A critical analysis of high staff turnover case study: an insurance company's Personal Financial Advisers (PFA) in the Mabopane area.

BY

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Submitted in partial fulfilment of the requirements for the degree of MASTER OF BUSINESS ADMINISTRATION in the Graduate School of Business and Government Leadership in the Faculty of commerce and Administration at the North West University

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DECLARATION

"I hereby declare that this dissertation for this degree of Master in Business Administration at the University of North West is submitted in its originality without duplicity from any other document of its nature, and has never been submitted by me at any other academic institution. All the work has been acknowledged for its originality in design, execution and materials provided"

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MMANTEPA FLORAH MATSEI

ACKNOWLEDGEMENTS

I would like to thank the All Mighty for being able to help me through the task of completing this project.

I would also like to thank professor W P J Van Rensburg for his guidance and courage as well as his expertise. To C. Morkel for her assistance in the arranging of ideas and methods to apply as well as the overall approach to the research.

I dedicate the project to my dearest husband Modise Ernest Matsei and our four children Mmapeo, Tshwane, Sobeng and Matlhodi not forgetting the mother of my grandchild Tumi and her son Tshwanelo. To my late parents Ranjoko Stephen and Sobeng Louisa Majane and my late parents-in-law Tshwane Aaron and Mmamoraba Magdalene Matsei, all of who have left the legacy of commitment to education and Christian faith for us their children and grandchildren.

Great thanks to Old Mutual Mabopane Area staff who participated in the answering of the questionnaire as well as the support from the Manager, Mr Maako.

ABSTRACT

The aim of this research was to investigate staff turnover in the Mabopane area serviced by a well-established insurance company. This area is comprised of three different offices; Brits, Kudube and Mabopane. The offices are of the insurance company in the Mabopane area and over the years they have experienced high staff turnover. This research examined factors that contribute to the problem of high staff turnover.

The primary instrument used to acquire information for this study was a questionnaire. This questionnaire has sections that require information about demographics, staff turnover factors, perspectives of respondents and a section for yes or no answering.

Copies of the questionnaire were distributed to 60 participants who were currently employed, newly employed, those who worked outside the Mabopane area and others who no longer worked in the Insurance Company's offices. Through this method a lot of data was acquired and it helped give a clearer picture.

The findings were that high staff turnover generally occurred between managers and financial advisers. Managers handled staff turnover and the high staff turnover mainly occurred after 1994. The employees agree that those who are behind with their workload are not willing to work over weekends. Since there are hardworking personal financial advisers (PFAs) among the employees according to the findings, the company should remedy the situation by concentrating on hiring those who are willing to work overtime, and are not overwhelmed by their job.

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CHAPTER ONE.

ORIENTATION

1.1 INTRODUCTION AND BACKGROUND

High staff turnover is a fact of organisational life, in employees that join and leave with some regularity. During any given month in an organisation of any appreciable size, a number of new faces appear and a number of familiar faces become conspicuous by their absence (Health Care Manager Sept 1999). As such, it is of great importance to any organisation to determine the factors that cause and reinforce job dissatisfaction.

1.1.1 A GLOBAL PERSPECTIVE

For the past few decades, companies have indeed been treating the symptoms of employee dissatisfaction. The richly varied remedies have included squash languages, recognition pins and bonus awards, pick nicks, sick leave, insurance plans and many more. The real illness of high staff turnover, cannot be treated by such superficial remedies (Management Today April 1998:27).

In the United States of America high staff turnover has increased at executive level. This is mainly due to retrenchment and early retirement. Executives of conglomerates in the United Kingdom (UK) are in the most favoured position, earning more than even American chief executive officers (CEOs) (www.iol.co.za).

1.1.2 SOUTH AFRICAN EXAMPLES

The South African civil service in particular the Department of Foreign Affairs, has experienced a high turnover of director – generals. This was mainly caused by strained relationships, where officials felt cut off from policy making (Financial Mail February 2002: 26). At the same time South African executives are frequently depicted as fat cats, compared to overseas executives, creaming exorbitant salaries without adding comparable value to the company. " S.A. can ill afford to lose the skills and expertise of these", continued Marx. " Fortunately, more companies are implementing a variety of short – and long term incentives as retention strategies. Sectors hit hardest by executive turnover are marketing and sales, manufacturing and production, finance and information technology. The loss affects the whole spectrum of essential business skills, from administrative and strategic to creative and technical (www.iol.co.za)

High staff turnover can prove costly, particularly to small business. Of course, some degree of turnover is inevitable and can even be beneficial. A trickle of leavers makes way for the recruitment of new blood facilitates the career progression of those who remain (Management Today - January 1998). However, excessively high turnover can be detrimental. Not only are employees too costly to replace but customer service, relationship with suppliers and company performance can suffer too. If key individuals have developed a tendency to walk away then simply bemoaning the fickleness of today' employees is a poor solution.

1.1.3 THE SITUATION AT OLD MUTUAL- MABOPANE AREA

Personal Financial Advisers are the human resources that generate revenue for the company. These are 49 personal financial advisers and three managers. These advisers are provided with diaries to record clients' names. They are given budgets that are to be met daily, weekly, monthly and yearly. In addition, this workforce is supplied with telephones for making appointments to clients. However, this is where a high rate of turnover is experienced in the company. Management is responsible for product knowledge of personal financial advisers (PFAs). Management also has to establish the PFAs' compliance with rules of life assurance during contact with clients. Corrective action is taken if the results are unsatisfactory.

Old Mutual salaries are at the market average and the remuneration system rewards the financial advisers in proportion to the contribution they make. The basic commission rate is calculated on 50% of the full commission allowance. (OM Personal Financial Advisers Remuneration 2000).

1.2 GOAL AND OBJECTIVES OF THE STUDY

The primary goal of this study was to analyse high staff turnover of personal financial advisers of all insurance companies in the Mabopane area. Based on this overall goal of the study, the following objectives were articulated:

- To provide a broad overview of the components of staff turnover.
- To present a comprehensive framework and significance of staff turnover.
- To examine the implementation of staff turnover.

- To ascertain the extent to which staff turnover is currently managed in Old Mutual and the industry in general.

- To provide recommendations for improvement in slowing down staff turnover levels specifically to the selected company and the industry in general.

1.3 IMPORTANCE OF THE STUDY.

There are parties that will benefit from the findings of the study. Life assurance companies might be better equipped to apply Personal Financial Adviser – principles to their business operation. They could expend the necessary effort to attract very competent and effective employees (Journal of Systems Management 1993).

Life assurance companies could use the recommendations and possibly develop strategies to adopt appropriate high staff turnover techniques. This could be in the form of reviewed incentive systems for personnel relationship with the firm and the job, or even a mandatory customer service practice that will enable the business to achieve their objectives more easily.

The research could evoke awareness among managers with regard to the opportunities and advantages of applying high staff turnover principles in the relevant business.

1.4 SCOPE OF THE STUDY

The scope of the study constitutes the area of investigation in terms of both geographical and theoretical fields. The geographical area was confined to three offices that form the Mabopane area. They are Kudube, Brits and

Mabopane branches. These offices have one area manager. The respondents to the questionnaire and interviews were personal financial advisers who were presently employed, those that had terminated their services and managers.

A literature study and empirical research was utilised in this study. The theoretical field within which the investigation was approached was the management of human resources. This approach facilitates the probing of existing theories about the subject and demonstrates on the basis of responses, how financial advisers felt about turnover as a phenomenon in an organisation.

1.5 PLAN OF THE STUDY

Chapter one comprises the introduction and background to the problem, objectives and scope of the study and importance of the study and design and methodology.

Chapter two reflects theoretical foundations and the literature review. The literature study was undertaken with the objective of establishing, assembling and integrating theoretical data pertaining to the strategic approach to staff turnover. The theoretical framework was based on data from textbooks, journal articles, newsletters, magazines and the internet.

Chapter three focuses on the statement of the problem. In the insurance industry, unplanned staff turnover prevents an organisation from recouping investment, lowers morale and increases stress level.

Chapter four is dedicated to the reporting of the results from the empirical research, including research design and techniques used in the collection of data.

Chapter five covers interpretation and analysis of data.

Chapter six reflects a summary of findings, conclusions and a discussion of some recommendations.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FOUNDATION

2.1 INTRODUCTION

In any organisation there is human interaction and such human interaction provides a fertile ground for the existence of employee turnover. Staff turnover is depicted by factors such as termination of employment, job satisfaction, job dissatisfaction and job stress. Staff turnover in any organisation is of paramount importance.

Staff turnover is a situation where a number of people enter and leave the employment because of conditions that permit or hinder their expression. If people are treated like they do not know what they are doing, they will not develop a sense of ownership to their firm and so they will consequently terminate their service (Management Today March 2001).

An industry faced with high staff turnover rates will struggle to build any sort of stability, value and growth. As Wright and Smye (1996) indicate, "interference also forbids latent potential and creates bitterness, incompetence and contributes to the flattening of the pyramid".

Staff turnover can be either unavoidable or avoidable. Unavoidable turnover is beyond the employees' control, such as an idea to move to a new area or job transfer for a spouse. Avoidable turnover is due to hiring mistakes which tends to be a very expensive mistake due to productivity loss and the cost of disruption (People dynamics Oct / Nov 2001:32).

