

u **Workers' Motivation and labour turnover among sales agents;  
A Study of British - American Insurance Company in Kenya.** 4

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## Declaration

This project paper is my original work and has not been submitted in any other university for the award of a degree.

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## **ABSTRACT**

This study investigates the link between motivation and labour turnover of sales agents in British- American Insurance, a leading Life Insurance company in Kenya. To facilitate understanding of motivation, reference was made to the social exchange and motivation theories. The factors that motivate Sales Agents are used as indicators of job satisfaction. Job satisfaction was seen as having an effect on staff retention and labour turnover.

The methodology used included a sample survey, the random sampling procedure, structured interviews and review of secondary data. Data analysis was done using the SPSS statistical package, chi-square tests and frequency tables showing percentage distributions.

It was found that the Sales Agents are dissatisfied with certain aspects of their terms and conditions of service. In particular, they are not happy about the company's decision making process, lack of adequate financial support to new agents, the commission structure and the mode of payment. Their perceptions about the terms and conditions of service were not influenced by their personal characteristics like age, education, marital status and number of dependants as the chi square tests conducted did not show any association. The study recommends a review of the company's policy on decision making policy in order to allow agents to participate in this process. The financial support extended to new agents should also be enhanced to enable new agents to meet their basic needs like food transport and clothing. The current commission structure should also be reviewed to improve the morale of the sales agents. Most agents are not in favour of the current mode of payment and would prefer a commission plus basic pay method. A review of this mode of payment is therefore recommended in order to boost the level of morale of the sales agents and enhance the overall performance of the company.

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# CHAPTER 1

## INTRODUCTION

### 1.1 Background

British-American Insurance Company (Kenya) Limited was incorporated in 1965. Today, it is the leading life insurance company in the country with an annual premium income in excess of Kshs. 1.1 billion according to the annual financial reports for the last three years. It has the widest distribution network and the biggest sales workforce in the country. At the turn of the 21<sup>st</sup> century, it had 1150 commissioned Sales Agents within the 12 branches located in Nairobi and other main towns in the country.

In the last ten years, this multi-billion outfit has experienced tremendous growth not only in premium income but also in its workforce. But the increase in workforce has also introduced new problems and challenges in the area of human resource management. One major problem that the current management of the company is facing is high labour turnover. According to the company's monthly agent's portfolio reports for 1999, 2000 and 2001, 520 soliciting agents left the company while 284 joined service in the last 3 years. The number of leavers is quite high and the trend seems to be getting worse with time.

**Table 1.1: Staff Changes**

	<b>1999</b>	<b>2000</b>	<b>2001</b>
<b>YEARLY TOTALS</b>	1200	1134	871
<b>LEAVERS</b>			
Deserters	51	72	225
Terminations	10	13	57
Dismissals	9	12	21
Resignations	8	17	25
<b>TOTAL LEAVERS</b>	78	114	328
<b>JOINERS</b>	121	98	65

Source: Agents' portfolio report 2001

Table 1 above contains summary information extracted from the monthly agent's portfolio report for the period 1999 to 2001. The figures represent the staff changes over the last three years. This information indicates that labour turnover amongst the agents has been increasing steadily over this period. Although the management has attributed this to failure by sales agents to meet their performance targets and termination of contracts due to fraud and pursuit for greener pastures within the industry, these factors are symptoms of a wider problem of demotivation among the sales agents.

These factors can only explain dismissal and termination cases. The above table shows a steady rise of those deserting and resigning. A high labour turnover index is a problem of great concern in an organization and according to Pigors and Myers (1973), it can pose a serious challenge owing to its social and economic effects. Graham and Bennett (1974) argued that a staff turnover index of 10 – 15% is reasonable for any organization. But any figures below or above this range are likely to have adverse effects on the organization. For British American, the turnover index for 1999 and 2000

may not be a problem but the trend between 2000 and 2001 is an issue that raises concern.

Pigors and Myers (1973) noted that a high index of labour turnover is an indicator that something is seriously wrong with an organization. The duo argued that too low a rate of turnover can also be a danger signal and that a certain amount of it is good for the health of an organization. In financial terms, labour turnover costs are manifested in recruitment, training and positional replacement expenses. But most organizations according to Pigors and Myers do not take into account the investment in human resources in their balance sheets or the loss of such assets by voluntary resignations. However, they note that labour turnover can be destructive to individual and organizational stability. Labour turnover has unstabilizing effects on productivity as it leads to loss adjustments. The departure or arrival of a new member to a work group triggers off an adjustment process, which can upset team spirit, which will also have an effect on work efficiency and output.

To Nzuve (1997), the movement of people in and out of organizations is a normal action but mass exodus of staff from an organization is not. He argues that the main reasons that trigger mass movements of staff from organizations have to do with motivation and he cites poor work conditions, lack of job satisfaction, pay inequalities, lack of career advancement, lack of tolerance for frustrations, curiosity, lack of commitment and uncertainty as some of the factors that account for many of those cases. He adds that the existence of alternative jobs and absence of formal group influence are also determinant factors of labour turnover.

Nzuve's view confirms Herzberg's assertion in Child's (1973) that "what the worker wants from his job is opportunities for achievement, advancement, responsibility, recognition and intrinsic interest. These provide him with positive

satisfaction in the job and the level of a worker's motivation to work will be closely related to the degree to which the job is rich in such rewards".

