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Factors affecting turnover of call centre employees in a South African short-term insurance company

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Factors affecting turnover of call centre employees in a South African short-term insurance company

Rajendran Naicker

A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

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ABSTRACT

Call centres have expanded rapidly on a global level enabling the delivery of products and services to consumers in a more efficient manner. These businesses are highly dependent on human capital that remains in constant interaction with consumers. The main challenge encountered in the call centre industry was employee turnover. High levels of employee turnover negatively impacts the business due to the cost of recruiting and training replacement employees, as well as the drop in performance standards following the loss of skilled workers.

This research focuses on identifying the factors responsible for employee turnover in a single case study of a short-term insurance company. Using semi-structured interviews, 12 employees were interviewed at a leading short-term insurance company in South Africa.

There were many factors noted as causes of employee turnover, these included salary structure, lack of teamwork, stressful working conditions, having to deal with difficult clients, the inability to meet performance standards and opportunities arising because of new competitors entering the market.

The findings obtained from management within the organisation indicated that they were generally aware of the reasons employees considered terminating their employment.

As this research focused on a single case study, the findings cannot be generalised to other call centre businesses in South Africa, however, they do indicate the challenges faced by employees that contributed to them leaving the organisation.

DECLARATION

I, Rajendran Naicker, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.



_____

Rajendran Naicker

Signed at Centurion, Gauteng

On the 18th day of November 2015.

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CHAPTER 1: INTRODUCTION

1.1 Purpose of the study

The purpose of this research was to analyse and understand the factors affecting the turnover of call-centre employees in a South African short-term insurance company.

It seems after much research, that the reasons why people leave their jobs are not entirely understood (Lee, Gerhart, Weller, & Trevor, 2008). Employee turnover is a costly event for businesses as the total cost of recruiting replacements can often exceed the equivalent of an annual salary (Allen, Bryant, & Vardaman, 2010). This topic is therefore one with many unanswered questions around why people leave their jobs.

Further, the loss of talented employees remains a concern in most organisations, as there is a shortage of skilled and knowledgeable workers able to perform at satisfactory levels (Hausknecht, Rodda, & Howard, 2009).

This research will assist call centre management in identifying strategies to reduce employee turnover.

1.2 Context of the study

Employees and employee productivity are said to be the most valuable asset of the 21st century, the latter of which is key to the development of economies (Drucker, 1999).

Aksin, Armony and Mehrotra (2007) describe the call centre industry as being an important sector in today's global business environment, creating employment for millions of people (Benner, Lewis, & Omar, 2007). In addition, they state that because of the decreasing information technology and telecommunication costs, call centres provide a cost effective platform enabling businesses to communicate and transact with existing and prospective clients. This has

resulted in phenomenal growth of the call centre industry across the world (Holman, Batt, & Holtgrewe, 2007). As a result of the growth potential in this sector, the South African government has implemented marketing campaigns to attract international call centre businesses, to outsource these functions to South Africa as levels of unemployment remain high (Benner, 2006).

One of the leading reasons for the impressive growth among call centres is the important role they play in creating customer value in the service delivery chain. Failure to deliver value to customers will ultimately mean a loss for stakeholders in the long-term (Marr & Neely, 2004).

Enhancing service quality through customer interaction provides value for the customer; therefore, having effective call centres as a medium of communication is vital as the product or company is judged through this channel (Kinnie, Hutchinson, & Purcell, 2000). The authors also emphasise that the quality of service rendered is what creates a competitive advantage for organisations to attract and retain customers. As a result, many organisations differentiate themselves by focusing on higher levels of customer service, which is ostensibly more difficult for competitors to copy than pricing, product or technology differentiation (Rosenthal, Hill, & Peccei, 1997).

To achieve and sustain this competitive advantage, employee retention remains a key objective, as human capital resource is a critical component in any organisation (Wright, McMahan, & McWilliams, 1994). Organisations that are not successful in retaining their top and average talent will be left with a poor skilled workforce, having low levels of experience and unable to gain any competitive advantages (Hausknecht, et al., 2009).

Steffy and Maurer (1988) mention that human capital creates value in organisations where diverse skills are essential and differing levels and forms of skill are required. This certainly applies to call centres where jobs can range, for example, from sales consultants to support and administrative staff. Employee value-add is achieved by companies investing in training and development. Therefore, the retention of employees enable a recovery of this initial investment

as well as other gains, provided the employees are productive (Cardy & Lengnick-Hall, 2011).

Whitt (2006) illustrates how employee job satisfaction is an important consideration in employee retention, which in turn influences performance. He further states that an increase in the retention of employees results in an extended stay in service and the longer the employees' experience, the better the performance.

1.3 Problem statement

1.3.1 Main problem

Identify the factors responsible for the turnover of call centre employees in a short-term insurance company of South Africa.

1.4 Significance of the study

The study could fill a gap as there is insignificant research addressing the factors that are responsible for staff turnover within the South African call centre industry.

This study might provide guidance to call centres and their management teams in understanding the factors responsible for staff turnover. The aim is to develop strategies or ideas to overcome these challenges enabling management to retain their workforce resulting in:

- increased experience levels;
- an improvement of knowledge, skill and consequently service levels; and
- a reduction in staff turnover.

The study would contribute to the body of knowledge and therefore be used by future students, academics and researchers in the field of human resource management.

1.5 Delimitations of the study

The study focused on one major call centre within the short-term insurance industry of South Africa. The name of the organisation has been kept confidential due to the sensitivity of the information in this research report. The company is however, a major player in the short-term insurance sector and employs a staff complement of 3 000 employees (This information was obtained from an interview with the human resources head of the organisation and is not referenced for confidentiality reasons).

The following levels of staff were interviewed:

- Managers; and
- Call centre employees.

1.6 Definition of terms

A call centre is defined as a dedicated operation where employees interact with customers to perform inbound and outbound transactions (Taylor & Bain, 1999).

Call centres incorporate a mass production system to deliver products and services to customers (Houlihan, 2002).

1.7 Assumptions

The following assumptions were made concerning this research:

- The respondents were open to express themselves freely in the interviews; and
- The respondents shared as much information as possible and trusted that confidentiality would be maintained, where the information was of a sensitive nature.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This section contains a literature review on the relevant areas relating to the research topic. The background discussion illustrates the emergence and importance of call centres. The theories and models discovered are briefly discussed. The next section describes the call centre environment and highlights the factors that affect employee turnover as well as the advantages and challenges experienced. The literature review is concluded with an overview of the main points.

2.2 Background discussion

Many organisations have benefitted globally from the expansion and growth of call centres as they assist in reducing costs of existing services, and allow for an extension of other services and products to customers (Bakker, Demerouti, & Schaufeli, 2003).

The South African call centre industry has developed similarly to many other countries of the world as they initially serve the domestic market and thereafter expand into the international front (Benner, et al., 2007). This logic indicates an opportunity for international growth among South African call centres.

Despite the rapid growth of this industry, call centres are generally known to have low levels of employment satisfaction because of the stressful environment, which in turn leads to high turnover rates (Cleveland & Hash, 2004). Kinnie et al. (2000, p. 968) describes a call centre agent's job as being, "tightly scripted, repetitive, mentally and physically demanding and stressful".

The experience of customers and staff in the service sector is changing due to new technology and different delivery options. Therefore, call centres and the internet are becoming preferred modes of contact (Bennington, Cummane, & Conn, 2000) while the former seems to be the primary mode in most industries

(Marr & Neely, 2004). Consequently, the telephone is the primary contact between the customer and the organisation, and the level of contact through this medium is critical in ensuring customers are highly satisfied with the service rendered (Kinnie, et al., 2000).

The introduction and existence of call centres certainly adds a great value to the success of organisations; however, research shows that there are lower levels of employee job satisfaction in this type of environment, which as a result negatively affects turnover. Therefore, the aim of this study was to determine what factors contribute and affect employee turnover rates.

2.3 Theoretical framework

There are many theories and models of employee turnover, some of them traditional, others more contemporary. The traditional approach states that there is a linkage between job satisfaction and employee turnover. Job satisfaction is regarded as one of the major antecedents of employee turnover intentions. Others include organisational justice, job stress and quality of work life. The traditional approach examines the intermediate linkages between job satisfaction and employee turnover (Lee & Mitchell, 1994). Some of these models are discussed in sections 2.3.1 to 2.3.3.

2.3.1 Process model

According to the process model (Mobley, 1977), there are several intermediate steps between job dissatisfaction and employee turnover decisions. The steps include:

1. Thinking of quitting;
2. Evaluating the expected utility of withdrawal;
3. Searching for alternatives; and
4. Evaluating the alternatives.

2.3.2 Hom and Griffeth model

This model (Hom & Griffeth, 1991) highlights the role of job attitudes in initiating the intention to withdraw while integrating constructs uncovered by contemporary research. Job satisfaction and organisational commitment are prerequisites to withdrawal cognitions, the thoughts about quitting. The aspects of job satisfaction include characteristics of the work itself and of the work environment that include cohesion and compensation.

External labour market conditions or perceptions can also have an impact on job satisfaction. For example, employees who believe that better jobs exist at other firms may become increasingly disinterested with their current jobs. However, there are factors that bind employees to organisations due to the economic and opportunity costs of leaving, which also contribute to organisational commitment. Further, a perception of fairness with regard to reward distribution on the part of the employer engages commitment and similarly flexible working conditions.