Any organisation would be grossly naïve to think that its employees' sole interest was in the jobs in which they were initially employed. Although some may have a single –

minded interest in the job, most employees strive to grow and develop to their fullest potential. This self – interest leads them to ask what benefit they would derive from a company. Organisations should be thankful for this attitude, because it allows them to apply human resource development interventions, which ultimately contribute to growth and expansion of such organisations.

A proportion of high staff turnover can be directly attributed to the fact that employees do not see personal growth and development opportunities for themselves and seek greener pastures elsewhere. Human resource management in particular is important to maximise staff retention.

2.2 HUMAN RESOURCE MANAGEMENT SYSTEMS.

The insurance company is essentially a closed organisation with employees coming in at relatively junior grades that serve as the nursery for higher level of productivity and individual creativity. This practice necessitates a concerted, integrated and well – structured development effort in order to provide adequately for organisational growth and expansion.

Once an appointment has been made, the new recruit is inducted into the organisation at two levels. Firstly, a corporate induction that exposes the individual to, inter alia the organisation's history, its mission, values and culture, an overview of the strategic business units and their roles on the overall objectives of the organisation, broad housekeeping issues, and an overview of the quality process which was launched in 1987.

Secondly, an on – the – job induction, which gives perspectives to the employee's role in the division. This includes a thorough discussion and documentation of a job description outlining the key result areas, an introduction to colleagues in the division to create a bond between the new employee and his work environment. This induction process is vital to the employee's socialisation. It also influences the ultimate retention of personnel

in that the "buy – in" and commitment of new employees to the organisation are entrenched.

This process is carefully monitored and controlled to ensure the effective execution of induction. During the first few months of work performance, informal performance reviews are conducted during which the employee receives feedback on his work output and behaviour. At these sessions, positive behaviour is reinforced, coaching and development takes place, goals are set and work standards are negotiated and agreed to

Informal performance reviews strengthen relationships between senior and subordinates, provide employees with feedback on their attainment of key result areas and address training, coaching and development needs. The key result areas serve to keep people on track of success and to resolve areas of possible misunderstanding. The primary benefit lies in an open channel of communication that is established between manager and subordinate. As a corporate requirement, the informal performance reviews culminate in a formal performance appraisal that is conducted bi – annually.

At this discussion the attainment of key result areas is appraised. Feedback is given on specific behavioural criteria, among others building and maintaining positive interpersonal relationships. Development needs are identified and discussed. The employee has an opportunity to focus on his own career aspirations and other issues that require attention are addressed. Although specific areas must be covered, there is usually an open agenda. Very often the senior will request feedback on his / her own management style as experienced by his / her subordinate.

Resulting from the performance appraisal, a formalised development needs as well as longer – term career aspirations. The employee's development and resulting increased level of performance have a dual benefit. On the one hand, the organisation achieve the business objectives, which it entrusted to the employee and it builds up a pool of highly skilled manpower to fuel organisational growth. The employee is stretched and challenged on the other hand, resulting in personal growth and ultimately the attainment of career aspirations.

2.3 HIGH STAFF TURNOVER: AN OVERVIEW.

Human resource movement takes place through employee promotions, demotions and transfers. Another form of employee movement involves turnover: it is the movement of employees out of the organisation. Turnover results from resignation, transfers out of organisational units, discharge, retirement and death (Grobler et al 2002: 609). At the same time a high quit rate means more expense for an organisation (Ivancevich and Matteson 1996: 217)

An organisation may consider turnover that is unavoidable as beneficial. New employees may bring new ideas, methods and innovations as effective way of doing things. This hurts the organisation in that it stagnates the organisation; it is excessive and creates unstable workforce, Increases human resource costs and organisational ineffectiveness. The cost of turn over to South African industry is estimated to be several millions a year (Grobler et al: 2002).

2.3.1 CAUSES OF TURNOVER.

Grobler et al (2002), Flanagan and Finger (1998), have the following views concerning causes of turnover:

- During periods of growth or prosperity and recession, turnover is high. Jobs are plentiful.
- Local economic conditions and the supply and demand ratio determine the local labour market, which affect the turnover.
- Family or social ties for an individual in a particular area can become a deciding factor for an individual to leave his / her job.
- Employees who perceive a low degree of job security in their present job may seek employment in other organisations with greater degree of job security.

- Demographic factors are also linked to high turnover. Young employees who are dissatisfied with their jobs will quit. This usually occurs during their first few months of their employment. Employees with family responsibilities and large families remain in their jobs.

- Employees can leave an organisation because of an imposed retrenchment.

2.3.2 REDUCTION OF TURNOVER.

The use of job enrichment approaches might assist in reducing turnover. Such approaches include:

- During the selection procedures the right person is placed in the right job.

- Managers should attempt to use a blend of base compensation and incentives. This combination ensures some measure of financial stability for the employee while offering opportunity to augment earnings through increased performance.

- If the potential reward outweighs the risk and the plan objectives seem attainable, the employee will be more likely to remain in the job.

- Managers wishing to retain employees will generally pay a higher base wage, or promote their business to build traffic, or merchandise their menu to ensure larger cheques (Bowen 2000: 25).

- Smart managers know that rewards must be sufficient to offset employee concerns (Bowen 2000: 25).

- Exit interviews and employee surveys should identify areas of discontent.

- Employee benefits should be explained to employees and show them how their total wage and benefits package compares favourably to that of other firms in the area (Grobler et al 2002: 611).

2.4 PRECIPITATING AND DISSIPATING FACTORS TO HIGH STAFF TURNOVER: JOB SATISFACTION, JOB DISSATISFACTION AND JOB STRESS.

Organisations should play a significant role in determining the factors that cause and reinforce job satisfaction, job dissatisfaction and job stress. It is middle level management that should ensure that plans and programmes of the organisation are applied. Middle level management simultaneously serve as manager and supervisor, and can then be seen as bridge between the policy makers and the staff who implement the policies (S.A. Journal of Industrial Psychology Feb 2002:15).

When employees become dissatisfied, costly problems can result. Turnover, absenteeism and grievances often result. Most managers strive to satisfy their workers by creating a rewarding system as part of their social responsibility.

2.4.1 CAUSES OF JOB DISSATISFACTION.

- Workers who are not given more worker autonomy tend to experience a lot of dissatisfaction. Researchers have concluded that an unhappy worker is inherently an unhappy worker – and little can change that (Gilbert et al 1997: 338).

- If an incentive reward programme puts employees at risk to earn sufficient compensation because of factors beyond their control, that system, no matter how great the incentive, might be seen as punishment and can constitute job dissatisfaction (Bowen, 2000: 26).

- Where people are not treated with respect because a positive atmosphere has not been created, that goes as far as not keeping people happy. Stanton and Spiro (1999:374) substantiate this argument by highlighting the fact that when attitudes are negative, morale is considered to be poor or low. Individuals who are doing a good job are disappointed if they do not receive a promotion they feel they should have. Some of the good people even quit their jobs.

2.4.2 CAUSES IN RELATION TO ORGANISATIONAL CULTURE AND CLIMATE.

Organisational culture determines the way the organisation conducts its business and as a result it also influences its processes. It is usually deep – rooted and difficult to change. Organisational climate is a manifestation of organisational culture, or the way employees view the organisational 'personality'. Leadership practices and organisational culture can go a long way towards defining the social responsibility stance an organisation and its members will adopt (Tabane, 2001: 15).

The culture of an organisation is often resistant to giving up something. If employees are confronted with such circumstances in an organisation, they might experience emotional barriers that are feelings that interfere with their willingness to solve problems. A feeling of dissatisfaction and job stress might prevail. According to Bowen (2000: 11) culture is the " way people have to behave to fit within an organisation, the feeling and spirit and unwritten rules." Culture cannot be imposed; it is a natural development according to circumstances and personal dynamics.

2.4.3 REDUCING JOB DISSATISFACTION.

- Management may hire people who are less inclined to dissatisfaction (Grobler et al, 2002: 612)

Dibble (1999: 199) cited the following approaches to depict job dissatisfaction:

- Under work and family – Employees work at home, do their banking at work, have flexible hours at the workplace to take care of personal needs, and bring their children to the organisation's childcare facility.

- On – site service – travel packages – The corporate travel vendor offers vacation packages and other travel services to employees for their personal use.

- Dependent care – Elders care assistance – referrals, subsidies special provisions taking care of employee's parents when they are ill or need special attention.

- None business classes – Aerobics, dieting, creative writing, karate, and other subjects may provide flexibility at the workplace.

- Paid time off – It replaces separate time off work policies (such as vacation and sick leave) with a single comprehensive policy.

- Managers should strive to assist employees to perform effectively by creating an environment within which personal growth and satisfaction are possible (Grobler et al, 2002: 226)

2.4.4 JOB SATISFACTION.

Job satisfaction refers to a perception that an individual has about his / her job on factors of the work environment (Gibson et al, 1997: 106). It results from an individual's perception of his / her job and the degree to which there is a good fit between the individual and organisation (Ivancevich & Matteson, 1996: 120). Satisfaction is a

consequence of past events and it is thus past – oriented (Hersey & Blanchard 1993, 77). Job satisfaction of sales people as Gilbert et al (1997:336) states, refers to all the characteristics of the job that representatives find rewarding, fulfilling and satisfying or frustrating and unsatisfying.

There are different dimensions to job satisfaction: the job itself, fellow workers, supervision, company policies and support pay, promotion and advancement opportunities and customers. Each of these elements provides job satisfaction.

