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Factors Affecting Employee Retention in Zimbabwean Companies

Gibbet Murambiwa Magaisa, Aldersgate University, South Africa
Austin Musundire, University of South Africa, South Africa

ABSTRACT

The decline of the Zimbabwean economy characterised by the high inflation rate has rendered it difficult for Zimbabwean manufacturing to retain talented employees. The quantitative research methodology was adopted in this paper. The sample size of the study comprised 100 respondents who were randomly selected from the manufacturing companies in Zimbabwe. The sample size of the study was made out of 10 managing directors, 10 managers, 10 supervisors, and 70 employees drawn from the 50 manufacturing companies that were randomly selected. It was established that the companies are failing to retain talented employees, and a lot of the employees are leaving the organisations. Retrenchments and restructurings have become the order of the day. The study recommended that employees needed to implement employee retention strategies to remain viable.

KEYWORDS

Deindustrialisation, Employee Retention, Employee Turnover, Involuntary Turnover, Retrenchment, Skilled Workforce, Talent Management, Talented Employees, Voluntary Turnover

1. BACKGROUND TO THE STUDY

The structure of this paper starts with the background to the study which highlights and puts the perspective of the problem that is at hand. The literature review then follows, giving the essence of the subject under study; this is followed by the research methodology which shows how the study was carried out. The analysis and discussions of results in relation to the literature review then come next, followed by the recommendations and conclusions.

The performance of an organisation is mainly hinged upon its ability to meet the organisational set objectives. For this to be achieved, it is however, imperative that the organisation retains its employees. A well-coordinated and motivated workforce can lead to the achievement of organisational objectives. Employees are the life line of an organisation, retaining them is however, a great challenge which organisations face (Kossivi, Xu & Kalgora, 2016). Employee retention has to be achieved if an organisation needs to meet its expected operational targets. It is essential for organisations to have suitable human resources policies and practices in place; if they are to retain talented and committed employees (Metha, Kurbetti & Dhankhar, 2014). Organisations that retain talented employees have a competitive edge over their rivals since they are bound to raise their productivity levels (Azeez, 2017). Retention of employees increases the profitability of the organisation, shapes the market image and the reputation of the organisation. It helps to maintain employee retention as a planned and coordinated activity that the organisation takes in order to meet the needs of the employees with the view of retaining them (Shakeel & But, 2015).

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2. LITERATURE REVIEW

This section covers the review of related literature. The main literature that is covered in this paper incorporates Southern African Development Community manufacturing perspectives, Zimbabwean Manufacturing Industry, employee retention, employee turnover, talent management, job satisfaction, job satisfaction and employee retention strategies. This literature was selected since it covers the main factors which affected employee retention in organisations (James & Mathew, 2012; Cloutier et al., 2015; Haider et al., 2015; Sutanto & Kurniawan, 2016).

2.1 Southern African Development Community (SADC) Manufacturing Perspective

The Southern African Development Community (SADC) initiated an industrialisation strategy which is designed within the Industrial Development Policy Framework and this is aligned to the structural transformation theory (IFAD, 2016). The policy is targeted to foster intra-regional cooperation at the national level among the member states; to nurture a diversified, innovative and globally competitive industrial base. The solid industrial base is meant to contribute towards employment creation and shared regional economic growth. The success of the strategy is dependent upon the ability of the actors to harness the region's comparative advantages in natural resources and abundant labour force (Habiyaremye, 2020). The strategy was a noble initiative; however, the strategy has failed to produce the desired outcomes.

It is critical to have internal trade intensity within the SADC region in order to achieve the benefits of closer integration. The SADC trading bloc is completely different to the Asian and European trading blocs. The trade structure of SADC is mainly dominated by primary commodity exports and finished product imports. The production structure of SADC member states has relative similarities; with the exception of South Africa, eventually, there is little trade among the member states (Ngarachu et al., 2018).

Table 1 gives an oversight of manufacturing value-added share to the SADC gross domestic product (GDP) for member states for the period 2008 to 2018. The average share of the manufacturing value-added in the SADC region has remained in the 12 percent region for the 2008 to 2018 period; this is relatively lower than the averages that are found in other developing countries regional blocs outside the African continent. The East Asia and Pacific range is in the 29 percentile average of GDP (World Bank, 2019).

Table 2 reflects the dominant position occupied by South Africa in the intra SADC exports. South African goods and services account for 58% of the total SADC intra-regional exports. The market share of the next largest exporters, who are Angola and Namibia have respectively declined from 9 to 8 percent in 2008 and 6% in 2019. Zimbabwe and DR Congo have gradually increased their exports over the last 10 years. Their current share is, however, one-eighth of South Africa's export share. Exports of South African manufactured goods dominate the trade flow of other SADC member states (SADC, 2019).

2.2 Zimbabwean Manufacturing Sector

The Zimbabwean manufacturing sector is still struggling due to the multi-currency system which was introduced in February 2009 (Mazhindu, 2014). Inadequate funding has negatively affected the acquisition of machinery and technology required for production purposes (CZI, 2016). There has been instability in the Gross Domestic Product (GDP) growth, it increased from 5.4% to 16.3% in 2009, declined to 0.6% in 2016 and increased to 3.7% in 2017 (RBZ, 2017), it, however, remained at 3.7% in 2018 (World Bank, 2018). Capacity utilisation in the sector declined to 36.4% in 2019 from, 48% in 2018. The 2020 capacity utilisation is projected at 27% (CZI, 2020).

Massive deindustrialisation, closure of firms and downsizing negatively affected the Zimbabwean manufacturing sector. It is worth noting that of the seventy manufacturing firms listed on the stock exchange, only four are operating at 50% capacity level (CZI, 2013). The manufacturing sector is

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