Job satisfaction and organisational commitment are negatively related to perceptions of withdrawal; these cognitions can lead directly to employee turnover or may have an impact on perceptions of the expected utility of withdrawal. In the latter situation, the person will begin to investigate other job alternatives upon finding job opportunities; he or she will do a utility analysis to determine if the benefits of leaving the firm outweigh the costs of leaving. Turnover will occur if the net gain of leaving is positive.

2.3.3 Unfolding model

According to Lee and Mitchell (1994), most employee turnover occurs independently of the level of job satisfaction. Turnover can be caused by jarring events, referred to by the authors as shocks, which can be either external or internal to the organisation. Examples are pregnancy, illness of a family member, a change in day care arrangements, and transfer of a spouse. Internal shocks can be for example, hiring of a new supervisor, being passed over for promotion

or a change in the company's strategic mission, which could or could not influence a person's level of job satisfaction.

2.3.4 Summary

The three models listed above highlight some of the inherent processes prior to the occurrence of employee turnover. From the above, it is clear that in most cases it is not a sudden decision, but rather a build-up and culmination of events that leads to the decision of quitting.

The process model (Mobley, 1977) indicates that an individual initiates the process by starting to think about quitting; therefore, this study could produce the reasons that contribute to such thinking.

The Hom and Griffeth model (Hom & Griffeth, 1991) shows how fluctuations in job satisfaction and organisational commitment can lead to the thought of wanting to leave. It illustrates the negative relationship between job satisfaction and employee turnover and this research could identify the causes that create lower levels of job satisfaction.

Lastly, the unfolding model (Lee & Mitchell, 1994) adds a further dimension to why employees might want to quit. The occurrence of sudden events may require some sort of immediate action to overcome, and in many cases, this contributes to employees leaving.

The findings in this research are compared to the realisation of these models in Chapter 5.

2.4 Employee satisfaction

2.4.1 Definitions

Satisfaction is defined in the dictionary as "gratification of an appetite and pleasure" (Oxford Mini Dictionary & Thesaurus, 2012, p. 584), and people often

derive satisfaction from happiness and comfort. The issues relating to employee satisfaction is discussed in detail in the 2006 employee satisfaction research report (Leimbach, 2006) and the definition of employee satisfaction covers the areas of fulfilment, empowerment and engagement. The result of the report equips the reader to instil a high-performance and high-fulfilment work environment.

Küskü (2003) explains that employee satisfaction is about the extent to which individual's needs and desires are satisfied and how this is perceived by other employees. Gruneberg (1979) concluded that it is important to understand the factors that contribute to being satisfied at work to improve the well-being of people considering a great amount of time is spent in the work environment.

2.4.2 Herzberg motivation-hygiene theory

There are many theories that cover the topic of employee satisfaction; however, only Herzberg's motivation-hygiene theory (two-factor theory) is discussed in this research (Herzberg, 2005).

Frederick Herzberg (2005) engaged in research to understand what factors brought about satisfaction or dissatisfaction to employees within the work environment. The findings were published initially in 1959 in his book called 'The Motivation to Work'. His theory states that an independently different set of factors cause dissatisfaction ('hygiene factors') and satisfaction ('motivator factors') in the work place (Herzberg, 2005). As a result, the two feelings cannot be seen to be the opposite of each other. Herzberg's (2005) conclusion was that management must not only provide 'hygiene factors' to prevent dissatisfaction, but must also instil motivational factors so that employees are satisfied with their jobs. He further argued that job enrichment is needed for intrinsic motivation and this is a continuous management function.

Some of the hygiene factors are as follows:

- Company policy and procedures;

- Pay and fringe benefits;
- Quality of management/leadership;
- Quality of inter-personal relationships;
- Working conditions; and
- Feelings of job security.

Herzberg (2005) argues that in order to remove dissatisfaction in the work place, hygiene factors must be eliminated, for example, instilling fair remuneration practices and ensuring job security.

Some of the motivator factors are as follows:

- Status;
- Advancement opportunity;
- Recognition;
- Responsibility;
- Challenging/stimulating work; and
- Personal achievement and growth in the work place.

Herzberg (2005) concludes that motivator factors depend on the need for growth opportunities by the individual employee and if this exists, it actively results in job satisfaction. The effectiveness of motivational factors is that employees are motivated to perform at higher levels because of their eagerness to put in more effort.

The basic essentials, according to Herzberg (2005) are the following:

- The job must be challenging enough to utilise the full skill of the employee;
- Individuals that show an increase in their level of skill should be given more responsibility or a higher level of tasks; and
- When a job does not require the full skill of an individual, then either the job should be automated or an individual with a lower level of skill should be appointed to take over the function. It is important to use the full ability of a person; otherwise, they might become demotivated.

Critics argued that the two-factor result in Herzberg's theory is so because people naturally take credit for satisfaction while they blame dissatisfaction on external factors. Bockman (1971) advised that ambiguity, forced context and unjustified extrapolation of theory does exist, to a certain extent, in Herzberg's theory, but overall she was satisfied with the logical recommendations that made common sense, and were a fair representation of what the average person could have observed. Nel et al. (2004) advised that a common mistake by management is to believe that a great working environment, above-average pay and great fringe benefits will motivate employees; they are important, but do not necessarily result in an increase in productivity as they do not contribute to the individual's enjoyment of the job.

2.5 Job satisfaction

Job satisfaction has been defined as "a function of the perceived relationship between what one wants from one's job and what one perceives it as offering" (Locke, 1969, p. 316). In simple words, job satisfaction is an indication of how happy or content a person is with their job. It is about taking on a job that an individual can enjoy, performing well and being rewarded appropriately for the effort submitted. The consequence of job satisfaction is that it enables enthusiasm, happiness and commitment from employees, which is the keystone to achieving higher performance levels in an organisation (Lund, 2003).

2.6 Employee turnover

Employee turnover has been defined by the Chartered Institute of Personnel and Development (CIPD) as "the proportion of employees who leave an organisation over a set period (often on a year-on-year basis) expressed as a percentage of total workforce numbers" (CIPD, 2014, para. 1).

2.6.1 Effect of employee turnover

Employee turnover affects both the employee and the organisation, employees need to become acquainted with the skills required by the new job and sometimes have to venture into different career paths, while organisations experience loss of productivity and knowledge as a result of the skill and experience lost. Furthermore, organisations incur the cost of recruiting and training new employees, however, it does occur at times that replacement employees are better skilled, enthusiastic and display more initiative than employees that leave (Ebodey, 1995).

Research has also shown an increase in service quality when employee turnover is low, which is the product of motivated employees or due to the skills and knowledge of both the customers and organisation (Batt & Colvin, 2011).

Numerous factors affect employee turnover, and these are discussed in sections 2.6.2 to 2.6.10.

2.6.2 Performance indicators not aligned with strategic objectives

Marr and Neely (2004) emphasise that the performance of a call centre is an important component in the delivery of customer service. They highlight that call centres should not be seen as an isolated operation from the rest of the organisation with a goal of only lowering costs; it is an important part of the value chain, which aids the delivery of products and services. As a result, the authors suggest that call centre performance indicators are incorporated with the strategic objectives of the entire organisation.

2.6.3 Routinized operation and electronic monitoring

Call centres are known to employ a routinized work design (individualised jobs with little discretion) and electronic monitoring processes (Batt & Colvin, 2011) in their operations, which increase productivity levels and enable the company to deal with larger volumes. However, research shows this to cause an increase in

employee turnover rates due to the increase in job related stress, decrease in staff morale and lack of trust portrayed by the organisation because of such practices (Heavey, Holwerda, & Hausknecht, 2013). Wood, Holman and Stride (2006) confirm this by illustrating that jobs requiring a higher level of discretion tend to be stimulating, which leads to better job satisfaction and as a result a decrease in employee turnover.

2.6.4 Performance-based salary (PBS)

PBS is directly linked to an employee's ability to meet certain objective standards and helps to differentiate between employees that are more able than others are (Gerhart & Rynes, 2003). The relationship between PBS and the likelihood of an employee to quit is not that straightforward though. According to Batt and Colvin (2011), four variations need to be considered:

[1] Employees that perform poorly receive lower pay and are more likely to quit, either because they find the job difficult or they anticipate being dismissed;
[2] Employees that perform well are less likely to quit as they earn well;
[3] Some employees, despite performing well, are still likely to quit as they experience a high level of job-related stress, increased pressure to perform well and a high requirement in terms of productivity; and
[4] The level of pay that is at risk can also affect quit rates. Most research has focused on pay that is not at risk (e.g. profit sharing, which is pay that is above the normal pay); however, pay that is at risk, for example commission pay that can cause a variation and uncertainty in pay causes more employees to leave an organisation.

2.6.5 High performance work practices

Strategic human resource management (SHRM) theorists consider high performance work practices (HPWPs) to be human resource interventions that enhance organisational performance. Some of these HPWPs, according to Pfeffer (2005), include:

- Incentive compensation (Rewards for better performance as a result of skill development);
- Internal promotion policies
- Performance appraisals;
- Training and development;
- Employee participation; and
- Selectivity in staffing (being selective in employment).

SHRM theory affirms that such an intervention facilitates an increase in knowledge, skills and abilities of employees, empowers employees to use this enhanced skilled for organisational gain and increases their motivational level. This results in greater job fulfilment, a decrease in employee turnover, an increase in productivity and better decision-making by staff (Combs, Liu, Hall, & Ketchen, 2006).