Satisfaction can be either extrinsic or intrinsic. The above dimensions can be grouped according to the latter components. Satisfaction with pay, company policies and support supervision, fellow workers, chances for promotion and customers are extrinsic satisfaction. Intrinsic satisfaction is related to intrinsic reward the salesperson obtains from the job, such as the work itself and with the opportunities it provides for personal growth and accomplishment.

Companies can improve job satisfaction by increasing worker autonomy. Burnout attacks career motivation and diminishes the effectiveness and job satisfaction of many loyal and gifted employees. Top – level management is at times capable of removing some of the circumstances in workplaces, which have been identified as activators of burnout.

2.5 ORGANISATIONAL STRESSORS, STRUCTURE AND CLIMATE.

Stress in a modern organisation poses a serious threat to the mental and physical well being of employees, because they live in a fast – paced constantly changing environment. Many employees experience great difficulty in adjusting to organisational change. It is the stress that arises from factors within the work environment that affects a vulnerable employee (Alberts & Motlatla 1998: 54). Stress is the body's response to the demands placed in it. Badly managed or ignored, it can be a killer (Hargreaves, 1998:8).

2.5.1 CAUSES OF STRESS.

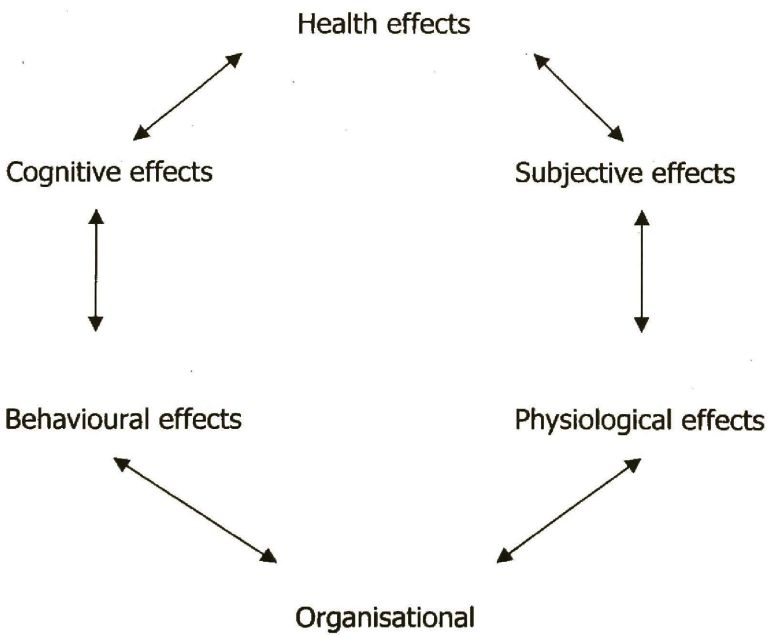
Hargreaves (1998: 8) identifies the following causes of stress:

- Lack of healthy interpersonal relationship such as conflict with one's supervisor or colleagues, creates potential stress.
- Too many social responsibilities.
- Unpleasant working environment can include long working hours that can strain an employee's body.
- Unrealistic task demands where people are expected to do too much in the available time.
- Dangerous working environments, which include dangers of fire, heights and electricity.

2.5.2 THE EFFECTS OF STRESS.

Stress affects an individual behaviourally, physically, emotionally or psychologically and mentally.

- How stress affects an individual.



Source: (Loate, 1995:22)

Almost every where countless men and women suffering from worries and tension reach for more familiar home remedies: a martini or a glass of wine, a cigarette and a lot of pills (Loate, 1995: 22).

Loate (1995) further states " How individuals perceive the culture, custom and climate of the organisation is important in the understanding of potential sources of stress resulting

from being in an organisation. Stress factors identified within this category mainly focus on the part of the subordinate in the organisation's activities".

Restriction of opportunity for participation and autonomy results in increased depression, exhaustion, illness rates and pill consumption. Poor organisational climates, insecurity in an organisation are all significant predictors of low mental well – being among individuals in an organisation.

2.5.3 THE POSITIVE APPROACHES TO STRESS.

Bowen (2000: 29) cites the following ways of dealing with stress in an organisation:

- Organisation stress: set up meditation rooms for employees because meditation relaxes the body and reduces stress.

- Management should have the full knowledge of what stress is and how to handle it. They should be able to realise the symptoms of stress so that they can approach employees accordingly.

- Health – care specialists can provide ideas to employees at workplace of how to handle stress, e.g. muscle relaxation and breathing regulation.

- Supervisors, co – workers, friends and family can provide social support through a network of activities, such as interactions and relationships that help to satisfy the employee's needs.

- Professional medical help can be offered to employees who are experiencing serious illnesses or stress.

2.6 ADDITTIONAL FACTORS AFFECTING JOB DISSATISFACTION, JOB SATISFACTION AND JOB STRESS

2.6.1 BURNOUT

Burnout is often described as the "battered bureaucrat syndrome" where group members lose the will to participate in a group. The main cause of burnout is information overload where group members feel overwhelmed by the amount of information they have to deal with. The feeling that group members are not sufficiently rewarded for the achievements of the group can also be a cause (Slabbert et al, 2000: 17 –18). " It is a psychological process, brought by unrelieved work stress, that results in emotional exhaustion, depersonalisation and feelings of decreased accomplishment" (Ivancevich & Matteson, 1996: 661).

2.6.2 ROLE AMBIGUITY

An additional source of stress may be present in an organisation when an individual does not have adequate information enabling him/her to carry out his or her tasks. These unclear expectations can ultimately lead to dissatisfaction, lack of self – esteem, feelings of utility, and a lowered sense of self – esteem, depression, increased blood pressure and intention to leave the organisation (Loate, 1995: 19). Healthy – related quality of life indicators generally incorporate physical, emotional and social aspects of both health perception and function, for example, a feeling of satisfaction or dissatisfaction among police by employees on active duty. These offices are to combat crime, they operate under stressful and dangerous conditions which influence their physical, social as well as psychological quality of life (Acta Criminologica, 2002: 10).

Some incentive systems arise when managers attempt to short change employees by carving out too big a piece of base compensation, putting the balance at risk, as a re – earnable component of the total package. Some element of re – earnable compensation

is desirable, but too big a chunk can lead to employee anxiety, dissatisfaction, even staff turnover (Bowen, 2000: 29).

2.6.3 COMPATIBILITY

There are attitudes from employees that impact on an organisation: For example an employee can apply for a promotion and expect to be interviewed and promoted or else will submit a grievance. At times employees might not believe what management says. Management might very often not apply employee input or an organisation may not be people driven. Working against each other brings about none – alignment and this might cause termination of employment (Management Today, 2001: 41).

2.6.4 TERMINATION OF EMPLOYMENT

Termination of employment refers to an act of concluding a contract of employment. It is done in the context of the Labour Relations Act (no. 66 of 1995). The law does not prevent employers from dismissing employees as long as the dismissal is done in accordance with the legislation.

The causes of termination of employment are:

- If the employee breaks the rules of conduct in the workplace.
- The rule must have been valid or reasonable under the circumstances.
- Termination of employment takes place after repeated offences occurred and progressive disciplinary measures did not improve the situation.
- Termination of employment can occur at the first offence if the misconduct is very serious and where it makes the continued employment of the employee intolerable (Labour Relations Act (no. 66 of 1995).

2.6.5 COMMUNICATION

Slabbert (2000:14) defines communication as follows:
"Communication is a two – way process which occurs when one person conveys a message and another receives and interprets that message. It is successful only if the receiver correctly interprets it. Effective ongoing internal communication strategies as well as contingency strategies geared towards coping with the unexpected are necessary and essential for an organisation to survive"

Cordial, cooperative discussions with employees ensures that their opinions are heard and provide a very effective means of obtaining information that will make the management job much easier (Flanagan & Finger, 1998: 74). According to the Bill of rights Section 16 (1) in the Constitution of South Africa (Act 108 of 1996), every one has the right to freedom of expression, freedom to receive or impart information or ideas. Organisations communicate externally with their environment and internally through specific systems (Hersey & Blanchard, 1993: 340).

The following types of communication, as depicted by various experts in the Human Resource Management field, appear herein under for the sake of clarity and comprehensiveness:

- Downward communication flows from a manager to a follower. The communication channel used, is writing.

- Upward communication is characterised by communication from subordinate to the manager and occurs through verbal and written channels.

- Horizontal communication refers to communication between peers or workers. Peer – to – peer communication is necessary for coordination and also can provide social need satisfaction (Hersey & Blanchard, 1993: 341; Ivancevich & Matteson, 1996: 494).

- Diagonal communication cuts across functions and levels in an organisation. It is important when members cannot communicate through upward, downward or horizontal channels (Gibson et al, 1997: 414).

- Grapevine communication refers to the type of communication which acts without conscious direction or thought, it will carry any information at any time, any where in the organisation. Both manager and followers have links into the grapevine system (Hersey & Blanchard, 1993: 341).

- Networks communication means an informal communication system in an organisation. It links up with other organisational communication systems. Members who take breaks together and socialise outside of work form strong networks (Hersey & Blanchard, 1993: 342). Management has not yet learned to utilise these channels to its advantage (Slabbert et al, 2000: 14 – 8).