To Albers (1965), an organization has an obligation to create values sufficient to compensate for the burdens imposed upon resource contributors. Employees are resource contributors and each one of them engages in cooperative activity for personal economic and non-economic satisfactions. The satisfactions must be sufficient or else they will not accept the responsibilities imposed upon them by the organization. An organization cannot survive for long if it fails to satisfy the personal motives of those who contribute resources. The refusal of even a few participants to continue in a cooperative relationship is frequently a serious matter. The withdrawal of those who contribute an absolutely essential resource is often a fatal blow to the organization.

Albers further argues that management must have a good understanding of what motivates people to behave in a certain manner if they have to make effective decisions. Decision makers must have insights into the manner in which people will respond to particular conditions.

Past studies on motivation are useful in guiding our understanding of staff morale. Fredrick Taylor's scientific management theory sought to determine the most efficient method of performing each task. Taylor was more concerned with efficiency and he believed that with increased pay, workers would be motivated to give their best.

Through a study of motion and fatigue in 1912, the Gilbreth's were able to demonstrate that worker's performance could be enhanced through reduction of fatigue in work processes. They also shared Elton Mayo's view that management concern for employee's welfare is a morale booster. But the Hawthorne experiments mainly focused on the social environment of the worker – the

informal work groups, which Elton Mayo (1945) believed, had a positive influence on productivity.

Fredrick Herzberg viewed motivation as a function of the prevailing general terms and conditions of work within an organization. Unlike Herzberg, David C. McClelland (1976) attributed motivation to factors within the individual worker. His concept of motivation was similar to that of David Glass and Jerome Singh (1971) who concluded that workers could produce much more if they had control over their work.

D'souza (1994) has singled out motivation of staff as one of the most challenging problems leaders face in management of people. He argues that motivation, which he defines as the desire to do something, is influenced by many variables which includes the individual's own needs, factors present or absent in the environment itself, and the behavior of their immediate managers.

D'souza maintains that motivation is intrinsic to an individual. Leaders or managers cannot supply it. They cannot make people motivated but can only create an environment within which workers can work and realize their full potential.

People are directed to act by their own felt needs. Their needs, actions and satisfactions are therefore interrelated. He shares the view of Abraham Maslow that once a need is satisfied, it ceases to act as a motivator.

Although Maslow's concept of needs hierarchy is useful in explaining what motivates people in general, D'souza did not find it useful in explaining the particular needs that motivates individuals at any different moment. The needs of an individual vary from time to time. Different individuals may do the same thing but each for different reasons.

D'souza then argues that demotivated behavior becomes evident in people when their needs are not met. Their frustration is manifested through such negative

actions as resistance, inflexibility, lateness and absenteeism, accidents, reduced productivity and apathy.

## **1.2 Statement of The Problem**

This study examines the factors that motivate sales agents and investigates the relationship between motivation and labour turnover in a major insurance company in Kenya.

Like many other insurance companies, marketing of life insurance products in British-American Insurance is done through commissioned sales agents. The Commissioner of Insurance through the Insurance Act regulates the practice. It is a requirement that Sales Agents are registered with the commissioner's office for issuance of a license before they are allowed to solicit for business. However, soliciting agents become eligible for licensing on passing the certificate of proficiency examination, which is administered by the College of Insurance. Preparation for this examination involves training for a period of not less than two weeks. Facilitators approved by the College of Insurance conduct the training. The agents meet expenses for this training and the examination fees. On passing the Certificate of proficiency examination, the company has to train the recruits further to familiarize them with the company products and the market. In British-American Insurance, this in-house training programme takes 4 weeks. The training is conducted by Unit Managers who are also charged with the responsibility of recruitment.

It is important to note that the soliciting agents are not remunerated through a fixed salary but commissions based on business sold. They are not therefore entitled to any payment until they actually convert a sale. The service contract is



therefore not like an employment contract where a fixed salary is earned for services rendered.

Recruitment and retention of agents is a pretty difficult task for the Unit Managers. The training period takes not less than a month and within this time; the agent is not entitled to any payment. The Unit Manager is also paid on commissions based on the agent's total sales. The level of the Unit Manager's earnings depends on the agent's sales volume. A new agent who has not turned any sales does not benefit the Unit Manager, as there are no commission payments. However, the agent is viewed as an investment not only by the Unit Manager but also by the company. The Unit Manager invests his time while the company invests on training expenses for new agents.

One notable fact about this arrangement is that the agents do not receive any other form of support from the company apart from the initial training. During this period they have to cater for their own personal needs like food, transport and housing. The management does not offer any form of incentives or assistance like advance payments.

To the insurance company, recruitment of agents is tedious, expensive and also very difficult. Given that life insurance companies depend heavily on commissioned agents to market their products, their success in business is significantly determined by availability of a well-trained sales force.

The loss of trained and experienced soliciting agents by British-American Insurance in the last few years is therefore a problem of great concern to the management. Since the problem became apparent, no systematic study has been conducted to determine the root causes. Recent internal communications within the company and a report from the Managing Director to the Commissioner of Insurance (dated 28<sup>th</sup> November 2001) indicates that the mass

departure of agents from the company has been attributed to failure to achieve agreed sales targets on the part of the agents, termination due to fraud and poaching of agents by other competing companies. But no scientific study has been conducted and the above reasons cannot be supported by any empirical facts. There is therefore need to go deeper into the root of this problem.