Delery and Shaw (2001) add that HPWPs, in the form of incentive compensation, performance appraisals and internal promotion policies, are believed to instil motivation among employees.

Selective recruitment allows knowledge, skills and abilities (KSAs) to be brought into the organisation, which are further advanced through training and development (Combs et al., 2006).

Pfeffer (2005) further states, “employment security, flexible work schedules, procedures for airing grievances, and high overall compensation” (p. 96) can also contribute to an increase in employee motivation due to a gain in employee commitment. This essentially means that the lack of HPWPs leads to an increase in employee turnover.

2.6.6 Poor working environment

Batt and Moynihan (2002) and Houlihan (2002) state that research shows one of the big challenges facing call centre managers is to manage frontline employees. They also indicate that working conditions in many call centres are harsh, and

suggest that employees are perceived to be similar to automobile parts that can be easily replaced within the mass production type environment.

2.6.7 Emotional labour

Bennington et al. (2000) found in their study that customers expect better service in call centres; their expectations are higher in terms of ordering products and services, as well as support and responses to queries. They note that constant interaction with customers requires emotional labour because of the job content. Employees are expected to be in control of their emotions while sometimes being exposed to verbal and emotional abuse from angry customers, despite having to work in a challenging, routinized and often stressful environment (Taylor & Bain, 1999). Further, emotional abuse in the form of incivility does not only emanate externally from customers but internally within the organisation too, and research has shown the latter to have a negative impact on both stress levels of employees and job satisfaction (Cortina & Magley, 2009).

2.6.8 Teamwork

Van den Broek, Callaghan and Thompson (2004), in their article 'Teams without Teamwork', describe call centres as unsuited for teams because of the individualistic and routine work that is driven mostly by technology and scripting. They also refer to academic literature that largely associates teamwork to production processes in the manufacturing environment. However, the authors' further note that teamwork or teams can exist within a different context in call centres. An example provided in the article showed that teamwork in the call centre was defined as group learning, which mostly involved exchanging information about problems experienced with customers or processes as opposed to task interdependence or multi-skilling (Batt, 1998).

2.6.9 Call centre used as a stepping stone

Mulholland (2002) found in her study of the call centre industry that people often used call centre jobs as a stepping stone in their career, progressing either internally within the organisation or externally on to better positions. This seems to occur mostly where the labour market conditions are tough, where unemployment rates are higher. South Africa is estimated to have an unemployment rate of 25 percent as per the latest census results (Statistics South Africa, 2013).

2.6.10 Poor leadership skill

Hogan and Kaiser (2005) state in their article on leadership that, “good leadership promotes effective team and group performance, which in turn enhances the well-being of the incumbents; bad leadership degrades the quality of life for everyone associated with it” (p. 169). They also mention that bad leadership from a moral perspective ends up creating a miserable environment in which people must operate.

Offermann and Hellmann (1996) add that poor leadership traits contribute to employee stress, and are often the reason for employees quitting their jobs.

It is evident from the above, the importance of developing and instilling good and sound leadership skills and values, as leaders are ultimately responsible for their people, the organisation and then the effectiveness of both.

2.7 Focus on employee retention to reduce turnover

2.7.1 Talent management

Lockwood (2006, p. 2) defines talent management as “the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining and utilizing people with the required skills and aptitude to meet current and future business

needs". He confirms that talent management is an important consideration to ensure the success of an organisation, and that employee retention is an essential component in the management of talent.

Hausknecht et al. (2009) argues that retention management strategies should be focused on employees that perform well as they contribute to the success of the organisation. They also comment on the importance of understanding the factors affecting employees at different levels in the organisation, for example supervisory and line employees as these might differ.

2.7.2 Development and growth opportunities

Organisations that are able to provide development opportunities for its employees are better positioned to retain key talent within the organisation as these employees are being developed into better and more fulfilling positions (Herman & Gioia, 2000).

Organisations, therefore, need to focus on retention to reduce staff turnover as well as talent management at different levels in order to capitalise on a growing industry.

2.8 Advantages of call centres

2.8.1 Customer and organisational benefits

Advanced technology employed by organisations in the service delivery industry, such as call centres, has ensured that the services provided by call centres are beneficial to both customers and management (Walker, Craig-Lees, Hecker, & Francis, 2002). Customers for example experience a convenient delivery of service by transacting over the phone and it permits an instant and reliable exchange of information with immediate access to support functions. There is also no need to travel to a physical location to transact. In addition, management gain competitive advantages by increasing productivity levels and become more

efficient due to servicing customers quicker and distributing work to idle agents at any location.

2.9 Challenges in call centres

2.9.1 Technology

As employment continues to move away from agriculture and industry towards the services sector, call centres are improving productivity, creating efficiencies and reducing costs by utilising technology advancements (Lewig & Dollard, 2003). The reliance on technology however, poses a potential problem in the event of a system failure and not being able to deliver on customers' expectations as customers expect the service to work continuously (Bennington, et al., 2000). This creates a challenge for call centre agents, as they are unable to deliver on the service expected by customers.

2.9.2 Customer satisfaction and performance management measurements

Marr and Neely (2004) discuss performance management practices in call centres and argue that they are not aligned towards achieving customer satisfaction. Instead, many call centres focus on measurements such as call duration and talk time, believing these to be indicators of customer satisfaction. The authors argue that these are rather measurements of operational efficiencies, which are directly associated with financial results. Their finding is that most call centres seem to have an oversight on the relationship between employee and customer satisfaction, service levels and financial benefit. They add that there is a perception that employee satisfaction is not seen as being an important factor in terms of performance measurements.

2.9.3 Service quality and the 'human' touch

To be able to provide an acceptable level of service quality, organisations need to leverage resources, such as labour, technology, internal planning and control systems, adequately (Roth & Jackson III, 1995). The organisation must be able to recruit, train, empower and retain the correct staff while recognising their excellent service achievements to produce high service quality (Jack, Bedics, & McCary, 2006). It is becoming difficult to gain a competitive advantage over the actual service or product offered by an organisation. It is the manner in which the workforce is managed and as a result, the human intervention, that is the differentiating factor needed to create a competitive advantage by providing a high quality of service (Pfeffer, 1995).

Bowen and Lawler (2006) indicate in an article on the empowerment of service workers that the recent trend organisations are adopting is that of an 'empowerment approach' to deliver quality service, where employees are free to deal with customers in their own manner in order to satisfy customer needs. They do caution that this approach might not be appropriate for every company, as managers should ensure there is a good fit between their organisational strategy and the method adopted.

2.10 Conclusion

The literature notes the importance of the call centre industry in today's economy as it plays a crucial role in the value chain of an organisation, adding customer value and employment. However, employee turnover is seen to be a major challenge within this industry with it having a mostly negative impact on both the employee and organisation.

It seems most organisations within this industry focus on operational efficiencies in an attempt to become more cost effective and neglect the human component of service delivery. Performance management practices seem to neglect customer and employee satisfaction by focusing more on operational efficiencies, which contributes to lower levels of employee satisfaction. This,

coupled with harsh working conditions, poses a challenge for managers in order to achieve lower levels of employee turnover.

The various causes and effects of employee turnover have been discussed. The challenges that call centre managers are presented with are clearly illustrated. Some of the factors identified that contributed to higher levels of employee turnover are as follows:

- Performance indicators in a call centre are not always aligned to the strategic objectives of an organisation;
- Due to the routinized work design, very little discretion is required and as a result of the higher level of productivity, employees experience higher levels of stress and lower morale;
- PBS systems can also have some negative impact on employee turnover;
- The lack of HPWPs also contribute to higher employee turnover;
- Poor working environment;
- Agents are often exposed to emotional labour which elevates the levels of stress experienced;
- The lack of teamwork; and
- The fact that individuals use call centre jobs as stepping stones in their career.

One of the more proactive interventions uncovered in the literature review to reduce employee turnover, was the focus on talent management, which seems to be a crucial component in ensuring employee retention.

Many challenges were highlighted in the internal and external environment within the call centre industry, which illustrates the impact of these challenges on the organisation and the resultant decrease in service quality to the customer.

A few theories and models of employee turnover were discovered, some traditional and others contemporary. The focus was on the traditional approach that indicates a relationship between job satisfaction and employee turnover.

Further theories were discovered that explained employee satisfaction and here the Herzberg motivation-hygiene theory stood out (Herzberg, 2005).

The literature review identified gaps in terms of factors that contribute to an increased level of staff turnover within this complex environment. There was very limited literature related to South African insurance call centres.

2.10.1 Research question

What are the factors responsible for employee turnover of call centre employees in a short-term insurance company of South Africa?

CHAPTER 3: RESEARCH METHODOLOGY

This section describes the methodology used to address the research question. The literature around a qualitative research technique is discussed. This is followed by a review of the research design as well as the research instrument used. Thereafter the process of data collection and analysis in relation to this study is provided followed by a discussion on the validity and reliability.

3.1 Research design

A case study approach was used for this research. Yin (1994) suggests this to be a suitable method when researching and trying to understand such complex behaviour within an organisation. Leedy and Ormrod (2005) confirm that a case study approach is a good method to understand subjects where the knowledge is poor.

The data obtained from the semi-structured interview process was reduced to themes using the thematic analysis process, which is discussed further in section 3.6.