Good communication is the lifeblood of any enterprise. There is a direct correlation between employee communication and profitability. Effective communication requires responses that demonstrate interest, understanding and concern for the follower, as well as for the follower's needs and problems. Words during communication can insult, injure or exalt. This can lead to costly errors, false hopes or disillusionment (Hersey & Blanchard, 1993: 326 – 328).

2.6.6 TRADE UNIONS

The relationship between management and workers is complex. Because of the latter the state in South Africa formulated a legal framework for the smooth running of the relationship between these two parties. Labour relationships therefore exist primarily between employers and employees and the state.

The employers employ the employees to maximise the efficiency or profit in their respective organisations. They are dependent on human labour to achieve their objectives. Employee exploitation leads to an imbalance between the parties. Employees aim to obtain wealth and security through selling their skills, expertise and knowledge to employers. The state as the prescriber of labour laws is subsequently involved in labour relations. The State is also supposed to maintain harmony in the labour market.

Trade unions represent employees and are both reactive and proactive participants in the relationship. Often as a result of employer behaviour, they initiate action to which the employers or the State react (Ehlers, 2002).

2.7 THE SIMILARITIES AND DIFFERENCES BETWEEN HIGH STAFF TURNOVER, JOB DISSATISFACTION, JOB SATISFACTION, AND JOB STRESS

All of the above prevail inside the organisation. High staff turnover results from resignation or termination of employment while the former means specifically the coming and going of employees in an organisation, because they are dissatisfied about their work or they have reasons beyond their control. Most employees with poor attitudes towards their jobs become so dissatisfied that they seek employment elsewhere (Stanton & Spiro, 1999: 372).

Dissatisfaction with promotion occurs when someone from outside the organisation fills an opening. The disappointed employees might quit under such circumstances resulting in staff turnover (Grobler et al, 2002: 228). Employees who spend 10, 20 or 30 years with the same employer can become less diligent if they realise that their efforts are not appreciated. Failure by an employee to be productive can lead to job loss (Bowen, 2000: 26).

Another factor that might contribute to job dissatisfaction is the method of compensation. For example there is a network of communication between salespeople, representatives and employees of other firms and are all in good position to know what other firms are paying. If the comparison is continually unfavourable, the representative will realise that they can do better elsewhere and therefore resign. If salespeople are successful in their job, they become satisfied (Stanton & Spiro, 1999: 369).

Job satisfaction and job dissatisfaction both depend on pay and benefits, supervision, co – workers, work and the organisation in general. When measuring job dissatisfaction information such as turnover is used (Grobler et al, 2002: 613). High levels of stress cause high staff turnover.

Table 2.1: A model of occupational safety and health in organisations (Grobler et al 2002: 440).

Sources of hazard	Safety and health conditions	Outcomes
Physical work	Physiological – physical • Occupational accidents • Occupational diseases	High turnover and absenteeism Dissatisfaction Medical claims Low productivity Low efficiency
Socio psychological work environment	Psychological: Low quality of working life Organisational stress Job burnout	High workers compensation costs Low job involvement Low quality

A high level of tension can become counter – productive when it limits the abilities of an employee to make decisions. It is often accompanied by feelings of panic or a realisation of physiological change such as increased heartbeat, hyperventilation or sweaty palms.

2.8 A LEGAL PERSPECTIVE REGARDING STAFF TURNOVER, JOB SATISFACTION, JOB DISSATISFACTION, AND JOB STRESS.

For an organisation to achieve its objectives there has to be harmony in labour relations. This is the ideal outcome that should arise from the interaction between parties in all the transformation processes. The level of labour peace influences the future prosperity of society (Ehlers, 2002: 38 – 40).

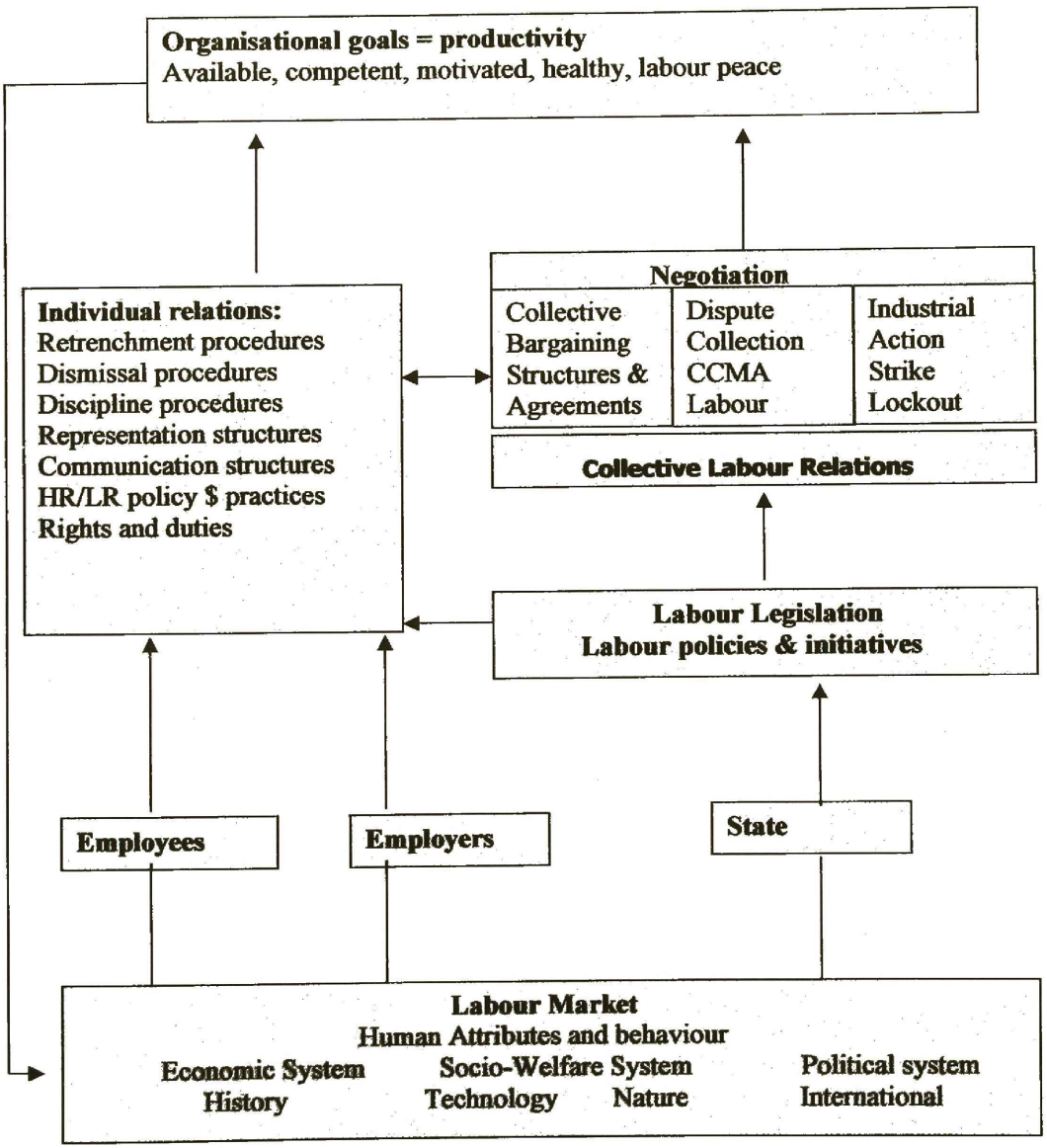


Fig 2.1: How clear objectives can be established and communicated to eradicate uncertainty as far as possible (Ehlers, 2002:39).

Human Resource Management practices should be reviewed in the organisation e.g. in administration, recruiting, selection, promotion, evaluation and training in the organisation to eradicate unfair discrimination and unfair labour practices to prevent negative conflict as far as possible. This legislation should promote a coherent framework and guidelines for ensuring the transformation of internal labour market practices and encourage employers to actively introduce affirmative action initiatives (Slabbert et al, 2000: 15).

"Every employee has the right not to be unfairly dismissed. This right is entrenched in section 23 of the Constitution of the Republic of South Africa (Act 108 of 1996) and section 185 of the Labour Relations (Act 66 of 1995) as it states that" Everyone has the right to fair labour practice". Reinstatement or re – employment is the primary, preferential remedy available to the unfairly dismissed employee according to section 193 (2) of the Labour Relations Act (S.A. Mercantile Law Journal, 1998: 383).

At enterprise level for effective and structured resolution of employee grievances, application of disciplinary measures, dismissal and retrenchment should be established clearly with fair procedures (Ehlers, 2002: 38). Staff turnover can be analysed by focusing on issues such as re – employed personnel, absenteeism, dismissal and discipline.

2.8.1 RE – EMPLOYED PERSONNEL

An employer cannot suspend workers to keep them out of the workplace, but an employer who does not want the service of an employee who desires to provide it is to terminate the contract and perhaps to enter into a new one if and when the situation changes. This position is reinforced by the Basic Conditions of Employment Act 75 of 1997 (Employment law, 1998: 12).

2.8.2 DISMISSAL

An employee may be dismissed when there is an irreparable breach in the trust relationship between an employer and employee. The employee's behaviour clearly confirmed that the employee did not want to become or remain a disciple of that specific employer's objectives. The employer has the right to select whoever he wishes for employment, the right to stipulate the method by which the work should be done and the right to dismiss the employee. A contract of service will be terminated upon reasonable notice by either party, upon the consent of both, or the death or incapacity of the employee (Ehlers, 2002: 57).