The management has the responsibility of creating a conducive working environment to facilitate achievement of the organizational goals. Such an environment must address the needs of the workers. Failure to achieve targets, existence of frauds and poaching are indicators of an unhealthy work environment in which the agents operate and are unable to perform as expected. Such a situation requires management intervention to correct it. The intervention will however, require a clear understanding of the problem.

Nzuve (1999) contends that the main reason that triggers staff movement out of an organization is dissatisfaction with the terms and conditions of service. The British American Insurance situation requires specific study that can explain why the sales agents are deserting their jobs.

This study examined and analyzed the contractual relationship between the commissioned agents and the company management. Reactions and responses of Agents and management of the company to the challenges encountered in marketing of life insurance products have also be examined and analyzed. The level of commissions paid to the Agents, benefits, and the general work conditions and how all these factors affect Labour turnover were subjects of this study.

Based on the foregoing, the broad question that guided the study was whether the sales agents in British –American are motivated. To be more specific, the following questions were addressed: -

- (i) What is the perception of sales agents regarding their terms and conditions of service?
- (ii) How do the perceptions in (i) above affect the sales agents' motivation?
- (iii) Is there a relationship between the motivation of the sales agents and the high Labour turnover?

### **1.3 Objectives Of The Study**

The broad objective of the study was to investigate the relationship between workers motivation and Labour turnover. Specifically, the following were the study objectives: -

- (a) Establish the various factors that motivate sales agents.
- (b) Examine attitudes of the sales agents regarding their terms and conditions of service.
- (c) Investigate the relationship between the motivation of the sales agents and high Labour turnover.

### **1.4 Scope Of The Study**

The study focused on the terms and conditions of service for sales agents in British- American Insurance with a view to identifying the various factors that motivate them. The terms and conditions of service include the sales commission rates and pay structure, incentives and benefits, mode of remuneration, sales targets, decision making and autonomy, supervision, career development, financial support extended to new, training and informal work groups.

Once the above indicators of job satisfaction have been identified, the level of satisfaction with those indicators was determined. This involved measuring their attitudes to establish the level of satisfaction. Based on the level of satisfaction,

an attempt was made to establish if there was a link between job satisfaction and the high labour turnover.

And finally, recommendations were made based on the findings of the study.

## **1.50 Justification Of The Study**

The following reasons justified the need for this study: -

- (a) As indicated earlier, the company under study has recorded impressive growth in both premium income and workforce over the last five years. However, official reports indicate that the growth in premium income has not translated into profitability and the increased labour force introduced new dimensions in the problem of labour management. For the last three years, the company has experienced massive exits of staff. To Nzuve (1997), this is a sign of poor labour relations. Attempts have been made by the management to explain that those exits are due to poor performance by staff, terminations resulting from frauds and resignation in pursuit of greener pastures. However these explanations are not adequate and appear to be signs of a wider problem of de-motivation among the sales staff. To Nzuve (1997), such mass exits are an indication that all is not well within an organization and that this is a sign of poor labour relations. Poor labour relations exist when there is no harmony between management and workers on how to achieve the goals and objectives of the organization. The situation in British American needed a review in order to bridge the existing gaps and enhance industrial harmony.
  
- (b) The study examined the whole spectrum of the company's labour policy including terms and conditions of service. It highlighted areas of conflict between the employer and employees and proposed solutions. By so doing, the study generated useful information that can be utilized to

bridge the already existing gaps in order to improve the industrial relations within British-American Insurance Company.

## CHAPTER 2

### LITERATURE REVIEW AND THEORETICAL FRAMEWORK

This chapter contains a review of the existing literature on labour turnover, the social exchange and motivation theories that provided a theoretical framework which guided this study.

#### 2.1 Determining Labour Turnover

Existing literature on labour turnover is attributable to writers and scholars in human resources management. Amongst those are Bennet and Graham (1974) who described this as movement of staff into and out of an organization. They described two common formulas used for measuring labour turnover. These are:

##### **Separation or Wastage Rate**

This is used to express the number of separations during the period (usually one year) as a percentage of the average number of staff employed during the period.

Thus:

$$\frac{\text{Number of separations during the period}}{\text{Average number employed during the period}} \times 100$$

##### **Labour Stability Index**

This formula shows the percentage of employees who have at least one year's service.

Hence:

$$\frac{\text{Employees with at least one year's service}}{\text{Number of employees employed one year ago}} \times 100$$

They pointed out that labour turnover has adverse effects on an organization's profitability owing to its inherent costs. Graham and Bennet listed the following costs of labour turnover: -

- (a) Lower production during learning period and lost production while the employee is being replaced.
- (b) Overtime allowance payments to other employees and diversion of efforts of more highly skilled employees while waiting for replacement.
- (c) Possible subcontracting of work and cost of scrap and spoiled work while job is being learnt.
- (c) Cost of recruitment, selection, medical examination and training costs.
- (d) Administrative cost of removing from and adding to payroll.

To reduce labour turnover, Graham and Bennet prescribes the following solutions: -

- (a) The management should recalculate separation rate for various categories of the firm's employees and conduct a special investigation.
- (b) Put in place adequate selection procedures. Suitable employees are more likely to stay than unsuitable.
- (c) Ensure that the immediate supervisor by being involved in the selection feels responsible towards a new employee.
- (d) Check that employees are being fully utilized – some may be leaving because of boredom or job dissatisfaction.
- (e) Overhaul pay structure, perhaps using job evaluation.
- (f) Introduce an induction course.
- (g) Give employees' appropriate training.
- (h) Give and/or show growth prospects are available by promoting from within wherever possible.

