indirect and direct expenditures related to one employee ranges from a minimum of one year’s wage and remunerations to a maximum of two years’ wage and remunerations. Therefore, as argued by Armstrong, Nelms, Riemenschneider & Reid (2012) loss of any valuable employee results in a significant fiscal effect on the organisation, particularly in terms of the valuable knowledge lost by the departure of that employee (Lee 2016 p.336). In the future, it will become fundamental to recognise the organisational commitment of the employees along with the need for the organisation to create an environment that promotes willingness among the employees to stay.
Creating an intellectual capital environment supporting the transmission of knowledge throughout the structure is crucial for the organisation; or otherwise, they should be ready to lose imperative knowledge, in terms of loss of their employees, which has been developed over their service length. Retaining essential employees enables the organisation to gain a competitive advantage over its present and latent opponents and achieve its strategic business objectives.

15.3 Stage 2 So what?

Reducing the workload of employees and providing them leisure time is likely to enhance the outcomes of the council, in terms of the productivity of scheme managers and increased rate of retention. I consider that the method used in this study played a principle role in enabling me to achieve the targets that I have set for this study so that I cannot only contribute to the existing literature but also make a significant contribution to my professional field. This study method allowed me to enhance my knowledge such as becoming proficient to contribute towards managerial areas of the Southwark Council. I believe that management has a vital role to play in any organisation, due to which an organisation can either succeed or be a complete failure in achieving its goals. If management is not appropriate and supportive of the organisational outcomes, in terms of employee retention and consumer satisfaction, then it becomes difficult for the organisation to survive in such a situation, (Ghuman, 2010 p.340)

Therefore, based on the findings of this study, employers and organisations will be able to make amendments to their organisational policies so that the rate of turnover can be reduced while at the same time increasing the rate of employee retention. I could have also found employee retention and turnover in consort with other factors in some other
organisation, but local authorities particularly grabbed my attention due to the existing scenario at councils, necessitating immediate steps and interventions being taken to provide a solution to the problem.

In my professional experience as a scheme (housing) manager, this area was of particular interest so that change can be brought by determining the factors contributing to the issues present in local authorities. Hence, I advocate that based on the findings of this study I am able to not only provide suggestions to the senior management of local authorities but have also been able to improve my professional knowledge and expertise. Therefore, the method I selected for conducting this study was appropriate to the maximum extent. I chose the methods that targeted the attainment of answers to the research questions developed for undertaking the study. However, I believe that room for improvement still exists in some areas, which are likely to be filled in the next research I undertake in my professional conduct (Daft & Samson 2014).

I have done part of this research internally in the department I belong, where I know most of them on personal level, I also have a good relationship with almost all of them. As a result, most of the employees were cooperative in terms of being available to answer my questionnaire, to be contacted for further information, and their willingness to do the questionnaire via email and their attitude towards my research was very positive and encouraging.

15.4 Motivation

I am personally a great believer in being happier at work rather than receiving increased pay; it would be nice to have both but if I had to choose, I would rather be happy at work and get paid less. As you can see in this research on the Quantitative Research (questionnaire to scheme managers)’ (Q.13 table 19 p.221), 80% of my colleagues answered they are not
happy with their current pay, because the salary they are getting does not reflect their current work and responsibility. My personal belief is slightly different from that; I am very much against the limitations on trainings, decision-making process and micromanagement but not very much on pay. I would rather get paid less and have the issues I mentioned corrected, (Snell & Bohlander 2012 p.396). I am very lucky to have a manager who was very supportive and flexible throughout my research in the last 2 years. Without her support it would have been extremely difficult to successfully complete my research, (Nelson & Campbell Quick 2013).

15.5 What went well
As I was doing part of this research internally, I did know what was going on both inside the department and outside the department. What I did not know was employees’ feelings and their reaction to what was going on in the department. Hence, it was easy for me to challenge the interviewee if they told me something that was not happening at all. For example, one of the interviewees was trying to tell me he did not have any problem to carry over his annual leave to the next financial year. As I know this was not allowed in that particular department, I challenged him and asked him further questions about when was the last time he had his annual leave carried over and who authorised it. His response was that he did not ask anyone as he did not need to carry over his annual leave. He just assumed it was automatic as it was always the case with other employers and in other departments within the council.