It is important to note that an employer or an employee is not obliged to supply a reason for the dismissal or resignation, but can give notice of intention to dismiss or resign as stipulated in the employment contract.

2.8.3 ABSENTEEISM

The Basic Conditions of Employment Act (75 of 1997) provides for maximum working hours, payment for overtime and for work on Sunday and public holidays, minimum notice periods, minimum annual leave and sick leave, family responsibility leave, the regulation of overtime and the prohibition of certain deductions. This Act forms part of every contract of employment. Any infringement with regard to this Act is invalid (Ehlers, 2002: 57).

2.8.4 DISCIPLINE

An employer has to make a guiding intervention in an employee's work behaviour. The intervention is aimed at encouraging, assisting, promoting or forcing the employee to be a committed and diligent disciple of the objectives of the employer. These interventions include training, counselling, verbal reprimands, written warnings, serious – or final-written warnings. A degree of trust and

acceptance exist between the two parties (Ehlers, 2002: 143). Discipline can support morale, reduce staff turnover and create a more satisfied and efficient workforce in general. It may contribute to achievement of organisational objectives if applied correctly, by ensuring the co – operation of employees.

Conversely, discipline may lead to the loss of personnel by management if it is inefficiently applied. If approached negatively it can be regarded as a method of punishment to employees. In this instance, employers may take arbitrary decisions regarding discipline and dismissals. This approach creates tension and might cultivate industrial unrest.

The positive approach to discipline creates a climate in which employees accept the leadership of management supervisors in a positive manner. Employees are encouraged to accept the rules of the organisation as this reduces the risk of organisational unrest which is also decreased by regular contact between work councils, trade unions and management. There is also an intensive guidance to employees by supervisors with regard to the standard of conduct and performance levels within the rules and regulations of the undertaking. A disciplinary code explains which employee behaviour the employer regards as misconduct. It also shows the type of disciplinary sanction the employer can apply in case of employees breaching the disciplinary code.

Each transgression is coupled with an appropriate sanction, which shows the seriousness of the offence, and possible disciplinary sanctions that may follow such a transgression.

Table 2.2: Examples that an organisation views as transgressions that may cause disciplinary procedures (Ehlers 2002: 145).

Transgression (Class A, very serious misconduct)	First offence	Second offence
1. Absence without leave for more than five days.	Dismissal	—
2. Insubordination, serious disobedience or serious challenging of authority.	Serious written Warning	Dismissal
3. Theft, unauthorised possession of company property, dishonesty, fraud, forgery.	Dismissal	—
4. Immorality, sexual harassment, racism.	Dismissal	—
5. In possession on the company premises of, or to be under the influence of substance which have a narcotic, intoxicating or abnormally stimulating effect.	Dismissal	—
6. Assault, inappropriate gesturing and touching.	Serious written Warning	Dismissal

Table 2.3. Transgressions that may cause disciplinary procedures (Ehlers, 2002: 145).

Transgression (Class B Serious misconduct)	First offence	Second offence	Third offence	Fourth offence
1. Negligence or unprofessional conduct.	Written warning	Serious written warning	—	—
2. Contempt of company regulations, damage to property.	Written warning	Serious written warning	—	—
3. Indecent action, slander or swearing, unprofessional misconduct, disloyalty.	Written warning	Serious written warning	—	—
4. Poor customer relations, disrespect for quality assurance procedures.	Written warning	Serious written warning	—	—
5. Horseplay, loitering, absenteeism of work without permission during working hours.	Counselling	Written Warning	—	Dismissal
6. Poor work performance, ignoring standard operating procedures.	Counselling	Written warning	—	Dismissal

2.9 THEORETICAL FOUNDATION OF THE STUDY

Human resource management can be viewed as all those intervening processes which are aimed at assuring a continuous optimal fit or match in the employment relationship that exists between an organisation and the people it employs (Swanepoel et al, 1998:71). Factors that contribute to job satisfaction are different from those that result in dissatisfaction.

Asking workers what makes them unhappy at work, will assist to hear about an annoying boss, a low salary, an uncomfortable workspace, or stupid rules. Managed badly, environmental factors make employees miserable and they can certainly be demotivating. But even if managed brilliantly, they do not motivate, but instead, are motivated by interesting work, challenge, and increasing responsibility. These intrinsic factors answer employees' deep - seated need for growth and achievement (Motivating People, 2003).

When things go wrong in a company or even an industry, it is often the mindset of the people involved that is the barrier to change. Many cases have shown that it is extremely demanding to induce change at all levels, but an employee can and should, the sooner, the better change (Kroger et al, 1998: 60).

2.9.1 EMPLOYEE TURNOVER OR WASTAGE

Employee turnover should be analysed in order to forecast losses and to identify the reasons for people leaving an organisation. Plans can then be made to address the problems that cause unnecessary wastage and to replace uncontrollable losses. The human resource planner therefore has to know how to measure wastage and how to analyse its causes.

The retention plan should be based on an analysis of why employees leave. Exit interviews may provide some information but they can be unreliable since employees rarely give the full reasons why they leave. A better method is to conduct attitude surveys at regular

intervals. The retention plan should address each of the areas in which lack of commitment and dissatisfaction can arise.

The actions to be considered under each heading are listed below:

Pay – problems arise because of uncompetitive, inequitable or unfair pay systems. Possible actions include:

- Reviewing pay levels on the basis of market surveys.
- Introducing job evaluation or improving an existing scheme to provide for equitable grading decisions.
- Ensuring that employees understand the link between performance and reward.
- Reviewing performance – related pay schemes to ensure that they operate fairly.
- Adapting payment – by-results systems to ensure that employees are not penalised when they are engaged only on short runs.
- Tailoring benefits to individual requirements and preferences.
- Involving employees in developing and operating job evaluation and performance – related pay systems (Armstrong, 1996: 433).

Jobs – dissatisfaction results if jobs are unrewarding in themselves. Jobs should be designed to maximise skill variety, task significance, autonomy and feedback and they should provide opportunities for learning and growth.

Performance – employees may be demotivated if they are unclear about their responsibilities or performance standards, are uninformed about how well they are doing, or feel that their performance assessments are unfair.

Training – resignations and turnover may increase if people are not trained properly, or feel that demands are being made upon them which they cannot reasonably be expected to fulfil without an induction crisis if they join the organisation. Learning programmes and training schemes should be developed and introduced (Armstrong, 1996: 433 – 436).

2.9.2 WAYS OF MANAGING STAFF TURNOVER

Management of turnover is especially important now because, as the economy continues to emerge from a recessionary period when unemployment is high and turnover is low, more employees may be casting their lines in the water for possible new positions. Indeed, an improved economy can stimulate turnover because more jobs become available, both in practice and in industry.

Further, managing turnover is important because there is a good chance that an employee who leaves may be among the firm's best employees and could be its future clients. Therefore, it is especially critical that any employee who may decide to leave believe that every opportunity has been given to him or her and realise that his or her new position was made possible by the training and experience obtained with the firm (Journal of Accountancy, 2001:76).

2.9.3 STAFF LOYALTY

Whether an employee is a manager, team leader or senior secretary in charge of others, he or she should be able to encourage loyalty from those that are important to the group's success. Although the days of the traditional corporate type who stayed with one company an entire career and readily made personal sacrifice for the company are long gone, the need for allegiance today is as essential to organisational growth as ever.

However, loyalty from employees is no longer automatic. Downsizing and retrenchment have contributed to the creation of a new breed of employees who are sceptical of the system. The onus of responsibility is therefore on leaders to manage in such a way as to inspire loyalty among staff.

By following these tips an employer can encourage staff loyalty to the company's goals and objectives:

- Provide meaningful and rewarding work;
- Get to know the career aspirations of your staff;
- Ensure that management is conducive to incurring loyalty (Lyons, 2001:16 – 18).

2.10 CONCLUSION

From this chapter it is evident that staff turnover is a spin – off from infringement of an organisation's goals. That is why it sometimes reaches the level of tribunals, especially if it is so mismanaged that it gets out of hand. However, the question remains 'do managers learn good lessons only from those who admire and are tender with others, standing on our side all the time or do we learn great lessons from those who brace themselves to crush others, to dispute very utterances made?' (Johnson & Johnson, 1994: 120).

It is important for employees to have, as part of their professional equipment, comprehension of the principles underpinning their rights and duties as well as those of other colleagues. Knowledge of such principles is important not only for identification of the causes of turnover but also for the positive use of a turnover situation. The implication here is that to make the best decision and to find the best solutions, members of any organisation need the full diversity of viewpoints and not just those with which they feel comfortable (Opie, 1997: 9).

The key equipment for the manager of turnover is the knowledge that there will be destructive consequences if participants are dissatisfied with the outcomes and feel they have lost. Similarly, there will be productive consequences if the participants are satisfied with the outcomes and feel they have gained (Van der Herst & McDonald, 1997: 161).

In some instances, turnover leads to prolonged disagreements with considerable loss and ill – will resulting to both parties. (Cutrona & Guerin,1994: 47) state that both parties are entangled in a vicious cycle of using scapegoats, finger pointing and avoidance of responsibility. In other instances, this leads to mutually gratifying agreements from which both sides obtain something they want.

CHAPTER THREE

PROBLEM STATEMENT AND RESEARCH QUESTIONS

3.1 INTRODUCTION

As stated briefly in chapter one, the problem investigated in this study revolves around high staff turnover.