In summary, Graham and Bennet argue that an increase in job satisfaction and in the cohesiveness of working groups will decrease the rate of labour turnover. Graham and Bennet's contribution in the understanding and management of this phenomenon is quite valuable. Their contribution is however general and does not relate to a particular industry or enterprise.

Ian and Len (1997) adopted a similar approach. They contend that manpower planners are concerned with labour turnover for purposes of replacement in order to maintain a constant number of employee resources in an organization. Their analysis of wastage is based on the following two methods.

**(i) Turnover analysis**

$$\frac{\text{Number leaving in one year}}{\text{Average number of employees}} \times 100 = \%$$

**Labour stability index**

$$\frac{\text{Number of employees exceeding one year's service}}{\text{Number employed one year ago}} \times 100 = \%$$

Ian and Len concluded that employees are more likely to leave an organization in large numbers during orientation period than any other time. Michael Armstrong (1999) shares the view of Ian and Len that labour turnover is a concern of manpower planners. He argues that labour wastage has to be analyzed in order to forecast future losses and identify reasons for people leaving. However, unlike the latter (Ian and Len), Armstrong suggests several methods of analyzing labour wastage.



(a) **The turnover index or wastage**

This to him is the traditional way of measuring wastage and is done as follows: -

$$\frac{\text{Number of leavers in a specific period}}{\text{Average number of employees during the same period}} \times 100$$

The formula is easy to use but can be misleading. This is mainly because the figure could be inflated by the high turnover of a relatively small proportion of the workforce especially in times of heavy recruitment. Or if the average number of employees upon which the percentage is based is unrepresentative of recent trends because of considerable increases or decreases during the period in the numbers employed.

(b) **Stability index**

This is considered as an improvement on the turnover index and the formula is:

$$\frac{\text{Number with one year's service or more}}{\text{Number employed one year ago}} \times 100$$

This index provides an indication of the tendency for longer service employees to remain with the company. It shows the degree to which there is a continuity of employment. The index will however not reveal the vastly different situations that exist in a company or department with

a high proportion of long serving employees in comparison with one where the majority of employees are short service. But this analysis only deals with those who leave.

**(c) Survival Rate**

This is the proportion of employees who are engaged within a certain period who remain with the organization after so many months or years of service.

**(d) Half life index**

This concept is derived from the survival rate. It refers to the time taken for a group or cohort of starters to reduce to half its original size through the wastage process. Comparisons can be made for successive entry years or between different groups of employees in order to show where action may have to be taken to counter undesirable wastage trends.

The turnover index is still the easiest and most familiar method of measurement. But it should be supplemented with some measure of stability as an analysis of turnover or wastage as part of human resources planning requires detailed information on length of service of leavers to identify problem areas and to provide a foundation for supply forecasts.

## **2.2 Job Satisfaction And Labour Turnover**

### **Implications of labour turnover**

Nzuve (1997) views staff movement in and out of organizations as a normal action but also argues that mass exodus of staff from

organizations is not. A high index of labour turnover is an indication to management that something is wrong with the health of an organization (Pigors and Myers).

But much as labour turnover may be a danger signal to an organization, Pigors and Myers argue that it may be beneficial where it enables staff to utilize their capacities more effectively in other jobs and if it meets the needs of expanding firms and industries in other areas of an economy. Thus, turnover which may be a cost to one firm may be a gain to another firm which is recruiting more people.

Pigors and Myers also view labour turnover as a problem not only due to financial costs but its unstabilizing effects to an organization. Labour turnover triggers loss adjustment on work groups, disrupts teamwork which in turn affects work efficiency and quality adversely.

In his view, the main reasons that account for this has to do with the terms and conditions of service. Nzuve (1999) argues that people join and work in organizations that have means to satisfy their needs. In return for their efforts, organizations provide incentives and rewards to motivate people in order to achieve their objectives.

### **Perception of work conditions and labour turnover.**

Unlike other writers mentioned in this chapter, Nzuve has dwelt more on the main factors that trigger labour turnover. In his view, the main reasons that account for this has to do with the terms and conditions of service. Nzuve (1999) argues that people join and work in organizations in order to satisfy their personal needs. They are attracted to organizations that have the means to satisfy their needs. In return for

their efforts, organizations provide incentives and rewards to motivate people in order to achieve their objectives. Nzuve defines motivation as that process that energizes, directs and sustains behaviour. He lists lack of recognition to staff, training, career growth, challenging opportunities as some of the factors that affect motivation.

Huczynski shares a similar view on workers motivation when he argues that motives are the major determinants of people's behaviour at work. He contends that workers are motivated by a variety of factors, which include the following: -

- Interesting work characteristics
- The need for achievement
- Desire for recognition for work done
- Opportunities for self-development
- The need for variety and change in tasks performed
- Opportunity for creativity
- Availability of social contacts
- Money and tangible rewards
- Existence of an organizational structure
- Good physical conditions at work

The above factors are the determinants of job satisfaction and are very crucial in any organization as they determine the level of worker's commitment to the goals and objectives of an organization.

Nzuve and Huczynski's views are supported by Organ, D. W. (1978) who equates job satisfaction with morale. In his view, people spend a sizeable proportion of their working lives at work. From a humanitarian point of

view, a work place should offer satisfaction. The time spent at a work place should be pleasant, agreeable and fulfilling.