3.2 Research methodology

This study intended to determine what factors are responsible for the turnover of call centre employees within an insurance company of South Africa. To determine what factors were responsible for employee turnover, an understanding was gained of the challenges with which the individuals were faced. A qualitative research framework was used as it allowed for a detailed examination of the challenges presented by the respondents and according to Leedy and Ormrod (2005), it suited this study well. Qualitative research was defined by Kothari (2008, p. 5) as a “subjective assessment of attitudes, opinions and behaviour”. This method best suited the research topic, as respondents were able to express their views openly in response to the questions asked, which enabled the identification of significant themes later on.

Qualitative research supported the semi-structured interview process used to gather data from the respondents. The duration of each interview was an estimated 45 minutes.

3.2.1 Advantage of qualitative methodology

An advantage of qualitative research is that the questioning technique is open-ended and because of probing, interviewees are able to express their answers in their own words (Mack, Woodsong, MacQueen, Gues, & Namey, 2005). These words provided the platform for the analysis and can be further assembled in themes, clustered in groups and broken into segments to allow the analysis of the data in a meaningful manner, and enable the identification of patterns (Miles & Huberman, 1994).

Mack et al. (2005) indicate further that a qualitative method allows for interviewees to articulate themselves freely, without having to answer ‘yes’ or ‘no’ type questions, which allows the interviewer to depict patterns and themes emanating from the answers (Mack et al., 2005). They add, among other advantages, the flexibility to get participants to elaborate on their first responses and to get a better meaning of the issues discussed.

3.2.2 Disadvantage of qualitative methodology

A disadvantage is that qualitative, compared to quantitative, methods produce vast amounts of detailed information over a smaller sample of cases and although this increases the knowledge of the cases, it minimises generalisation (Patton, 2002).

Bell (2014) raised the concern that qualitative methods do not allow for interpretation of data using statistical analysis as it focuses on an individual’s insight of the problem at hand. Further, qualitative research is exposed to incorrect or wider interpretation due to the lack of being associated with numbers; this could result in researcher bias by influencing the answers to a certain extent (Miles & Huberman, 1994).

The following steps were taken to overcome these challenges:

- The points noted by the respondents were always confirmed in order to get full clarity of their view;
- Respondents were not led towards a certain answer; and
- The questions were kept simple, with the use of simple vocabulary that the respondents understood.

The challenges of qualitative research were clearly understood, and as they were used correctly, served as an effective research method.

3.3 Population and sample

3.3.1 Population

The population consisted of employees at different levels of the organisation. These comprised eight call centre employees and four managers.

3.3.2 Sample and sampling method

The individuals listed in Table 1 below were selected from the company for the purpose of the interviews, and because of their various roles. A purposive sample of 12 employees of the total population was used. The sampling method was based on non-probability sampling; it was considered the best technique because only people who possessed the information required to be able to answer the research question were interviewed. An introductory letter (see Appendix A) was sent to all potential respondents. All interviews were done in person at the offices of the respondents. The intention was not to obtain a representative sample but rather to obtain valid and reliable information pertaining to the phenomenon being investigated.

Table 1: Proposed respondents

Sample number	Role in organisation
4	Management
8	Call centre employees

3.4 The research instrument

A semi-structured interview process was adopted, which according to Cohen and Crabtree (2006) permits the respondents to express their thoughts freely. In addition, the authors mention that semi-structured interviews allow for new ways of understanding the topic because of the open-ended questions asked. The disadvantage, however, is that the flexibility of the process could negatively affect the reliability of the data. This challenge is discussed in Section 3.8.

The interview questions for line management and call centre employees are provided in Appendices B and C.

3.5 Procedure for data collection

The interviews were booked in advance and took place at the offices of the respondents, in a closed room. This allowed a comfortable atmosphere to be maintained and permitted the observation of the physical environment. Interview notes were hand written and audio files recorded with the interviewees being informed of the recording process. Each respondent signed a letter of consent (see Appendix D) giving permission for the interview and acknowledging the confidentiality of the information provided during the interview.

3.6 Data analysis and interpretation

The data was analysed using thematic analysis, a commonly used method when analysing qualitative data (Roulston, 2001). According to Braun and Clarke (2006), this flexible method assists in identifying, analysing and establishing

themes across the data allowing it to be reduced to meaningful detail. They discuss how a theme identifies important findings in the data, links them to the research question and highlights patterns across the data set. The authors also note that a theme is not necessarily a frequent occurrence of similar instances, but rather points that illustrate something important relative to the research question.

Thematic analysis comprises a six-phase process:

[1] *Becoming familiar with the data:*

It is important to understand the full content of the data by reading the sample in detail and noting initial ideas that could be associated with themes. Data collected in a verbal manner must be transcribed into written format with extreme accuracy, so as not to alter the meaning communicated by the respondents.

[2] *Generating initial codes:*

The idea is to work through each data item and identify interesting points that might repeat in the data set to form patterns (themes).

[3] *Searching for themes:*

This phase involves grouping the codes into possible themes and establishing relationships between codes, themes and different levels of themes.

[4] *Reviewing of themes:*

The initial themes identified in phase three needs to be refined in this phase for the following reasons:

- Insufficient data to justify the theme;
- Themes might be similar to each other and should be combined as a result; and
- Some themes will need to be broken down further because it is broad, unclear or complex.

The result of this phase is to have a reasonable sense of what the themes are, how they relate to each other and how they define the data.

[5] *Defining and naming themes:*

The themes are further refined to define clearly the specifics of each theme and their relation to the research question. This phase can also highlight sub-themes, which can be useful in breaking down complex themes. The naming of themes takes place here and it is essential to ensure that the naming is clear and describes the theme briefly.

[6] *Producing the report:*

This phase culminates with a final analysis and compilation of the report. A story needs to be told about what emerged from the data and an argument must be formulated in response to the research question (Braun & Clarke, 2006).

3.7 Limitations of the study

The research was limited to a case study of a well-known short-term insurance company in South Africa. The focus was on the sales operation in the call centre environment. The company is a leader in the short-term insurance sector and has just over 3 000 employees, of which 700 work as call centre employees in the sales department. The results of this research therefore cannot be used to generalise about other call centres.

With the call centre industry being a highly productive and demanding environment, cancellations of interviews were encountered; however, they were successfully rescheduled.

The researcher and participants were employed by the same company, and the researcher occupied a senior management role; therefore, the interviews and data analysis were outsourced. This was done in order to eliminate any bias on the part of the researcher and to allow the respondents to respond freely. This is noted in the acknowledgements.

The company's human resources executive indicated upon agreeing to the company's participation in this research, that the information shared was extremely confidential and could be intelligence sought by competitors.

Therefore, both the HR executive and respondents were assured of the confidentiality of this study.

3.8 Validity and reliability

3.8.1 External validity

According to Neuendorf (2002), validity can be defined as the extent to which the testing process supports the initial concept. The main idea in validity therefore is to measure what was set out to measure. Yin (1994) cautions that it is difficult to achieve a high degree of external validity with qualitative research studies, as organisations differ. He also states that the results of a case study is only applicable to the case site, and cannot be generalised to a wider population; this point has been noted in his study. However, many underlying themes were discovered in the literature review, which could be used as lessons for similar organisations that encounter employee turnover problems.

It must also be noted that participants from two job levels were interviewed and no preconceived bias was shown in this selection process, thereby allowing for a high level of validity within this case study. Further, a purposive sample was used in order to maximise validity.

3.8.2 Internal validity

Several descriptions of validity and reliability are available in the literature, all having an underlying principle of rigour or trustworthiness. Strategies for ensuring rigour must be incorporated into the research design, which included processes of verification or checking (Morse, Barrett, Mayan, Olson, & Spiers, 2008). Internal validity, according to Neuendorf (2002, p. 115), is “the match-up of conceptual definition and an operational definition (measurement)”. A continuous effort ensured that the research was in line with the conceptual framework set out.

In order to maintain internal validity, a discussion guide was used as a means of introducing discussion topics, which ensured that all relevant areas were discussed. This discussion guide further ensured that all participants were asked the same basic questions during the interview process.

Lastly, triangulation was used to enhance the credibility of the data. The idea behind triangulation, as discussed by Leedy and Ormrod (2005), is that the more similarities in data from different sources, the more reliable the data. In this research, call centre employees and managers were interviewed.

3.8.3 Reliability

Neuendorf (2002) describes reliability as the extent to which repeated tests produce consistent results. He further notes that reliability is an important component within the research as a lack of it will result in an invalid measure. Bell (2014) describes reliability as the extent to which similar results are obtained under the same conditions within a test or procedure. Leedy and Ormrod (2005) add that in a qualitative study, the interpretation of results will be influenced to a certain extent by the researchers own opinion; therefore, to prevent this bias a methodical approach was maintained for the collection and analysis of data.

To ensure reliability, the interviewer used the same approach in all interviews with respect to the interviewing technique as well as the questions asked.

3.9 Ethical considerations

According to Leedy and Ormrod (2005), human beings or other creatures with the potential to think, feel, and experience physical or psychological distress, while they are the focus of a discussion, the ethical implications of what was proposed must be examined. Most ethical issues in research fall into one of four categories: protection from harm, informed consent, right to privacy, and honesty with professional colleagues.