Contacting senior managers and employees was not difficult; they were only a phone call or email away. I also had the internal resources such as work email, office, computer to do my research so long as I allocated the time accordingly. I have my own office and I don’t share my office with no one; although there are various advantages and disadvantages of being in an office on your won, it was exceptionally convenient for me to do my research,
and to complete my work related tasks quicker because I was able to do my work in my office, rather than at home, with less interruption. When I had Skype meetings with my supervisor, I always book the meeting after 4pm and conduct the Skype meeting in my office. To do my thesis without taking time from my working hours, I allocated fifteen- twenty hours a week in my office by arriving one hour early and finishing three hours later. I had varies Skype meetings with my supervisor as well as my PhD defence, I also had telephone interviews; I did all these outside my office hours after 4:00pm. The time difference between USA and UK worked on my advantage because as my university is based in Hawaii the time difference is 11 hours. So by the time they open their office it is 8:00pm in UK time so if I need to have Skype meeting I stay in my office until 9:00pm or longer. If I need to special books British Library was very handy so there were some Sundays that I spend in British Library.

15.6 What didn’t go well

At times this research was very stressful and time consuming. As I don’t have any day release or educational leave at work, I had to do the entire work on my own time. As I am a family man I don’t have any time to do my work at home, neither do I have enough time to go away and do my work in the library. As a result I was struggling to manage my time and to figure out the best way of allocating my time effectively. After a few trials and errors, I finally came up with a solution, which was to allocate fifteen to twenty hours a week in my office. I come to my office one hour earlier and leave three hours later. If I had to catch-up with more work or there were interruptions in between, I sometimes stay up to four hours later after 4pm. As was staying late at work by the time I leave office was already their bed time so the only time I spend good time with my family was just the weekend. I mentioned earlier there were some weekends that I end up spending the whole weekend in British library.
I have to say I was less prepared for the challenges and time consumption that I had to face to complete this research. I felt I knew more than I did, which led me to underestimate the time and effort that would take me to complete the programme. However, after many readings and with the help of my supervisor and student skills support, I managed to at least know what was expected of me as a researcher and what books I needed to read. As a result the more books and journals I read, the more I felt I knew less. When I was asked by my manager if a day release was required to do this programme, I reluctantly said no because I never thought I was going to need it. Moreover, as English is not my first language, I had many grammar and punctuation errors that I needed to correct. Due to their limitation on how much they can help me, neither my supervisor nor the study skills team were able to help me as much as I expected but they put me in the right direction by pointing out my weakness and by giving me feedback. This encouraged me to read my thesis over and over again and every time I read it, I always came up with more ideas and more grammatical and spelling errors. At the beginning of this thesis, I did not know where and how to start the report. The more I thought about it, the more I got confused. I finally came up with the idea of mind mapping then expanded on them.

15.7 Challenges and problems.
“A world without problems and challenges would have been good, but if you really think about it, a world without problems would also be a world with no motivation to transform, progress or evolve. Surely there would be no need to ‘progress’ if there were no problems, but perhaps that simply indicates an ambivalent attitude towards change and a framing of the word ‘problems’ that is less than constructive, (O’Leary & Hunt, 2016, p. 6).

Even though I had the privilege to use my office to do my research on my own time, at times it was not easy to concentrate on my work without interruption. The service users knew my working hours were 8am-4pm. However, if they have any urgent issues they still call to my
office regardless of the time. I normally don’t answer my office phone after 4pm but I always leave the answering machine on to allow tenants to leave a message while I am away. If I hear someone leaving a very urgent message that can not wait until the next morning, such as, a leaking, power failure, or a leak from another property, it was morally impossible for me to turn a blind eye. I had to leave everything and deal with the problem there and then and I ended up staying longer than I should. However as I mentioned earlier my manager is very helpful and understanding so if I tell her how much time I spent dealing with urgent issues she always gives me the time back.