### **Job satisfaction and employee motives**

(i) The basis of human motivation

To Organ(1978), there is a relationship between job satisfaction and mental and physical health of a worker. He describes job satisfaction as that condition of physical and emotional well being in the individual that makes it possible for him to work and live hopefully and effectively. Job satisfaction enhances workers commitment to the goals and objectives of an organization. An ideal work situation is therefore one where the needs and concerns of workers are addressed and met appropriately.

Barbara (1985) argues that a human being is a wanting animal, almost always desiring something. He argues further that human beings are interested in growing rather than simply restoring balance or avoiding frustration. Hence, as one desire is satisfied, another arises to take its place. In a drive to self-actualize the individual moves forward toward growth, happiness and satisfaction.

Organizations must therefore strive to create conducive environments within which their goals and objectives can be met. The environment must first and foremost satisfy the individual needs of the workers. This confirms Albers view that "an organization cannot long survive if it fails to satisfy the personal motives of those who contribute resources" (1965). To Albers, motivation has its roots in motives, which induce man to

behave in a particular manner. They evolve partly from the physiological conditions that create sensations of hunger, thirst, pain and sexuality (Freeman and Stoner).

From the literature reviewed, it is evident that human activity is driven by desire to seek comfort and pleasure and to avoid discomfort and pain. The motive for a specific act is due primarily to physiological factors or social factors or more often to the interaction of the two. To Arkinson (1966), human actions are expressed by the level of aspiration, preference for risk, willingness to put forth effort and to persist in an activity. People's motives are not directly observable and can only be inferred from behaviour.

The above literature provides a good framework within which the link between workers motivation and labour turnover can be understood. However, this literature is too general and theoretical and it does not refer to any specific work environment. In Albers view, human motives are influenced by culture and they have differences and similarities. Social and organizational specialization demands people with different motives to fit into diverse roles and tasks. Organizations have a social problem of not having a sufficient supply of people who have appropriate motives for the jobs that need to be done.

Furnham, (1992) points out that personality and individual differences account for the difference in behaviour. He notes further that most theories of motivation tend to be general and are assumed to be applicable to all individuals. It is my argument in this study that to gain a full understanding of workers behaviour in any given environment, specific studies are necessary as each work place has its own unique characteristics.

(ii) Past studies on Motivation

On the local scene, Abwao A. K. conducted a study on workers motivation in 1981. It focused on non-managerial workers in the hotel industry in Nairobi. Abwao examined the needs on Abraham Maslow's hierarchy, which may influence behaviour for this category of hotel workers. From the study, Abwao concluded that the affiliative needs among this category of workers were more important as a motivator than any other need on Maslow's hierarchy. Abwao's study is useful in explaining the problems of hotel workers in as far as the needs mentioned in Maslow's hierarchy are concerned. The study sought to investigate whether the needs mentioned in Maslow's hierarchy are valid and to rank them in order of importance. Hotel staffs are salaried and assured of a constant flow of income unlike the insurance agents and the two environments are different in this respect.

Various research studies have been conducted in the area of staff motivation. Between 1890 and 1930 Fredrick W. Taylor and others, in an effort to increase work efficiency, conducted a series of studies that resulted to the discovery of the scientific management theory. They sought to determine scientifically the best methods for performing each task, and for selecting, training and motivating workers. Using time study as his base, Taylor broke each job into its components and designed the quickest and best methods of operations for each part of the job. He established how much workers should be able to do with the equipment and materials at hand. He encouraged more pay for more productive workers. The increased pay was determined from the greater profit that would result from increased production. Workers were encouraged to surpass their performance standards and earn more pay. He called this the differential rate system.

Through a study of motion and fatigue in 1912, Frank B. and Lillian Gilbreth made their contributions to the scientific management theory. In their

conception, motion and fatigue are intertwined - every motion that is eliminated reduces fatigue. Through use of picture cameras, they were able to discover the most economical motions for each task, thus upgrading performance and reducing fatigue. The Gilbreth's argued that motion study would raise worker morale because of its obvious physical benefits and because it demonstrated managements concern for the worker. They developed a three-position plan of promotion that intended to serve us an employee-development programme as well as a morale booster. Each worker would do his or her present job, prepare for the next highest one, and train a successor, all at the same time. Thus every worker would be a doer, a learner, and a teacher and would continually look forward to new opportunities.

In what came to be known as the Hawthorne Experiments, Elton Mayo and his associates (1924-1934) conducted a series of studies on human behaviour at work and concluded that employees would work harder if they believed that management was concerned about their welfare and supervisors paid special attention to them. They also concluded that informal work groups – the social environment of employees – have a positive influence on productivity.

In the late 1950's, Frederick Herzberg conducted a study of Job attitudes of two hundred engineers and accountants. He asked the subjects to recall times when they felt exceptionally good about their jobs and times when they felt bad. From his research, he concluded that job dissatisfaction come from two separate sets of factors which he called satisfiers (motivating factors) and dissatisfies ("hygiene factors"). The motivating factors included achievement, recognition, responsibility and advancement. These are related to the nature of work (job content) and to rewards that result directly from performance of the work tasks. The dissatisfiers include salary, working conditions, and company's policy and



involved the individuals relationship to the organization's environment (job context) in which the work is being done.