Participants were well informed of the nature and purpose of the study and written consent was obtained at the start. An informed consent agreement in order to gain the consent from participants indicating they were willing to participate. They were informed of all the research procedures, the risks and benefits of such. Participation was also confirmed to be voluntary. They were informed that they could stop participating at any point in time, without facing consequences. Their privacy was observed and no harm, whether physical or psychological was brought to them. They were informed that their names will not appear in the research report, and they were guaranteed anonymity.

On the part of the researcher, the following was taken into account:

- Research findings were reported in a honest manner, without misleading any person about the nature of the findings;
- The researcher did not manipulate data to support a particular conclusion;
- Acknowledgements were made for all the materials and work not belonging to the researcher; and
- The researcher confirms that none of the findings was influenced by his own biases.

CHAPTER 4: PRESENTATION OF RESULTS

4.1 Introduction

A single case study approach was used to analyse the factors responsible for employee turnover in the short-term insurance industry call centre environment. The approach adopted to carry out the research was a qualitative study method using semi-structured interviews, and the data was analysed using thematic analysis.

The chapter begins with a discussion on anonymity and it is explained why this was observed for the research. The interviews were conducted in an anonymous manner, justified in section 4.2. This is followed by the presentation and description of the results in section 4.3. The results are then discussed and interpreted in Chapters 5 and 6.

The demographic data of the respondents is presented for information purposes only as it has no bearing on the responses obtained. Thereafter, the results of the interviews are presented in tabular form, highlighting the main themes and briefly describing the results.

4.2 Anonymity

It was decided to keep all the interviews and identity of the organisation anonymous for the following reasons:

- All employees that were selected were still employed by the organisation and because of their anonymity cannot be victimised in any way for their candour;
- Participants were free to express their views and offer critical feedback where necessary as their identities were undisclosed; and
- With this industry being highly competitive, competitors could have gained an unfair advantage knowing the name of the organisation and the challenges exposed through this research.

4.3 Demographic profile of respondents

The literature does not identify any relationship between demographic profiles and factors that are responsible for employee turnover. However, the table below contains the basic demographic information of the respondents split between call centre employees and management.

A random sample of respondents was selected with the minimum service in employment requirement being six months. The selection among call centre employees shows bias towards females, which was purely a coincidence. However, no findings in the literature suggest any correlation between gender and factors that affect employee turnover.

Table 2: Demographic profile

Call centre employees			Management		
Participant	**Tenure**	**Gender**	**Participant**	**Tenure**	**Gender**
P3	16	F	P1	168	F
P4	60	F	P2	108	F
P5	108	F	P6	156	M
P7	60	F	P9	144	M
P8	72	M			
P10	72	F			
P11	11	F			
P13	24	F			

4.4 Themes and results of interviews

These results pertain to the factors responsible for turnover of call centre employees in a short-term insurance company of South Africa. This section reveals the themes identified because of the interview process.

Twelve interviews were conducted, eight of which were call centre employees and four from management. It must be noted that all management employees worked in the call centre prior to their current position. Their answers to the interview questions were in their capacity as business unit managers. The responses therefore indicate their perception on behalf of their staff members rather than their own beliefs.

The questions were designed with an open-ended format to allow interviewees to express their views openly, and not restrict their answers when identifying the reasons as to why people would consider leaving the organisation.

The data was analysed by grouping recurring themes using thematic analysis (Braun & Clarke, 2006) in order to identify the common factors that were listed as being responsible for or contributing to employee turnover in this environment. This enabled the interpretation and discussion of the relevant results.

The results of the interviews are presented in Table 3 while the detailed analysis and interpretation is discussed in Chapter 5.

The themes established from the answers of the interviews were grouped under the following headings to simplify the analysis:

- Reasons that attract people to the company;
- Reasons why people stay; and
- Reasons why people leave.

Table 3: Presentation of results

Call centre employees		
Reasons that atrract people to the company	**Reasons why people stay**	**Reasons why people want to leave**
Salary - Good	Salary - Good, performance based salary (PBS)	Salary - PBS (difficult to earn well)
Growth opportunities	Growth opportunities	Stressful environment - Target driven/high workload
Personal development - upskilling	Personal development - upskilling	Difficult clients
Fun environment/Facilities eg Sports, creche, clinic	Fun environment/Facilities eg Sports, creche, clinic	Routinized work - monotonous/emotional exhaustion
Distance from home - close	Good Management style	Poor leadership style
Good brand identity	Recognition - Incentive schemes	Lack of team work
Culture - company values it's people	Culture - company values it's people	Stepping stone - to gain work experience
	Diversity	
Management		
Reasons that atrract people to the company	**Reasons why people stay**	**Reasons why people want to leave**
Salary - Good	Salary - Good, performance based salary (PBS)	Salary - PBS (not for poor performers)
Growth opportunities	Growth opportunities	New competitors
Fun environment/Facilities eg Sports, creche, clinic	Fun environment/Facilities eg Sports, creche, clinic	Stepping stone - to gain work experience
Culture - company values it's people	Culture - company values it's people	Due to pending/intended disciplinary action
Good brand identity	Management style/open to critique from employees	Inflexible work hours
Innovation	Recognition - Incentive schemes	Stressful environment - Target driven/high workload
Personal development - upskilling	Personal development - upskilling	Poor performance
	Recognition for years of service	

Key:

- Green highlights all themes that are similar across the three headings for both call centre employees and management.
- Blue highlights similar themes under the heading “reasons why people want to leave” only, for both call centre employees and management.

From the themes listed in Table 3, it was clear that the factors that attract people to the organisation are mostly the same as those responsible for them remaining at the organisation. There was a similar feeling between call centre employees and management as to why people were attracted to the organisation, and why they stay with the organisation. It was interesting to note the common themes responsible for people joining, and staying with the organisation, related to:

- Good salary;
- Growth and development;
- The fun environment; and
- The culture of the organisation.

On the other hand, the reasons why people considered leaving were associated with:

- Poor salary;
- High workload; and
- Inflexible working hours.

There was only one theme (salary) that was mentioned as a reason people joined the organisation and as a reason for people leaving. However, the responses where people stated that salary was a reason they would consider leaving were few.

Some consistency between call centre employees and managers was evident, with regard to the reasons people leave the organisation. Therefore, from the results presented in Table 3, call centre employees and management together list the following reasons why people considered leaving:

- Performance-based salary (PBS) system;
- Stressful environment due to high workload and target orientated system;
- The job being used as a stepping stone to gain work experience; and
- Inflexible work hours.

Management, however, independently perceive the following additional reasons as to why people would consider leaving:

- Due to pending or intended disciplinary actions;
- Poor work performance, and
- New competitors.

Call centre employees on their own, list the following as reasons for wanting to leave:

- Having to deal with difficult clients,
- The type of work is too routinized and hence monotonous which leads to emotional exhaustion;

- Poor management style; and
- A lack of teamwork.

Generally, the results indicate that management had a fair understanding of the factors that caused people to leave the organisation; however, there was a gap in their perception as seen by the significant points listed by call centre staff. This illustrates a need for management to become more familiar with the additional reasons as to why employees would consider leaving the organisation.

This chapter presented the findings of the interviews; the next will interpret these findings in relation to the literature review.

CHAPTER 5: DISCUSSION OF THE RESULTS

5.1 Introduction

The purpose of this chapter is to discuss in detail the findings presented in the previous chapter. The themes highlighted are compared to the literature review of Chapter 2.

In Chapter 4, the themes identified from the interviews were placed under three headings:

- Reasons that attract people to the company;
- Reasons why people stay; and
- Reasons why people leave.

It was noted that there was an overlap between the reasons responsible for people joining the organisation and staying with the organisation, which led to the conclusion that people stay with the organisation for similar reasons to why they joined. However, there was minimal repetition where people cited the same reasons they joined to be the reasons they considered leaving; therefore this section of the research focused mainly on the elements that were listed as reasons for wanting to leave, which has a direct influence on employee turnover. The elements or themes identified under this category and discussed in order of importance are as follows:

- PBS system;
- Using this job as a stepping stone;
- Stressful job and routinized operation;
- Difficult clients;
- Lack of teamwork;
- Poor performance;
- New competitors;
- Pending or intended disciplinary action;
- Poor management style; and

- Tough economic conditions.

First is a discussion on a few key findings as to why people indicate their willingness to stay (section 5.2) and then the predominant focus of section 5.3 is on the reasons for leaving.

5.2 Reasons people stay

From the semi-structured interviews conducted, it was interesting to note that many of the respondents indicated they were happy working for the organisation and mostly for the following reasons:

5.2.1 Salary

They were generally happy with the remuneration amount, however, slightly less happy with the performance-based-pay structure, but it was acceptable. Many of the respondents indicated that they joined the company for the good salaries paid and their experience was in line with this.

5.2.2 Growth opportunities

This topic attracted positive feedback from the call centre employees and management as the company focuses on promoting from within the organisation. According to Pfeffer (2005) and Combs et al. (2006), high performance work practises such as internal promotion policies contribute to greater job fulfilment and as a result a decrease in employee turnover. This is also in line with Herzberg's (2005) finding that motivational factors such as in this case growth opportunities contributes to an increase in job satisfaction.