Studies from the business world suggest that job commitment represent a combination of rewards, costs and investments. For example, job rewards are typically money, public recognition or good feelings about one's performance. When job costs and alternatives outweigh job rewards and investments, the likelihood increases that the person will lose job commitment and seek other work (http: // www. herchildcare. com / staffturn1. shtml).

3.2 RATIONALE TO THE PROBLEM

3.2.1 EXPLANATION OF THE UNIQUE PROBLEM IN AN INSURANCE INDUSTRY AS A WHOLE

The insurance industry uses a "one size fits all" approach during training and this has failed to provide the desired results. Historically, employers depend upon resumes, references and interviews as sources of information for making hiring decisions. In practice, these sources have proven inadequate for consistently selecting good employees. When selecting people for promotion, otherwise excellent employees have too often been miscast into roles they could not perform satisfactorily. Clearly an essential ingredient for

making "people decisions" has been missing from the formula (www superbstaff. com / asse2. htm).

In the insurance industry competition is high. A company may lose its veterans to its competitor. Employees who retire spend their last years as active pensioners in a rival company. There is also loss of company values and history (www. superbstaff. com).

Some companies use close – book management because they argue that open – book management compromises their economic privacy (Management Review, 1998: 58).

Other factors that indicate what staff turnover costs can be measured. These factors are hidden and relate to some sort of inefficiency in the insurance industry:

- Co – workers become closely associated with the incoming employees.
- Co – workers become closely associated with the departing employees.
- The position being filled by someone else until someone new is hired.

In most cases such problems contribute to inability of companies to deal with weaknesses since the negative influence among employees is very strong and subtle.

3.2.2 THE SITUATION AT THIS INSURANCE COMPANY: MABOPANE AREA

This insurance company is no exception to the bad influence problem. The company at large experiences high staff turnover. This needs immediate attention.

In the Mabopane area high staff turnover has been experienced and it still continues. There is great difficulty in gaining new business, since competition against this company's products has increased tremendously. Smaller companies are selling products that are cheaper in rates and this takes the lower market by storm. Commercial banks also have substitute products.

Ever since the new dispensation most firms have retrenched their workforce. Individuals have obtained their retrenchment packages and are no longer prepared to pay for the monthly premiums on their policies. This makes market entry difficult.

The hard – earned proposals by PFAs need underwriting, and conservation of this business is crucial. This is the responsibility of the administration. However, this not well cared for, instead administrators delay outstanding or revival of cases until the business is not lost. This occurs at the local branch and at head office. The link between two offices seems not to be appropriate at times.

Communication among various ranks is another crucial factor. Office space that does not allow open sharing of ideas, does not increase employee productivity. Although a concrete method of measuring such gains is still lacking, employer's experiences are telling (Management Review, 1998).

PFA quit because they don't receive advancement opportunities. Among PFAs there are those who have better skills. They prefer to acquire more skills in other fields as well, not just from sales. Management is another opportunity that might interest some PFAs.

The PFA sector is basically not compensated. They are remunerated through commission. This form of payment is variable. An individual without commission gets no income. This causes an unpleasant atmosphere and lack of motivation to increase business.

3.3 DEFINING THE PROBLEM

3.3.1 THE PRIMARY PROBLEM

The insurance company at Mabopane area office experiences high staff turnover and this is evidenced by the fact that almost all employees are new.

3.4. RESEARCH QUESTIONS

The following are the research questions that helped guide the formulation of the grouped questionnaire that depicted the overall opinions and factors concerning high staff turnover amongst PFAs in Mabopane area.

- What are the staff turnover factors that impact on management according to PFA perspective?

- Job satisfaction, job dissatisfaction and good performance within this insurance company are characterised by which factors?

- In order for this insurance company to enhance performance, productivity and competency, what approach can be adopted?

3.5 CONCLUSION

The nature of the problem in this study is that, there is a high staff turnover in the offices of this insurance company in the Mabopane area. Personal financial advisers leave the office at a very high rate. The problem still exists. In these offices there are many new personal financial advisers. The remaining old staff members, who are five years or more with the company, are few.

The next chapters will explore the experiences of individuals who are currently employed in the company used for the case study and those who have already left the employment.

CHAPTER FOUR

RESEARCH DESIGN AND ANALYSIS

4.1 INTRODUCTION

The design of this study is a cross between quantitative and qualitative methods of research. Both quantitative and qualitative data were collected in the form of a structured questionnaire with a combination of fixed – choice and open - ended answers. The answers were coded and the frequency of the quantitative data worked out. The qualitative data were categorised and put in context, and were described and displayed using frequencies, percentages and tables. Descriptive statistics were used (Robson, 2000: 114).

With regard to qualitative research the researcher learns about the social world at first hand. Qualitative methods allow the researchers to get close to the data and provide opportunities for them to derive their concepts from the data that are gathered.

Qualitative research satisfies two conditions; the use of close – up, detailed observation of the natural world by the investigator, and the attempt to avoid prior commitment to any theoretical model (Yin, 1994: 14).

The above approaches complement each other and are frequently integrated in the practice social research.

4.1.1COMPARATIVE FEATURES OF QUALITATIVE AND QUANTITATIVE RESEARCH

A relative comparison of the two main approaches can probably best be seen from the list of survey features. It should also be pointed out that there is a distinction between informal and formal methods of questioning and between qualitative and quantitative survey procedures although, in practice, they are usually linked respectively. The approach, however, is not without its serious drawbacks and these have to be weighed against the probable reductions in non – sampling associated with interviewer effects, responses, bias, data collection, field survey organisation, reporting and inadequate sampling frame. Non – sampling errors will tend to be higher the more difficult and expensive it is to identify and contact subsets of the population (Bulmer & Warwick, 2000: 136).

Unrepresentative sampling may be a problem where informal sampling is used or an informal questioning approach is adopted. Thus the disadvantages of qualitative surveys are mainly concerned with the selection and hence, it is argued, unrepresentative nature of the sample selection. Inevitably, the results were biased and possibly very unreliable and, therefore, unusable in formulating policy. That the approach is subject to (unknown) sampling errors seems, in practice, to be less important especially when compared with the potential standard errors associated with (so – called random) surveys actually conducted. The sort of two – stage survey samples with stratification commonly carried out by official statistical offices may have low design efficiency. The link is loosened if the selection of first – stage units (villages, towns) is based on probabilities proportional to population size and then applied to an analysis of household rather than individuals. Problems may also arise when selections are related to the head of household and/or his occupation as a basis for describing household activity patterns (Bulmer & Warwick, 2000: 135).

4.2 ANALYSIS

Descriptive statistics were used to analyse the data in this study.

4.3 POPULATION

This is the aggregation of study elements from which the sample is actually selected. Lists of elements of population are somewhat incomplete because elements are omitted. It is for this reason that the study of population is the aggregate of elements from which the sample is selected (Babbie, 1995:194).

4.4 SAMPLING

The sampling strategy used was non – probability sampling. The use of the strategy means there is no means of estimating the probability of units being included in the sample.

Opportunistic sampling – The field researcher found information from informants who provided the data. Individuals were financial advisers as such information was derived from those who are currently employed and the past employees.

Snowball sampling - The researcher knows the social situation. This approach involves using a small group of informants who are asked to put the researcher in touch with their friends who are subsequently interviewed, then asking them about their friends and interviewing them until a chain of informants has been selected. The financial advisers who were employed at the time will provided names of those that have moved to other offices outside Mabopane area.

Non – probability samples are derived from the researcher targeting a particular group of population (Cohen et al, 2002: 102).

Non – probability samples do not use random sampling: they thus lack the virtues being discussed. Still they are often necessary and unavoidable. Their weaknesses can to some extent be mitigated by using knowledge, expertise, and care in selecting samples and by replicating studies with different samples. It is not possible to determine the likelihood of the inclusion of all representative elements of the population into the sample. Some elements might even have no chance of being included in the sample. Non – probability samples have pragmatic advantages. They can save time and money and their disadvantages can be reduced by enlarging the sample or by choosing homogenous populations.

The type of non – probability sampling used in this study is quota sampling as it is set to represent significant characteristics of the wider population in the Mabopane area. This is because three offices are included in one area viz. Mabopane, Kudube and Brits.

4.5 DATA COLLECTION AND ANALYSIS

4.5.1 DATA COLLECTION

Questions were constructed by obtaining guidance from sources that deal with employee behaviour in organisations. The questionnaire was divided into four sections:

Section one includes questions about demographic factors. Financial advisers and other members of staff had to indicate their ranks, experience and their understanding of what staff turnover is.

Staff turnover factors form the second section of the questionnaire. The questionnaire deals with aspects of turnover management and the respondents had to encircle the number in the block that best represented their opinion.

Section three needed a general opinion from respondents. This could assist in determining the behaviour of personal financial advisers to establish their satisfaction or dissatisfaction in their job. This behaviour would elicit their perception of that which will result in high staff turnover.

In the fourth section the respondents had to indicate by means of a yes or no their feelings about the job. This section would assist to highlight the innate emotions of the respondents.
The respondents were found in the Mabopane area offices of the insurance company. The neighbouring places are Soshanguve, Winterveldt, Mabopane, Garankuwa, Brits and Pretoria.