Through his studies in the 1960's, David C. McClelland found that people with a high need for achievement needs (nAch) tend to be highly motivated by challenging and competitive work situations while those with low achievement needs tend to perform poorly in competitive or challenging work situations. McClelland also found the need for affiliation an important factor in employee satisfaction.

Through the button experiments, David Glass and Jerome Singer concluded that employees perform much more productively if they have some control over their situation. In one experiment, subjects were divided into two groups and told to perform a series of boring and repetitive tasks, some of which were impossible to complete. There was background noise consisting of people speaking Spanish and Armenian, machines rocking and grinding, and a clicking typewriter. One group was given a button that would shut off the noise and was told to feel free to use it – but only if the noise became too great to bear. The other group was given no button. The group with the button outperformed the group without the button by a large margin. Members tried to solve five times the number of insoluble puzzles and had fewer errors in the repetitive tasks. But no one in the group even used the button. It was enough for them to know that they had control and could exercise it if need be. Because they perceived they had control, the subjects performed more successfully.

From the foregoing, it is clear that David C. McClelland was more concerned with those characteristics inherent in human beings that direct behaviour while Elton Mayo and Fredrick Herzberg viewed staff motivation as a function of work conditions. Fredrick Taylor, Gilbreth, David Glass and Jerome Singer were concerned with staff productivity improvement.

Ambrose, M.L. (1999) did a review of empirical research on work motivation published during the 1990's. The review was limited to studies addressing work motivation. It focused on two areas: -

- (1) The traditional motivation theories – These are: - motives and needs, expectancy theory, equity theory, goal setting, cognitive evaluation theory, work design and the reinforcement theory.
- (2) This covered new research areas that have seen increased interest and activity in the 1990's. These are: - Creativity, Groups and Culture. Each of these has its roots in one of the traditional theories of motivation.

His findings were that: -

- (a) The traditional motivation theories are still firmly entrenched and he does not foresee any major paradigm shift in our understanding of employee motivation.
- (b) Throughout the 1990s, researchers used established motivational theories as a framework for examining and predicting employee behaviour.
- (c) Most of the research studies in the 1990s were concerned with the biggest difficulties associated with motivation, defining motivation and measuring the factors that affect motivation. He adds that most definitions of motivation include a focus on three components: - activation, direction and maintenance of behaviour. There was very little empirical research to examine how employee motivation influences subsequent task performance. Many studies either measured motivation or outcome

variables such as performance without studying the link between those constructs.

It is therefore apparent that a gap exists as no specific research study has been conducted that can explain the link between morale and labour turnover.

In the light of the above, a specific study focusing on workers morale was necessary to facilitate understanding of the high labour turnover within British-American Insurance Company.

### **Theoretical Framework**

The behaviour of human beings at the work place can best be understood within the framework of the theories of social exchange and motivation. The basic assumption is that there are certain factors in a human being that cause, channel and sustain behaviour. The management of organizations must work through people in order to achieve their desired goals and objectives.

### **The Social Exchange Theory**

The fundamental assumption underlying all exchange theories is that men always seek to make some profit in their exchange transaction with others, which are to a significant extent governed by considerations of costs and benefits - material or non-material.

Zanden (1987) maintained that people enter into exchange relationships because they derive rewards from doing so. Social exchange theorists broaden the economists' concept of exchange of commodities to include the exchange of social approval, love, gratitude, security and recognition. The behaviorist's

theory of learning is also broadened to include the process by which people satisfy one another's needs and by which they reward one another.

George Homans is the most outstanding spokesman of the current exchange theory. His theory is derived from behavioral psychology and elementary economics (rational choice theory). According to Timasheff (1967), Homans viewed a group as a social system surviving in an environment and social interaction as a kind of exchange which cannot continue for long unless both parties are making a profit. Each person in an exchange expects that rewards will be proportional to cost.

Homans social exchange theory was fashioned after the principles of conditioned animal behaviour. The fundamental assumption underlying this theory is that the principles of describing animal behaviors will form the core of a deductive system of propositions explaining social behaviour.

One of George Homans's basic propositions about his exchange theory, the deprivation-satiation proposition, is relevant to this study and can form a very useful guide in our understanding of the behaviour of human beings in the workplace. The proposition, according to Homans (1974), states that; "the more often in the recent past a person has received a particular reward, the less valuable any further unit of that reward becomes for him". This means that there are occasions that a man finds the same kind of a reward more valuable than others. A man will also find one kind of a reward more valuable than a different kind on the same occasion.

Satiation sets in when a reward becomes too often. The value for the reward decreases and man is no longer prompted to perform the action that often follows the reward. On the other hand, deprivation also sets in where in the recent past; a man has rarely received a reward he values. In such a situation,

the value for such a reward increases and he becomes more apt to perform an action that is normally followed by this reward.

In a work environment, workers expect rewards in exchange for their Labour and not punishment. On the other hand, the employer expects productivity. Satiation in organizations can occur if the terms and conditions of work are not often reviewed. Satiation and deprivation are problems of concern to management of organizations and are situations that can have adverse effects on an organization's productivity as they disrupt behavior of workers. Constant reviews of workers terms and conditions of service keeps organizations abreast with the changing needs of their workers while at the same time ensuring that workers are not deprived of any rewards. The problem of demotivated Sales Agents in British-American can be understood within the context of Homan's deprivation-satiation proposition. The inability to meet set sales targets by many of them, terminations due to frauds and mass resignations are indications that many of them are not satisfied with their jobs. This requires intervention by management and a review of their terms and conditions of service is necessary at this point.