The managers explained in their interviews that the organisation had good interventions in place to facilitate employee development, these included:

- *Young aspiring team manager programme (YAT):* This is aimed at developing junior call centre employees into supervisory positions

responsible for on average ten employees. Admission into all programmes is based on an application and merit;

- *Young aspiring manager programme (YAM):* This programme allows for development from 'team manager' to manager level, responsible for an average of forty employees;
- *Leadership advancement programme (LEAP):* Managers are developed to advance to general manager level responsible for an estimate of 150 employees;
- *Foundational management programme (FMP):* This is a course administered by the Gordon Institute of Business Science, used to develop current employees on 'team manager' level. This course is positioned to develop their management and leadership skill much further than the YAT programme; and
- *External study assistance:* The company pays for studies for all staff on manager level and above as long as it is relevant to their jobs.

Herman and Gioia (2000) discussed in their article 'How to become an employer of choice', the importance of having career development opportunities within organisations to retain talented individuals, or else they are lost to competitors who are able to provide such opportunities. It seems as if this organisation had very formal structures in place to cater for this recommendation by the authors, and it must be noted that there were hardly any concerns where employees listed the lack of growth or development as a reason for considering leaving.

However, this research focused on call centre agents and not on higher levels in the organisation where it might be interesting to understand if these programmes satisfy the needs at management levels.

5.2.3 Great working environment and culture

Here the responses were unanimous and described the work place as a fun environment to work in, despite other pressures to perform, which is discussed later in the research. The examples mentioned to describe the environment, mostly physical, were the following:

- Outdoor sports arena with a running track;
- Indoor sporting facilities such as pool tables, table tennis and foosball facilities;
- Chill out areas on every floor;
- A temporary crèche that operates in school holiday periods;
- An onsite clinic equipped with two nurses; and
- The diverse make-up of employees that worked there.

Many of the employees commented that their organisation was better than others in their opinion due to the facilities available. They also concluded that this was an indication of the great attitude the organisation had towards its employees as well as the culture it developed. In Herzberg's (2005) theory, working conditions were classified as hygiene factors that should be eliminated in an attempt to remove dissatisfaction in the work place, and this is in line with the practice at the organisation. The responses from the employees appear to overcome the arguments by Batt and Moynihan (2002) as well as Houlihan (2002) that in general they found call centres to encompass an environment of harsh working conditions, and perceived employees to be similar to replaceable automobile parts.

This did not seem to be the case at the organisation as employees indicated their appreciation of the environment created.

5.3 Reasons people consider leaving

5.3.1 PBS system

The finding here was interesting as there were responses under all three headings; however the minority of responses were cited as reasons why people would consider leaving the organisation.

The human resources executive was re-interviewed in order to understand this salary system and structure better in order to comprehend the mixed feelings across respondents. He described the PBS system as one that rewards

individuals according to their performance relative to other employees within the same department.

First, the salary is structured as follows (the values used are for illustrative purposes only and was not the actual salary offered):

- There is a 'basic' salary of R10 000, which is the lowest that any employee can earn irrespective of their performance; and
- There is then the ultimate 'target' salary, which is double the basic salary and equates to R20 000. This is the expected average salary level of the entire department, with employees earning higher and lower but never lower than basic.

Therefore, in the sales department for example, all employees were allocated sales leads, which are clients that call in for a quote and employees are expected to convert as many of these leads into sales. At the end of the month, each employee is then compared to the average sales of the department and their salaries are then calculated as per the explanation below (see Table 4 for an example):

- If they perform better than the department average, they earn a higher salary than the 'target' salary mentioned above,
- If they perform worse than the department's average they earn lower than the 'target'; and
- If they perform on the same level as the average, they earn the target salary.

Table 4: PBS illustration

	Department average	Employee A	Employee B	Employee C	Employee D
No of sales	30	60	30	20	0
Salary		R 40 000	R 20 000	R 13 333	R 10 000

The general feeling as per the respondents under each heading was described as follows:

Reasons that attracted people to the organisation: People seemed to be attracted to the organisation as a result of them hearing of the better salaries paid at the organisation. They were also aware of the structure as discussed above, prior to joining.

Reasons why people stay: The respondents were pleased with the salary they earned and the structure and did not mind the volatility and competitive pressure from their colleagues. However, some employees mentioned that despite them being pleased with the salary, the performance-based nature of the system is stressful.

This finding is in line with one of the variations associated with PBS as discussed by Batt and Colvin (2011). The authors state that some employees, despite performing well, are still likely to quit due to the stress, pressure to perform at higher levels, and increased productivity as a result.

One respondent, however, had the following to say: *"PBS works well for top performers, because here it is not about how long you worked for, it is about the number of sales you make. I could come to work and reach my target by 9 am and if I am not feeling well, I could go home and would still have made my target for the day" (Respondent 6, 2015).*

This perfectly supports the argument that employees who perform well are less likely to quit (Batt & Colvin, 2011).

Reasons why people want to leave: Here the respondents expressed their dislike towards the structure and operation of the salary system. They indicated it was difficult to earn higher salaries and in some instances even reach the target salary. They felt this structure created severe pressure as it increased the standards and therefore required very high levels of performance consistently. One respondent mentioned that the salaries are volatile, which makes budgeting difficult and the respondent would much prefer a fixed salary.

“The main challenge is that budgeting is not easy. If you are naturally a poor performer as a call centre advisor, you cannot consistently earn a lot of money every month” (Respondent 12, 2015).

It was noted, as per the salary structure explanation, that 50 percent of the salary was at risk; the amount above the basic salary and below the target salary that was exposed to fluctuation.

The employees that indicated they were likely to leave because of the points mentioned, is consistent with Batt and Colvin’s (2011) finding that employees that perform poorly receive lower pay, and are more likely to quit, either because they find the job difficult or anticipate a dismissal. The authors stated further that the level of pay that is at risk could cause a variation in pay and uncertainty, which contributes to employee turnover. Herzberg (2005) also concluded that hygiene factors such as poor remuneration policies caused employee dissatisfaction and this is clearly the situation here.

5.3.2 Using this job as a stepping stone

Most of the respondents when asked if they would consider leaving the organisation answered yes, with the most prominent reason being, that a call centre job is seen to be a stepping stone in someone’s career.

These views support the comment made by Mulholland (2002), who found that where unemployment rates are high, call centre jobs seem to be used as an interim measure to gain work experience to commence one’s career.

“I am sure you don’t want to be a call centre agent for the rest of your life, it is a stepping stone with regards to your growth” (Respondent 3, 2015).

5.3.3 Stressful job and routinized operation

Most of the respondents, when asked if they enjoyed their jobs, described it as stressful, monotonous and exhausting and hence they did not enjoy it. Stress

was mostly associated with the PBS structure, being highly target driven and executing on a high workload.

This is once again in agreement with Batt and Colvin's (2011) research; they found either people quit due to receiving lower pay, where the pay is directly dependent on performance, or they experience a high level of job-related stress because of such a system.

Monotony was due to the routinized operation and having to do mostly the same on every call. This coupled with the higher workload levels seemed to lead to some sort of mental exhaustion and an increase in stress levels. This has caused some agents to further their studies in other academic fields such as 'financial management' and 'industrial psychology' so they can change their career. Some stated later in the interviews that they would consider leaving, due to the lack of a challenging and stimulating environment, similar to the findings in Herzberg's (2005) theory relating to the importance of 'motivator factors'.

This is not a unique finding; call centres, by design, employ a routinized concept, which fosters individual jobs, little application of discretion, and electronic monitoring processes to increase productivity levels and hence deal with larger volumes (Batt & Colvin, 2011). However, research confirms this practice to lead to an increase in employee turnover as a consequence of job related stress, a decrease in morale and a perception by the employee that the organisation lacks trust in them (Heavey, et al., 2013). Wood et al, (2006), confirms this as they conclude that jobs requiring the use of discretion creates individual stimulation, which results in job satisfaction and a decrease in employees that wish to leave the organisation.

5.3.4 New competitors

The insurance industry has seen tremendous growth in recent years; according to the HR executive, new players that have entered the short-term insurance sector include King Price Insurance, Discovery Insure, Miway, Old Mutual Iwyze and Absa idirect (South African Insurance Association, 2015). The new entrants

requiring skilled staff are a key driver of employee losses. The HR executive noted that once the new entrant is established, the number of employees lost decreases; however, he estimates that almost 50 percent of the employees that leave to competitors return to the organisation.

5.3.5 Difficult clients

There were only a few respondents that commented on having to deal with difficult clients who got upset if things did not go their way. One person cited this as a reason they would consider leaving. This was said to be emotionally exhausting when having to deal with an irate client along with a very high number of calls that needed to be dealt with in the day. Some client's even resort to verbal abuse according to management, and while staff are trained to deal with these types of situations, it is never a great experience and can have negative effects on employees.

The literature highlights this point and confirms this to be the reality. Interaction in a call centre requires emotional labour, agents are required to be in control of their emotions while sometimes being verbally and emotionally abused by angry customers (Taylor & Bain, 1999), and this has been proven to have a negative impact on the stress levels and job satisfaction of employees (Cortina & Magley, 2009).

5.3.6 Lack of teamwork

This was an interesting observation as the lack of teamwork was mostly associated with colleagues that manipulated their efforts in some way to gain an advantage in terms of their performance and hence a higher salary. The respondents saw this as not behaving like a team player. Only a few respondents mentioned the difficulty in being able to operate as a team, because the job design is an individualised function, where they converse one on one with clients and at the end of the call, the process ends. There seemed to be some indication though of team togetherness on the social front when it related to team building activities and participation in sport.