Senior managers were very hard to get them to reply to the questionnaire and I had to chase them three to four times for the return of the completed questionnaire. I had few questionnaires delayed which I had to chase them more than 6 times. May be it was due to unexpected meetings and urgent disrepairs issues they had to deal with. In addition to that, I noticed that some employees were reluctant to give me their honest opinions and feelings because they did not want it to be found out by their managers. I had to reassure them that it would remain confidential, no names would be mentioned and it would not be disclosed to any manager. I still felt few scheme managers were not as open and honest as I expected them to be.

Over all, I was satisfied with the findings but it was really time consuming. From this experience, I am led to believe that it might be easier to find the right and honest opinion quicker when researching externally because they will have less fear about being found out by their manager. Having said that; I am mindful that it is difficult to get them to agree to do a questionnaire in the first place. Should I continue to do research in the future, I am very much aware it will be more challenging as the research gets bigger and dipper.
15.8 Opportunities
Work research is not only about finding problems, but also about opportunities. Yes, there were problems that need to be addressed, but the changes and problems could open an opportunity in the long run both to the researcher and to the employees. This experience has created endless opportunities for me to do further research in higher academic qualifications such as Post Doctorate and writing a new book as well as further research in the council, (Rangaraju & Kennedy 2012).

15.9 Stage 3 now what?

15.9.1 What have I learned?
From this research, I have learned how difficult it would be to conduct a research externally, from people I do not know and I do not have any connection with. It was challenging enough conducting research internally to get the completed questionnaires back, to get honest opinions and arrange availability for interviews. With some colleagues, I had to send more than four emails followed by a phone call to remind them to send them back to me.

Above all, this experience has boosted my confidence and developed my understanding on the literature relating to staff turnover and retention. If everything goes according to plan, I am now more committed than ever before to further research about human resource management in Southwark Council and other public sectors in the UK and beyond. I have also explored existing staff turnover and retention rates at one of London Council’s sheltered housing department. I undertook primary data collection in the form of interviews and questionnaires. The outcomes of this data collection put me in a better place to develop an understanding of the factors that influenced staff turnover and retention in the first place. As a result, I am now in a better position to make a recommendation to Council’s senior managers on how staff turnover can be improved.
15.9.2 How could it be done differently?
If I had to conduct this research again, I would have done it differently. First, I would try my very best for my employer to allow me to have educational leave and use that time to do my work. I felt I missed the opportunity of having a day release. Had I asked for this in the first place, I would have had a greater chance of getting a few days’ educational leave. If I didn’t succeed in this, I would have prepared in advance to allocate my annual leave and make myself free from stress. Instead of the telephone interview, I would have preferred to do a face-to-face interview because face-to-face interviews are more accurate. The inability to read body language is a major disadvantage of not having a face-to-face interview. If you can see the interviewee, you can ascertain whether they are interested in the questions that are asked, whether they are telling you the truth or indeed if they are in a rush to go somewhere so they just want finish as quickly as possible; you can then make alternative adjustments accordingly.

15.10 Conclusion
I was motivated to do this research due to the uniqueness of the programme, which enabled me to learn new skills while I was working full-time and family life. The whole experience and the time I spent to complete this programme was challenging, time consuming and, at times, frustrating. However, as I was learning new things throughout the entire research, it was an enjoyable and unforgettable experience. At the end of this programme, I felt more confident than ever before and I learned from my mistakes. This experience has put me in a better position to do my next research with fewer mistakes and in a more cost-effective way.
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17 APPENDICES

Response rate by council type

<table>
<thead>
<tr>
<th>Council type</th>
<th>Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shire County</td>
<td>19</td>
</tr>
<tr>
<td>Shire District</td>
<td>74</td>
</tr>
<tr>
<td>London Borough</td>
<td>15</td>
</tr>
<tr>
<td>Metropolitan District</td>
<td>23</td>
</tr>
<tr>
<td>English Unitary</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>161</strong></td>
</tr>
</tbody>
</table>