Homans however pointed out that the deprivation – satiation proposition is not very precise and states only a very general tendency. What constitutes the recent past within which deprivation or satiation takes place must be different for different kinds of rewards.

The principles of conditioned animal behaviour after which Homans's theory was fashioned were formulated on the basis of behavioral psychologists highly controlled observations of Laboratory animals whose needs could be informed from deprivation imposed by the investigators. According to Turner (1974), the theory has been a subject of much criticism from various scholars due to its various shortcomings. Scholars like Parsons, Eisenhardt and Ekeh argued that

man is different from other creatures in that he has a culture. Human needs are much more difficult to ascertain as human beings interact in-group situations that defy experimental controls. They give and take, or exchange rewards and punishments. Human behaviour consists of and is dependent upon use of symbols. Man is not always rational and he is not always maximizing material benefits. Things for him have a symbolic value, not simply intrinsic value, because of the meaning bestowed on them by culture.

But despite this criticism, Homans's work made a significant contribution to the understanding of human behaviour in an exchange situation.

## **Motivation Theories**

Motivation theories can be categorized into three classes. These are: -

- (a) Content theory
- (b) Process theory
- (c) Reinforcement theory

Content theories focus on the "what" of motivation while process theories focus on the "how" of motivation. The third approach, reinforcement theories, emphasizes the way in which behaviour is learnt.

### **(a) Content Theory**

The content theory is associated with Abraham Maslow, Alderfer, McGregor, Herzberg, Atkinson and McClelland. This perspective focuses on the "what" of motivation. It assumes that the individual actions are

prompted by the desire to satisfy particular needs. The theory attempts to answer such questions as; what needs do people try to satisfy? What impels them to action? Individuals have inner needs that they are motivated to fulfill. They will act or behave in ways that will lead to the satisfaction of their needs. The Sales Agents in British American have certain expectations from the company in return for their services. They expect a reasonable pay in form of commissions, benefits and incentives. The work environment must also be conducive and such issues like supervision, decision making, training and career development are very crucial determinants of job satisfaction. These are the factors that motivate them to work. It is the availability of the above or lack of it that determines their work behaviour. Their actions can therefore be understood within that context. The management has a duty to know and understand this behaviour as they have a responsibility to provide job satisfaction in order to facilitate attainment of the wider company goals and objectives.

But although Managers can sometimes determine their subordinates' actions by observing their actions and even predict their behaviour by becoming aware of their needs, motivation can be far more complicated because needs differ considerably among individuals and will change overtime. The way needs are translated into actions also differ from one individual to the other. People do not always act on their needs consistently. Reactions of individuals to need fulfillment or lack of fulfillment also differ. The more we get to know the people around us the better able we will be to understand their needs and what will motivate them. But human behaviour depends on so many complexities and alternatives that we are occasionally bound to make incorrect predictions.

## **(b) Process Theory**

The process theory is also known as cognitive theory because it is also concerned with people's perceptions of their working environment and the ways in which they interpret and understand it. The emphasis in process theory is on the psychological processes or forces that affect motivation as well as on the basic needs. Armstrong (1977) believes that the process theory can be more useful to managers than the needs theory as it provides a more realistic guidance on motivation techniques. The processes are expectations, goal achievement, behavioral choice and feelings about equity. Needs are viewed as just one element in the process by which individuals decide how to behave. For instance, an individual may see a strong possibility of receiving some reward if they act in a certain way. The reward becomes an incentive or motive for their behaviour.

The massive exit of agents in British-American through resignations, desertions, terminations and dismissals can be understood in the context of process theory. The Agents expect rewards in form of sales commissions, benefits and incentives and a good working environment in exchange for their services. Their commitment toward achievement of company goals depend on the availability of those rewards.

## **Reinforcement Theory**

Reinforcement theories are associated with B.F. Skinner and others. They focus on how the consequences of an individual's actions in the past affect his or her behaviour in the future. This approach to motivation is based on the "law of effect", that behaviour, which leads to rewarding consequences, tends to be repeated and behaviour with negative



consequences tends not to be repeated. It therefore follows that Managers can change behaviour of subordinates by changing consequences of that behaviour. The Sales Agents play a key role in the corporate performance of British-American Insurance and the management should therefore strive to create an enabling environment by providing the expected rewards in order to improve their performance.

Unlike the content and process theories, reinforcement theories do not utilize the concept of a motive or a process of motivation. Instead, they deal with how the consequences of a past action influence future actions in a cyclical learning process. People behave the way they do because they have learnt through experience that certain behaviors are associated with pleasant outcomes. People prefer pleasant outcomes and they are likely to avoid behaviour with unpleasant consequences.

Motivation theories have evolved from the traditional model, according to which people are motivated by economic needs, through the human relations model, which emphasized job satisfaction as a motivator, to the human resources model which suggests that high performance leads to satisfaction. According to the last model, individuals perform best when they can achieve personal as well as organizational goals.

Drawing from the ideas put forth by the content, process and reinforcement theories is the systems view of motivation propounded by Lyman Porter and Raymond Miles. Their view according to Stoner and Freeman (1988) is that the entire system of forces operating on the employee must be considered before the employee's motivation and behaviour can be adequately understood.