Van den Broek et al. (2004) share the latter view and state that the call centre environment is unsuited for teams due to the individualistic and routine work, which is mostly controlled by scripting. The authors did however, find that teamwork can be fostered in this environment by promoting group learning, providing opportunities to share experience, and so forth.

5.3.7 Poor performance

It was only the managers and the HR executive that put forward poor performance as a reason for employee turnover. They explained that in most cases, employees who realised they were performing poorly on a consistent basis resigned prior to any disciplinary actions or processes. The respondents also emphasised that they developed a very strict performance culture and that there was little tolerance for poor performance, unless it was associated with ill health or other personal reasons. They added that the level of competitiveness was very high because of the PBS system. The reasons given for the lower levels of performance were the following:

- The inability to perform the job function despite training and up-skilling interventions;
- Lack of confidence; and
- In some cases, poor attitude.

PBS is linked to the employees' ability to perform at certain levels and therefore differentiates between employees that are more able than others (Gerhart & Rynes, 2003). It is therefore understandable that employees, who are unable to perform, receive lower pay and are more likely to leave before eventually being dismissed (Batt & Colvin, 2011).

5.3.8 Pending or intended disciplinary action

Once again, this was a point only canvassed by management. They realised that often upon notification of a disciplinary hearing process, employees tendered their resignation despite the possibility of receiving a progressive sanction, which

is lesser than a dismissal. This discussion links indirectly to the feedback from the call centre employees who highlighted the fact that there were a few instances of manipulation by some of their colleagues. The HR executive confirmed this and acknowledged it an inherent consequence of performance-based pay systems; however, in his opinion, the benefits of such a system far outweighed the negative aspects.

5.3.9 Poor leadership style

The general feedback seemed to be positive in terms of management and leadership style. When asked in the interviews if their expectations, prior to joining the company, were being met and if they enjoyed working at the organisation, half of the respondents answered yes. The main reason given was good management style and the fact that the company valued its employees.

However, two respondents raised concerns about the management style of their respective managers. One respondent mentioned that despite their team claiming first place out of 12 other teams in terms of performance, the manager only criticised the things in which the team apparently did poorly. The respondent indicated that they played fairly and only missed a few targets, but still came out first relative to the others; however, this was not good enough for the manager.

Another respondent had the following to say: *"I don't like the way I am looked down on by my manager when I don't reach a certain target. I come here to work very hard; I wake up every morning knowing I want to take a certain salary home and if I don't reach the targets, I won't get that salary"(Respondent 2, 2015).*

This point identifies two areas of concern, poor leadership skills and the consequences of being so target driven.

The views expressed by the employees here resonate well with the article 'Leadership behaviour and subordinate stress' by Offermann and Hellman (1996), who highlight the fact that poor leadership is a contributor to employee stress and job dissatisfaction, and as a result leads to employees wanting to quit their jobs. This is consistent with the findings in Herzberg's (2005) theory as the

quality of leadership was listed as a hygiene factor responsible for employee satisfaction in the work place (Herzberg, 2005).

Hogan and Kaiser (2005) discuss the important requirement of good leadership skills to create a comfortable environment for people to operate in, and to promote effective team and group performance. Bad leadership, on the other hand, produces a rather miserable atmosphere to work in, and negatively affects the quality of life for everyone under such leadership.

The managers, when interviewed, stated that they have an ‘open door’ policy in the organisation, which promotes open and easy communication between employees and senior management. They have appraisal type surveys sent out twice a year to employees to rate all management levels they may report to and this feedback is anonymous. Lastly, they have what is called ‘talk out sessions’, where the heads of departments and chief operating officers, have group discussions with employees to understand the challenges they are exposed to. These interventions are in place to identify, for example, poor leadership/management behaviour toward employees and the organisation.

5.3.10 Tough economic conditions

Management responses shared a concern they had noted; a trend of employees resigning in order to claim their pension fund provisions to settle debt. Employees seem to over commit financially by exposing themselves to too much debt and then find it difficult to meet these commitments. Sometimes employees earn great salaries due to their high levels of performance and as a result get accustomed to a more expensive lifestyle. The problem is when their performance drops resulting in lower salaries and therefore the inability to service their outstanding debt. Therefore, as a last resort, employees resign to have access to their pension funds.

There was unfortunately no literature found to support this behaviour. Most of the literature associated with tough economic conditions concerned businesses and economies with a focus on how to succeed in these trying times (Rigby, 2003).

5.4 Conclusion

The research question was to identify factors responsible for employee turnover in a short-term insurance company of South Africa. The findings in this research are therefore valuable to the current call centre industry as it is evident that higher levels of employee turnover are a challenge (Cleveland & Hash, 2004).

Ten factors were identified in this case study that contribute to employees' decisions for wanting to seek alternative employment. These are listed in Table 5 according to whether the organisation has full, partial or no control over these factors highlighted. The justifications for this split are discussed further in Chapter 6.

Table 5: Organisation's ability to control the factors responsible for employee turnover

Full control	Partial control	No control
PBS Lack of teamwork Poor leadership style	Using this job as a stepping stone Stressful job and routinized operation Difficult clients Poor performance New competitors Tough economic conditions	Pending or intended disciplinary action

From Table 5, it would seem that most of the factors identified are within full or partial control of the organisation. This would mean that it is possible for the organisation to improve by overcoming or reducing the effect of such factors in order to reduce employee turnover. This could make the organisation more appealing to individuals that wish to pursue a career in the call centre industry knowing that the organisation has overcome the issues that cause people to leave. The idea is, however, not to eliminate employee turnover, but to reduce it to acceptable levels, and maintain a balance between the additional costs incurred to recruit and train new or replacement employees, as well as use

employee losses as an opportunity to replace with better skilled or more enthusiastic people, as discovered in the literature (Ebodey, 1995).

The findings from this research indicate the call centre industry to be a complex environment, as there needs to be a balance between the organisation's success and the well-being of their employees, at a cost that enables the company to be profitable and add stakeholder value.

In conclusion, the research has identified many practical areas for the organisation to focus on to combat their challenge with high levels of employee turnover, as listed in Table 6.

CHAPTER 6: CONCLUSIONS & RECOMMENDATIONS

6.1 Introduction

This section briefly summarises the key findings and conclusions of the research. This is followed by detailed recommendations that are provided to the stakeholders based on the factors identified. The chapter ends with suggestions on future research topics.

6.2 Conclusions of the study

The call centre industry has expanded globally and continues to do so as this business model allows for the cheaper delivery of products and services as well as customer convenience as a result of the telephonic medium (Bakker et al., 2003). Despite this growth, call centres are known to have lower levels of job satisfaction and consequently an increase in employee turnover. The findings of this research recognise many factors that would enable the organisation's management to effectively address and reduce the higher levels of employee turnover.

The key findings were summarised in Chapter 5 and grouped according to the organisation's ability to control them (fully, partially, or not at all). Sections 6.2.1 to 6.2.3 briefly discuss these findings within the categories mentioned.

6.2.1 Factors within the organisation's full control

The following factors are deemed to be within full control of the organisation's management ability, and changes should be considered so that employees improve their perception and experience in the following areas:

- PBS system;
- Lack of teamwork; and
- Poor leadership style.

These have been highlighted as important factors within the organisation for people wanting to leave. It is essential that management try to overcome these concerns as employees have emphasised these reasons for wanting to leave.

6.2.2 Factors partially within the organisation's control

Most of the factors identified from this research fall under this category, as it is believed that the organisation can exercise some control, to reduce their effect. These factors are listed below:

- Using this job as a stepping stone;
- Stressful job and routinized operation;
- New competitors;
- Difficult clients;
- Poor performance; and
- Tough economic conditions.

The factors mentioned above are not unique to this industry and some respondents confirmed this in their responses in the interviews. However, due to the frequent occurrence of these issues, they also present learning opportunities for the organisation to develop alternative measures to reduce the impact of such.

6.2.3 Factors out of the organisation's control

It is only matters relating to disciplinary action that fall under this category and due to the nature of the subject; this would only be within the control of the employee.

6.3 Recommendations

The key findings, present an opportunity to propose some recommendations and strategies to enable senior management of the organisation to reduce employee turnover.

6.3.1 PBS system

The PBS system attracted mostly poor reviews on the basis that it was difficult for some to earn higher salaries. This meant the system worked for some while not for others. This was consistent with the findings in the literature that some employees would consider leaving, either because of the poor salary earned resulting from poor performance, or the mere pressure to perform created by such a system. The organisation needs to understand the context of this negative impact, and decide if the consequence of some employees leaving for this reason is acceptable, or consider changes that overcome the problems identified.

In such a large organisation, many different departments and functions require varying skills and levels of skill. It is therefore recommended that the organisation put in place an early detection programme to identify employees that experience this problem associated with poor performance and as a result lower earnings. Once management has identified individuals, an alternative position in other areas of the business could be sought where their skill might be able to add more value, hence satisfying both parties.

6.3.2 Using this job as a stepping stone

The reality is that employers that offer jobs where little or no experience is needed, will be exposed to people using these jobs to gain experience and skill and then move on to advance their careers.

In these situations, if organisations are able to augment growth within, this will curb the problem to a certain extent. The organisation could do the following:

- Make new employees aware of the possible career paths they could follow within the organisation; and
- Create lower level development programmes that would groom individuals with the basic skills required to move into other areas of the business.