There are three offices that make up Mabopane area of the insurance company. They are Mabopane, Kudube and Brits offices. The teams in these offices have certain days for holding their meetings. They are usually available on Mondays and Fridays. The researcher had to find out when the teams were available and distributed the questionnaire during their team meetings. Others requested to answer the questionnaire during their spare time. Respondents who left the employ of the company were consulted at their residences whereas those who were employed at other the insurance company offices outside Mabopane area (for example in Pretoria) were also contacted.

4.5.2 DATA ANALYSIS

Data analysis is about how the researcher determines what is important to observe and the formulation of analytical conclusions on the basis of those observations (Babbie, 1995).

4.6 CONCLUSION

Before a phenomenon can be understood, it first has to be observed and described. In this study the observation assisted making of appropriate analytical conclusions about high staff turnover in this insurance company at the Mabopane area.

A non-probability sampling strategy was used for this study because of the geographical proximity of the Mabopane, Kudube and Brits area.

The use of qualitative and quantitative data in the formulation of the design of this study had its shortcomings. For example, the qualitative survey of data may not be completely representative of the population from which the samples were drawn.

The proceeding chapter will point out directly the feelings of the respondents pertaining to the questionnaire.

CHAPTER FIVE

RESULTS AND INTERPRETATION

5.1 INTRODUCTION

As mentioned briefly in the previous chapter descriptive statistics uses data to describe a phenomenon under investigation. The data collected in this study represented the thoughts, feelings and perceptions of staff at this insurance company in terms of high staff turnover, job satisfaction, job dissatisfaction and job stress.

Descriptive statistics were used to identify trends in these perceptions amongst employees, and are represented below in tabular and geographical form. The data were described in the form of numbers and percentages.

5.2. DATA ANALYSIS

The following tables are the findings of data collected from the study.

Table 5.2.1: The period of high staff turnover

Details	Number of respondents	Percentage
Before 1994	9	15%
After 1994	51	85%
Total	60	100%

High staff turnover took place after 1994 according to 85% of the respondents. This can be attributed to the transformation that took place in the country. Most of the financial advisers left for better work opportunities.

Table 5.2.2: Where staff turnover generally occurs

Details	Number of respondents	Percentage
Managers and financial advisers	42	70%
Admin staff and financial advisers	10	17%
I don't know	8	13%
Total	60	100

A high number (70%) of staff turnovers occurred in the category of managers and financial advisers. If staff leaves at that high rate in an organisation it implies dissatisfaction. The few who don't know is because may be new in the job.

Table 5.2.3: How staff turnover is handled

Details	Number of respondents	Percentage
The management at your office	43	72%
Officials outside your office	3	5%
I don't know	14	23%
Total	60	100

According to table 5.2.3 the management handles staff turnover in this office. 72% of the respondents agree. This means it is the management who encounters this phenomenon. They are thus the ones who should bring the solutions to curb the problem.

Table 5.2.4. The way my supervisor gives me instructions annoys me.

Details	Number of respondents	Percentage
Strongly Agree	12	15%
Agree	16	26%
Disagree	28	46%
Strongly Disagree	4	13%
Total	60	100%

46% of the respondents indicated by disagreeing they are not annoyed by instructions given to them by their superiors. This is an implication of satisfaction. Those that agree with the statement (26%) show that they are not happy. This can be related to the secondary problem of job dissatisfaction as an underlying factor of staff turnover.

Table 5.2.5. Personal financial advisers who are behind with their workload, express dissatisfaction that they should work during weekends.

Details	Number of respondents	Percentage
Agree	37	62%
Disagree	23	38%
Total	60	100

62% agree with the opinion. This is because it is not true. Personal financial advisers who drag their feet during the week do not reach the target and will be forced to work over the weekend.

Table 5.2.6. A tense atmosphere exists between colleagues of different ranks.

Details	Number of respondents	Percentage
Agree	35	58%
Disagree	21	35%
I don't know	4	7%
Total	60	100

58% of the respondents agree with this statement. The reason is that targets must be met daily, weekly monthly and yearly. Tension is caused by failing to meet the target by financial advisers. Their superiors discredit managers, while financial advisers are looked down- upon by the administrative staff as they under- perform.

Table 5.2.7. There have been a number of reports that some of the personal financial advisers do not go to do prospecting.

Details	Number of respondents	Percentage
Agree	28	47%
Disagree	19	32%
I don't know	13	21%
Total	60	100

47% of the respondents agree with this statement. Prospecting plays a very important role in the financial adviser's business. The more prospecting there is, the more the business.

Table 5.2.8. In my opinion, good financial advisers are those who:

Details	Number of respondents	Percentage
Challenge the sales principles	25	42%
Conform to the sales principles	33	55%
I don't know	2	3%
Total	60	100

According to the responses in this question the financial advisers agree that to conform to the sales principle makes a good financial adviser. This means that there are quite a good number of financial advisers who know the truth about their job. There are tips and rules in the sales profession. If financial advisers can follow them they can make good sales people.

Table 5.2.9. Do you have to work fast?

Details	Number of respondents	Percentage
Yes	37	62%
No	23	38%
I don't know	-	0%
Total	60	100

More than half (62%) or a frequency of 37 respondents out of 60 agree that they have to work fast. This means the respondents understand the fact that working fast is a necessity in their job.

Table 5.2.10. I am clearly the most productive employee.

Details	Number of respondents	Percentage
Yes	36	60%
No	17	28%
I don't know	7	12%
Total	60	100

Most the respondents (60%) say that they are clearly the most productive employees. This means that most of the employees have no difficulty in doing the job.

Table 5.2.11. I acquired new knowledge or master a new skill, which was difficult for me in the past.

Details	Number of respondents	Percentage
Yes	54	90%
No	4	7%
I don't know	2	3%
Total	60	100

90% of the respondents agree. This means that the respondents are able to explore their profession and determine which can assist them in their job.

Table 5.2.12. When I come home they must leave me for a while.

Details	Number of respondents	Percentage
Yes	26	45%
No	32	52%
I don't know	2	3%
Total	60	100

Most of the respondents (52%) disagree with the statement. Only 45% agree that they want to be left for a while when they come home. This means that their job is not so tedious for them. From what has been depicted from the beginning of the results of the questionnaire, most of the respondents are still new and therefore can cope with the work.

Table 5.2.13. When I just came home I have little interest in other people.

Details	Number of respondents	Percentage
Yes	20	33%
No	38	64%
I don't know	2	3%
Total	60	100

Few respondents (33%) agree with the statement. The majority (64%) do not. This takes us back to the previous statement. Most of the new employees are able to cope. There is therefore an element of dissatisfaction and stress in the 33% who responded in the affirmative.

5.3 CONCLUSION

This chapter has shown the design and method of this research project; personal financial advisers form the target population. The administrative arrangements, the presentation method and analysis of the results have been explained and the responses as well as the deductions based on these have been depicted. This chapter furthermore reflects the respondents' actual impressions about the social phenomenon of staff turnover. The reactions to questions reflect the respondents' understanding of staff turnover as well as their attitudes towards it.

It is evident from the responses that personal financial advisers generally do not view staff turnover as helpful towards the development of an organisation. They even want to be trained in how to avoid its excessive occurrence.

CHAPTER SIX

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The study focused on high staff turnover. This chapter serves to encapsulate the discussion, conclusion and recommendations on high staff turnover. The findings may be used by the company and the industry at large to curb problems pertaining to staff turnover.

The key issue investigated was what causes high staff turnover in this insurance company as supported by the theoretical foundation in the literature review. It has become clear that the staff turnover in this company is high. The primary objective of the study was to determine why the staff members in these offices were leaving at an alarming rate. The investigation revealed that some of the underlying factors that contribute towards high staff turnover are job dissatisfaction, job satisfaction and job stress. The interpretation of the results of the study enabled the researcher to draw some conclusions and make certain recommendations, presented below.

6.2 DISCUSSION

What has become evident in this study is that offices at this insurance company experience such high staff turnover that three quarters of the currently employed staff is fairly new people. It has become equally evident from the findings of this research project that staff turnover can, if managed

correctly, be a powerful force for finding common ground, solving problems and strengthening a positive response to this phenomenon.

One other contributory factor to high staff turnover is that of transformation, which was experienced throughout the country during 1994. The government had to enter into an increasingly globalised world and companies were forced to prepare themselves for change. With their intention to maximise profit, companies had to reduce their salary sectors. Most individuals lost their jobs and business became scarce for the assurance industry. High staff turnover occurred. Although management was responsible for the handling of staff turnover, some of the managers themselves left the industry. This was accompanied by the resignations of the majority of financial advisers. In the company in this study 85% of respondents have indicated in table 5.2.1 that high staff turnover increased after 1994.

The idea that certain financial advisers do not prefer to work during weekends because of their backlog is supported by the notion that some financial advisers do not do prospecting. 47% of the respondents agree in table 5.2.7. that thorough prospecting assists in obtaining the targeted business on time. By so doing the financial advisers will be conforming to sales principles.

In chapter two, communication is explained as a two – way process. 58% of the respondents in table 5.2.6 agree that there is a tense atmosphere between colleagues of different ranks. If the atmosphere is tense it can result in many undesirable outcomes. Performance, job satisfaction and stress are affected. Good communication is the lifeblood of any enterprise. There is a direct correlation between employee communication and profitability (Hersey & Blanchard, 1993: 326).

There was also a group of respondents (41%) in table 5.2.4, who said that they become annoyed by the superior's instructions. Hidden feelings like these produce long – term undesirable results.