Regional resoponse rate

<table>
<thead>
<tr>
<th>Region</th>
<th>Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Midlands</td>
<td>20</td>
</tr>
<tr>
<td>East of England</td>
<td>13</td>
</tr>
<tr>
<td>Greater London</td>
<td>15</td>
</tr>
<tr>
<td>North East</td>
<td>5</td>
</tr>
<tr>
<td>North West</td>
<td>22</td>
</tr>
<tr>
<td>South East</td>
<td>36</td>
</tr>
<tr>
<td>South West</td>
<td>17</td>
</tr>
<tr>
<td>West Midlands</td>
<td>19</td>
</tr>
<tr>
<td>Yorkshire and the Humber</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>161</strong></td>
</tr>
</tbody>
</table>

Percentage of days lost due to sickness

<table>
<thead>
<tr>
<th>Response category</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term sickness absence rate</td>
<td>Mean (%)</td>
</tr>
<tr>
<td></td>
<td>Median (%)</td>
</tr>
<tr>
<td></td>
<td>Base</td>
</tr>
<tr>
<td>Long-term sickness absence rate</td>
<td>Mean (%)</td>
</tr>
<tr>
<td></td>
<td>Median (%)</td>
</tr>
<tr>
<td></td>
<td>Base</td>
</tr>
<tr>
<td>Total sickness absence rate</td>
<td>Mean (%)</td>
</tr>
<tr>
<td></td>
<td>Median (%)</td>
</tr>
<tr>
<td></td>
<td>Base</td>
</tr>
<tr>
<td>Department</td>
<td>Number of responses</td>
</tr>
<tr>
<td>-----------------------------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Chief Executive’s Department</td>
<td>278</td>
</tr>
<tr>
<td>Children’s &amp; Adults’ Services</td>
<td>584</td>
</tr>
<tr>
<td>Environment &amp; Leisure</td>
<td>511</td>
</tr>
<tr>
<td>Finance &amp; Corporate Services</td>
<td>328</td>
</tr>
<tr>
<td>Housing &amp; Community Services</td>
<td>752</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2951</strong></td>
</tr>
</tbody>
</table>

Southwark council staff survey high scoring areas.

1. I understand how technology can improve efficiency for the council
2. I understand how my work contributes to the success of the organisation
3. I am comfortable with using new software and technology
4. My line manager treats me fairly
5. My line manager respects individual differences
6. My manager makes it clear what is expected of me

Questions Lowest scoring areas

1. Change is well managed in the organisation
2. I know the council has a business continuity plan and I know what it means for me as an employee
3. I have the necessary time and resources to develop my skills and knowledge
4. Senior managers are aware of the issues I face in my role
5. No regular (at least monthly) one to one meetings with your line manager
6. There are opportunities for me to develop my career within the council
7. What one thing could the Council change to make your working life better?”
Human Resources Management: The Influence of Leadership Style and Staff Retention.

<table>
<thead>
<tr>
<th>Turnover Frequency</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>206</td>
</tr>
<tr>
<td>1 time</td>
<td>154</td>
</tr>
<tr>
<td>2 times</td>
<td>81</td>
</tr>
<tr>
<td>3 times</td>
<td>59</td>
</tr>
<tr>
<td>5 times</td>
<td>27</td>
</tr>
<tr>
<td>6 times or more</td>
<td>21</td>
</tr>
<tr>
<td>NA</td>
<td>9</td>
</tr>
</tbody>
</table>

Research Strategy/Approach and Questionnaire to managers.

1. How enthusiastic are your employees?
2. Overall, how effective at their job are your employees?
3. How well does your employee work with other employees?
4. How much attention to detail do your employee have?
5. How quickly do your employees adjust to changing priorities?
6. How often do your employees exceed your expectations?
7. How often do your employees fail to meet your expectations?
8. How much trust do you have in your employee's ability to make the right decisions?
9. How well do your employees collaborate with other employees?
10. How professionally do your employees behave?
11. How respectfully do your employees treat you?