It will certainly be more beneficial to the organisation to retain such talent, rather than lose them and have to recruit and train replacement employees, which is costly.

6.3.3 Stressful job and routinized operation

Lots of literature describes the call centre environment as stressful and dull, due to the routinized environment. The findings were similar in this research; however, companies need to overcome this problem as it contributes to many employee losses.

From the interviews, it was clear that the main reason for the job being stressful was that the environment is pressurised and the workload high.

It could be a worthwhile exercise to understand the benefits of having extremely high levels of productivity through a high workload, versus slightly lower levels of productivity and workload and the effect on employee turnover. The reason being, employee turnover has a cost (recruitment, training of replacements and time to perform as a normal employee) and if the exercise reveals that lower levels of productivity reduces employee turnover to such an extent, that the company is more profitable, then this change could be considered.

The routinized operation was mostly linked to the scripted environment in which the agents operated. A possible solution could be to create variations of the scripting without altering the intended message, just to reduce the monotony of having to read the same script with every call. These variations can be randomly displayed per call, breaking the monotony.

Further, as the organisation has much personal client information, they could systematically probe agents to prompt certain questions or discussions to build rapport with clients in order to change the theme of each call. An example could be the date of the client's birthday, to probe this, or even a discussion around the client's favourite soccer team.

6.3.4 New competitors

The threat of new competition in a growing industry is a reality and new entrants thrive on recruiting existing skill, as they require little or no training. The organisation should accept that these losses would occur and rather ensure that they create a bench of people that can be recruited upon such losses. This fast tracks the recruitment process.

The organisation must also ensure that they remain competitive with regard to remuneration and benefits in order to reduce the number of employees that leave to new entrants.

6.3.5 Difficult clients

This industry is not the only to experience difficult clientele. The findings in this research are similar to that of the literature as it confirms the exposure to difficult clients can cause an increase in job stress and a decrease in job satisfaction. There is a further need here to understand the reasons that cause unhappiness among clients, in order to understand how to prevent or minimise these occurrences. However, employees will always encounter irate and upset customers; therefore, the organisation could provide employees with the assistance needed to reduce the effect of the bad experience, such as coaching sessions. Coaching is an essential requirement to reduce client complaints. The organisation should ensure that all its employees that are engaged in client interactions are specifically trained to deal with both difficult situations (e.g. complex queries) and difficult clients. Employees that attract more complaints should be given more training, and use their own calls as a reference point to identify areas where they could have handled the situation better. Further, counselling should be provided in cases where employees are exposed to emotional abuse, which does happen in call centres as per the literature reviewed.

6.3.6 Lack of teamwork

The literature states that the lack of teamwork was found to be a challenge in the call centre environment, due to the individualised job function and little discretion to deviate from the scripted processes. It is clear from the research that employees are in need of a sense of belonging to a team; therefore, there remains sufficient merit for the organisation to put in place measures that will promote teamwork.

As a recommendation from the literature discovered, teamwork in a call centre should be encouraged in other ways considering the complexities mentioned above. For example, teams could get together in formal and frequent sessions to discuss individual learning's and recent experiences. This enables employees to share best practices and for others to present challenges they encounter, allowing the team to identify possible solutions. Further, recognition could be largely publicised so that the entire team is aware of each other's achievements and this contributes to an increase in internal team communication. There could also be some focus placed on the performance of the team in total, compared to other teams in the department; working towards incentives. This will introduce competition between teams and will require individuals to work as a team to compete and claim victory.

Lastly, in such an intense environment, there must be a greater need for social gatherings and team building activities. The organisation could consider allocating a budget for these types of activities, and make it compulsory for junior management to administer in order to ensure this happens. The benefits of these activities are always immense as individuals learn more about each other resulting in a healthier bond as a team.

6.3.7 Poor performance

It was uncovered that employees that could not reach certain performance standards indicate their desire to leave. Considering the cost of recruitment and training, the organisation should ensure that the cost of employee turnover due

to poor performance is minimised and every measure to improve the process is implemented.

This is similar to the concern noted with PBS where it was recommended that where possible, poor earning individuals should be placed in other areas of the business rather than lose them. It is important to understand the reasons for the poor performance before the recommendation above is adopted. The following should be taken into account:

- Is it as a result of an incompetent employee;
- Is it due to a mismatch of skill between the employee and the job specification; or
- Is it because of management's poor ability to develop employees?

The organisation should review its recruitment strategies if they are recruiting too many incompetent individuals. Perhaps, they need to understand the methods used by competitors or seek external advice on this matter.

6.3.8 Poor leadership style

Both the literature and the daily experience in the business world emphasises the need for good leadership skills and the benefits of same. Poor leadership skills can have detrimental effects on employees and do not create any incentive to remain loyal to the organisation. For employees to develop the passion and love for their jobs and organisations; improvement where leadership skills are poor is needed.

It was noted that the organisation has good development programmes in place for management at varying levels in their careers. Perhaps these programmes lack the emphasis on leadership and hence could be refreshed or updated. It was further realised that there are frequent appraisal processes in place where employees' rate and supply feedback on their managers to more senior management, perhaps the feedback from these processes are underutilised or undermined. It is recommended that senior management review this process to

ensure that the feedback obtained from such interventions is used to develop and overcome these shortfalls.

Employees should make use of the ‘open door policy’ and other interventions, such as the ‘talk out’ sessions, put in place by the organisation, to bring such matters to their attention.

6.3.9 Tough economic conditions

The main reason for employees wanting to quit to access their pension funds was due to excessive debt. A contributor to accumulating excessive debt is the fluctuating salary as part of the performance-based system. In the management responses, they explained that employees acquire debt relative to their highest earned salaries, yet their average salaries could be much lower. It is a recommendation therefore that the actual performance used to calculate the monthly salary per employee consists, for example, of a three-month average to smooth out any volatility.

Further, the organisation could introduce personal financial awareness that is aimed at teaching employees how to budget, save and manage debt.

6.4 Suggestions for further research

This research focused on identifying the factors responsible for employee turnover in the call centre environment. It was limited to one organisation within the short-term insurance industry of SA. Further research in the call centre environment is therefore suggested as follows:

- Across the short-term industry of SA; and
- Across the short-term insurance industry on an international scale.

The latter could prove to be valuable in the following ways:

- Trying to understand if the factors detected are similar on an international scale,

- If not, why they differ; and
- Possibly understand if there are already solutions in place to curb employee turnover in other organisations across the world.

The research revealed, to a certain extent, the occurrence of client dissatisfaction, which contributes towards employee dissatisfaction. It would be beneficial if further research can identify what causes client dissatisfaction and as a result make recommendations to reduce the levels of dissatisfaction in order to improve employee satisfaction.

6.5 Concluding remarks

The research successfully identified a wide range of factors that contribute to employee turnover at this organisation. It was encouraging to note that there were many interventions already in place in an attempt to create a comfortable environment for the employees. It is therefore hoped that this research provides valuable insight to the management of the organisation to close the gaps identified by this research and as a result reduce employee turnover.

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APPENDIX A

Letter to respondents

Dear *Respondent,*

I am completing an MBA at The Wits Business School. My MBA thesis is to identify the factors that affect the turnover of employees in a South African short-term insurance call centre.

I will appreciate your participation in a 45 minute interview to gather information around my subject of research. The interview can take place at your convenience and in your environment.

The interview will not attempt to delve into company sensitive information, but rather understand the factors that contribute to employee turnover.

Please advise if you are able to participate, your contribution will be highly appreciated.

Thanking you in advance,

Yours sincerely,

Burton Naicker

083 600 5546

APPENDIX B

Interview questions addressed to line management

1. What in your opinion attracts employees to join your organisation?
2. What are the most common reasons for employees leaving your organisation?
3. Do you have knowledge of what factors contribute to the retention of employees? If yes, what are they?
4. Is there a process in place that allows for your employees to indicate what their needs might be?
   - If yes, please explain what happens with the results of such an intervention;
   - If not, do you think your organisation can do better at understanding the needs of its employees?
     If yes, how? Please explain.
5. What factors do you think currently exist, that reduces the possibility of employees leaving?
6. What is the percentage of employees that leave the organisation whom are above average performers?
7. What is the average duration of employment (in months) for all employees that leave?
8. What are the external factors in your view that contributes to employees leaving your organisation?

APPENDIX C

Interview questions addressed to call centre employees

1. What factors attracted you to seek employment at this organisation?
2. Is your current experience in line with your expectations mentioned above?
    - If not, what are the shortfalls?
3. Do you enjoy working here? If the answer is yes, what are some of the reasons why you enjoy working for this organisation? If the answer is no, why?
    - How would you compare this with other organisations you have worked for; is your current experience better or worse?
4. Are there any reasons that would make you want to leave your current organisation? If yes please explain.
5. If you did decide to leave your current job, what would you be looking for in other organisations?
6. What are some of the things that should be changed for you to stay with your organisation?
7. If you decide to take on another job offer, what would you expect your current company to do in order for you to stay?
8. Have you been offered any jobs at other companies in the last year?
    - If yes, why did you stay?

APPENDIX D

Consent by respondents

I _____ (participant number, e.g. participant 1) hereby consent to this verbal interview with Mr Clifton Singh in order to assist this research topic. I understand that my identity will be kept confidential and will answer the questions to the best of my ability and knowledge in an honest manner.

Signed on this ____ day of August 2015.

Signed participant _____