6.3 CONCLUSIONS

With regard to what has been highlighted in the preceding chapters, the following are conclusions:

- High staff turnover reduces both the effectiveness and the productivity of delivering care and adds to labour costs of operating facilities.

- Almost all of the current research suggests that remuneration alone is rarely the sole cause of high staff turnover. The exodus is caused by problems in the working environment, which could, if known, be alleviated.

- According to PFAs and other employee's perspectives the following are staff turnover factors that impact on management: In table 5.2.6 it is stated by 85% of the respondents that high staff turnover occurred after the year 1994. Table 5.2.7 indicates that 70% of the respondents agreed that high staff turnover generally occurs between managers and financial advisers. Table 5.2.8 states that 72% of the respondents agree that staff turnover is handled by management accordingly.

- Discussed hereunder are factors within the insurance company that characterise job satisfaction, job dissatisfaction, and good performance: It is indicated in table 5.2.4 that 46% of the respondents disagree, while 13% strongly disagree that they are not

annoyed by instructions given to them by the supervisors. Table 5.2.5 states that 62% of the employees agree that personal financial advisers who are behind with their workload, are not satisfied that they have to work during weekends, whereas in table 5.2.6 it is indicated that 58% of the respondents agree that there exists a tense atmosphere amongst colleagues of different ranks. Table 5.2.7 indicates that 47% of the respondents agree that there have been reports that some of the personal financial advisers do not go out to do prospecting. It is stated in Table 5.2.8 that 55% of the respondents agree that good financial advisers are those that conform to sales principles. Tables 5.2.12 and 5.2.13 state that 52% and 64% of the respondents respectively, indicate that they can relate well and still have interest in other people after work.

6.4 RECOMMENDATIONS

The following recommendations are made in order to improve the levels of job satisfaction within the life assurance services industry, and ultimately deal with the problem of high staff turnover:

- In order to enhance performance, productivity and competence, the insurance company may adopt the following approaches: According to table 5.2.9 the percentage of respondents who agreed that they have to work fast is 62%. According to table 5.2.10 the percentage of respondents who have indicated that they are the most productive is 60%. The percentage of respondents that are able to acquire new knowledge or master a new skill which was difficult for them in the past is 90% as reflected in Table 5.2.11.

- Exit interviews provide a vital tool in discovering the reasons for departure. It should be used effectively. Exit interviews consist of a 'farewell form' designed to capture information not only about the person's reasons for leaving but attitudes towards the company and immediate supervisor.

- Hiring the right persons is a retention strategy that needs to be in place. Employee turnover is due to issues of fit within an organisation.

- There should be strong relations between what the employees are asked to perform to that described at interviews.

- Employees should be assisted on how to deal closely with other people, inside and outside the organisation, in the execution of work activities.

- The degree to which the employee receives feedback about his or her performance from supervisors should be clear.

- The insurance company should learn to identify the people who have partnership potential and give special attention and mentorship to the individuals in order to retain them. This should be done as early as possible.

- The staff member in charge of human resources should ask firm partners why they remained with the firm and then incorporate the reasons in firm policy.

- Perhaps after six months, a questionnaire could be sent to the person on his or her experience with the firm after he or she has had a chance

to settle in at a new job. A side benefit of that approach is that it could interest an employee to return to the firm.

- Personal financial advisers should avoid the negative and mundane. Their goals are to build sales, and profits. As such they should not waste their time on many other projects.

- Personal financial advisers should get a kick out of goals, by deciding to have fun hitting certain targets. They can mount the numbers on a chart on the wall and keep score in the form of a rising thermometer. This can add a little more meaning, fun, and satisfaction to their job.

- The insurance company staff should keep an open mind and try things a few times. They should keep their options open as the months and years go by and pick out one or more things they like, especially activities that may relate to or supplement their career.

- If they enjoy and benefit from the training and educational opportunities, they will broaden their horizons, attain new vistas and new chances to expand their scope of duties.

In conclusion, this study provided insight into some of the reasons why the insurance company has been experiencing high staff turnover amongst its personal financial advisers. This study has not exhausted all aspects of high staff turnover within this company, or the industry as a whole, and a final recommendation is made that further research needs to be conducted in this regard, especially in terms of the link between remuneration and job retention, which was not fully investigated here. An additional area that would benefit from further research would be the impact of poor communication between employees of varying ranks on job satisfaction and turnover.

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APPENDIX

QUESTIONNAIRE ON TURNOVER OF EMPLOYEES IN THE MABOPANE AREA, FOR OLD MUTUAL PERSONAL FINANCIAL ADVISORS

Instructions

1. It is vitally important to note the instruction for the completion of the questionnaire as given under each question.
2. Respond to all questions please.
3. Be candid and unbiased in your responses; there are no wrong or right answers.
4. Reveal no identity in the form of your name, office, address or telephone number.
5. In no way will your responses prejudice you. Your responses are only needed to validate the findings of the research.

SECTION 1

DEMOGRAPHIC FACTORS

The following questions deal with your biography and your general impression of turnover in your office. Answer each question by encircling the number in the block which corresponds with your answer:

1.1. How many personal financial advisors are placed in your office?

Below 11	1
11-20	2
21-30	3
Above 30	4

1.2. What rank are you?

Manager	1
Admin Staff	2
Personal Financial Advisor	3

1.3. How long have you been working for Old Mutual?

Less than one year	1
Longer than one year up to two years	2
Longer than two years up to five years	3
Longer than five years	4

1.4. What do you regard as staff turnover?

Resignation	1
Absenteeism	2

1.5. Is staff turnover inherently harmful for progress in your office?

Yes	1
No	2

1.6.High turnover took place at your office.

Before 1994	1
After 1994	2

1.7.Turnover generally occurs between:

Managers and financial advisors	1
Admin staff and financial advisors	2
I don't know	3

1.8.Turnover at your office is handled mostly by:

The Management at your office	1
Officials outside your office	2
I don't know	3

1.9.Is there a need to train the financial advisors to handle turnover?

Yes	1
No	2

1.10. It is possible to make our office a staff turnover-free institution:

Strongly Agree	1
Agree	2
Disagree	3
Strongly Disagree	4

SECTION 2

STAFF TURNOVER FACTORS

Each of the following items deals with an aspect of turnover management staff. Rate yourself on each given scale by encircling the number in the block that best represents your opinion. If you encircle 1, it means you strongly agree; if you encircle 4, it means you strongly disagree, etc.

	Strongly Agree	Agree	Disagree	Strongly Disagree
1. It is best not to have staff turnover in an office	1	2	3	4
2. In the case where staff turnover is in existence, it is best to give the parties that are causing the turnover a hearing and then advise them to repent	1	2	3	4
3. The way my supervisor gives instructions annoys me	1	2	3	4
4. Sound staff turnover resolution depends on readiness of one party to sacrifice its needs and interests in favour of the other party's needs and interests	1	2	3	4
5. Parties that are determined to resolve turnover must be prepared to compromise and share likes and dislikes	1	2	3	4
6. Satisfying the concerns of the parties that are quitting is never done by bringing them together	1	2	3	4
7. An organisation devoid of staff turnover is static and non-responsive to the needs of change	1	2	3	4
8. I would rather resolve or eliminate staff turnover than eliminate it	1	2	3	4
9. It is best to have co-workers who are agreeable on organisational matters	1	2	3	4
10. All effective organisations experience turnover	1	2	3	4

SECTION 3

Encircle the block next to the answer that best represents your opinion.

3.1. Personal financial advisors of the same group should be grouped together for various tasks.

Agree	1
Disagree	2
I don't know	3

3.2. My commitment as a personal financial advisor is to satisfy

My professional principles	1
The community needs	2
I don't know	3

3.3. The sales profession can be used as a front to challenge the political system of its country

Agree	1
Disagree	2
I don't know	3

3.4. Personal financial advisors who are behind with their workload express dissatisfaction that they should work during weekends

Agree	1
Disagree	2

3.5. A tense atmosphere exists between colleagues of different ranks

Agree	1
Disagree	2
I don't know	3

3.6.There have been a number of reports that some of the personal financial advisors do not go to do prospecting

Agree	1
Disagree	2
I don't know	3

3.7.When two people differ about an approach to a project, I would make them

Handle it together	1
Handle it separately	2
I don't know	3

3.8. My experience has taught me that decisions that are taken after the occurrence of disagreement are mostly of

High Quality	1
Low Quality	2

3.9. In my opinion, good financial advisors are those who

Challenge the sales principles	1
Conform to the sales principles	2
I don't know	3

3.10. It is an excellent strategy to keep quite about information that may cause clashes rather than divulge it

Agree	1
Disagree	2
I don't know	3

SECTION 4

Indicate your answer by means of

1	Yes	2	No	3	Do not know

4.1. Do you have to work fast?	1	2	3
4.2. Do you have too much work to do?	1	2	3
4.3. Do you wish you could work at an easier pace?	1	2	3
4.4. I am clearly the most productive employee?	1	2	3
4.5. Others mess up and I do not	1	2	3
4.6. I acquire new knowledge or master a new skill which was difficult for me in the past	1	2	3
4.7. I do my very best	1	2	3
4.8. When I come home they must leave me for a while	1	2	3
4.9. When I just came home, I have little interest in other people	1	2	3
4.10. After work, it takes effort to concentrate in my spare time	1	2	3