Employee engagement Questionair

1. Better IT systems/equipment
2. Improved communication/information all round
3. More training/career development/promotion opportunities
4. Pay rise/fair pay
5. Flexible working/work-life balance arrangements
6. Better working environment (i.e. office space, hot desking.
7. Effective support/guidance from management including listening to us
8. Being more recognised/feeling valued/appreciated/treated fairly
9. More equality/fairness
10. More joint working/working together
11. More staff/fill vacant posts/additional resources
12. Better workload/caseload
13. Be more open/honest/transparent
14. Adjustment of hours/reducing working hours including unpaid hours
15. Clear direction/corporate/business strategy
16. Ensure my health and wellbeing i.e. reduce stress
17. Stability (i.e. less change/restructures/more time to implement…
18. Improve HR services/Dept./systems all round
Research Strategy/Approach and Questionnaire to employees

<table>
<thead>
<tr>
<th></th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>How available is your supervisor when you need him or her?</td>
</tr>
<tr>
<td>2</td>
<td>How often do you get feedback from your manager?</td>
</tr>
<tr>
<td>3</td>
<td>Did the feedback help you to improve your performance?</td>
</tr>
<tr>
<td>4</td>
<td>Did you get effective training from your supervisor?</td>
</tr>
<tr>
<td>5</td>
<td>Does your employer reward for good work? If so is it consistent?</td>
</tr>
<tr>
<td>6</td>
<td>Does your supervisor make reasonable decisions?</td>
</tr>
<tr>
<td>7</td>
<td>If a decision needs to be made how long do you need to wait for the decision outcome?</td>
</tr>
<tr>
<td>8</td>
<td>Does your supervisor take your opinion in to consideration before making a decision?</td>
</tr>
<tr>
<td>9</td>
<td>Does the inability to be involved in the decision-making process have an impact on your performance?</td>
</tr>
<tr>
<td>10</td>
<td>Can you disagree with your supervisor’s decision without any negative consequences?</td>
</tr>
<tr>
<td>11</td>
<td>Is the expectation of your supervisor reasonably realistic?</td>
</tr>
<tr>
<td>12</td>
<td>How professionally does your supervisor behave?</td>
</tr>
<tr>
<td>13</td>
<td>Do you feel you are getting paid the right salary for the job?</td>
</tr>
</tbody>
</table>

Methods for data collection (Questionnaire to scheme managers)

<table>
<thead>
<tr>
<th></th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Are you a permanent member of staff?</td>
</tr>
<tr>
<td>2</td>
<td>Are you getting appropriate training and development?</td>
</tr>
<tr>
<td>3</td>
<td>Are you happy with the way you are managed?</td>
</tr>
<tr>
<td>4</td>
<td>Is your supervisor available when you need him or her?</td>
</tr>
<tr>
<td>5</td>
<td>Do you get feedback from your supervisor?</td>
</tr>
<tr>
<td>6</td>
<td>Does the feedback help you to improve your performance?</td>
</tr>
<tr>
<td>7</td>
<td>Does your supervisor reward you for good work?</td>
</tr>
<tr>
<td>8</td>
<td>Do you believe the decisions made by your supervisor are reasonable?</td>
</tr>
<tr>
<td>9</td>
<td>Does your supervisor make a decision in a reasonable time scale?</td>
</tr>
<tr>
<td>10</td>
<td>When a decision is made, is your opinion taken in to consideration?</td>
</tr>
<tr>
<td>11</td>
<td>How easy is it for you to disagree with your supervisor’s decision?</td>
</tr>
<tr>
<td>12</td>
<td>Does your supervisor have realistic expectations from you?</td>
</tr>
<tr>
<td>13</td>
<td>Does your supervisor behave professionally?</td>
</tr>
</tbody>
</table>