They identified three variables that affect motivation in the workplace; individual characteristics, which include the interests, attitudes and needs of the individuals; job characteristics, which are the attributes inherent in the task; and work situation characteristics, which include the organization's personnel and reward policies, organizational culture and the attitudes and actions of peers and supervisors.

Abraham Maslow's theory described human motivation as a hierarchy of five needs starting with physiological needs at the bottom and self-actualization at the top. He argued that individuals will be motivated to fulfill whichever need is most powerful at a given time and that each need must be at least partially satisfied before the individual desires to satisfy a need at the next higher level.

McClelland found that the need for achievement is closely associated with successful performance in the workplace. Following a research study in the late 1950's, Fredrick Herzberg concluded that job satisfaction and dissatisfaction come from two separate sets of factors, which he called satisfiers (motivating factors) and dissatisfies ("hygiene factors").

Characteristics of the work situation, particularly the actions of Managers, have a strong impact on motivation. Proper application of behaviour modification techniques has been found effective in improving employee performance and satisfaction. Behaviour modification, or learning theory, suggests that behaviour that is followed directly by reward is reinforced and tends to be repeated, while unrewarded or punished behaviour tends not to be repeated. Managers may use a variety of reinforcement techniques, such as positive reinforcement, avoidance learning, extinction or punishment.

According to Freeman and Stoner (1988), the older motivational theories have been criticized for assuming that all employees are alike, that all situations are alike, and that there is one best way of motivating employees. Mark (1967) supports this view with his argument that classical motivation theories which tend to be on a grand scale are becoming less important. Psychological researchers are concentrating more on small scale theoretical attempts to resolve a few specific problems rather than attempting to resolve in one theory a large number of specific problems". The integrative approach theories, which are more recent, are an attempt to address this criticism (Freeman and Stoner; 1988). These include the expectancy approach and equity theory.

The expectancy model bases motivation, performance, and satisfaction on what the individual expects from the proposed performance, how much effort the individual expects the proposed performance will require, and the valence, or value, the anticipated rewards have for the individual. Equity theory suggests that an individual's motivation, performance and satisfaction depend on the individual's comparison of his or her contributions and rewards with those of others in similar situations.

This study supports the view that to gain a comprehensive view of workers behaviour, the earlier theories on motivation are not adequate and should be supplemented by the recent integrative approaches, i.e. the expectancy and equity theory.

All employees are not alike and they have different aspirations. The nature of these aspirations is determined by their unique background characteristics. All work situations are not alike as different organizations have different goals and objectives. The differences in goals and objectives accounts for the difference in people's behaviour from one

organization to the other. As such, there is no one best way of motivating employees in different organizations. The behaviour of people in every organization must therefore be understood within its own context. The life insurance sector is a unique organization and the behaviour of employees within can only be understood in the light of this unique environment. Attempts to explain aspects of employees' behaviour without a specific study focusing on this sector might not be very helpful. This therefore justifies the need for this study.

### **Study hypotheses**

This study was guided by the following hypotheses: -

- (a) Satisfaction or lack of it with the current terms and conditions of service has an impact on the morale of sales agents.
- (b) Performance of the sales agents is related to morale.

Hypothesis 1: (PI): Dissatisfaction with the existing terms and conditions of service has a negative impact on the morale of sales agents.

### **Independent and dependent variables**

In this proposition, dissatisfaction with the terms and conditions of service of sales agents is the independent variable while "low morale of Sales Agents" is the dependent variable. Dissatisfaction at work is measured by low pay, lack of training, lack of involvement in decision making, lack of training, lack of incentives and benefits and poor career development and supervision policies among other factors.

Low morale of staff is measured by such actions as failure to achieve the agreed sales targets, massive staff exits, frauds and poor attitude to work. The specific indicators of this variable are as follows: -

- (i) Failure to achieve the agreed sales targets; the agreed sales target for a sales agent is a monthly sales premium of Ksh. 2500/= per month.
- (ii) Staff exits – This refers to termination of sales agents contracts for any of the following reasons: - resignation, fraud, validation (i.e. after failing to achieve targets) and transacting business for competitors.
- (iii) Poor attitude to work – This is manifested in such actions as frequent infraction of company rules and regulations, lateness and absenteeism and negative feedback on management decisions and communications.

Hypothesis 2: The low morale of the sales agents has led to their poor performance.

The independent variable is the "low morale of the sales agents" and the operational definition of this variable is the dissatisfaction of Sales Agents with the terms and conditions of service.

The "poor performance of the sales agents" is the dependent variable in this hypothesis. Poor performance is evidenced by failure of agents to meet their monthly performance targets of submitting business worth shs.2500.00. According to the company policy, this amounts to a breach of the provisions of the service contract and the consequence is termination of the said contract.

## CHAPTER 3

### METHODOLOGY

This chapter covers the site description, the data collection methods and the statistical techniques used in data presentation and analysis.

#### 3.1 Site Description

British-American Insurance Company Kenya limited is a leading composite Insurance company and part of a worldwide investment holdings organization with diverse business interests. The company started its operations in Kenya in 1965, as a Home service company providing individual life, superannuating and health insurance services. In 1991, the company expanded its range of product services by introducing group life insurance. With the introduction of general insurance services five years later, British-American became a fully composite Insurance company that continues to serve Kenyans from a well established branch network of 12 agency offices all over the country. The company's head office is at Upper Hill in Nairobi. Currently, it has a salaried workforce of 145 employees and 587 commissioned agents.

As indicated earlier, the company has experienced tremendous growth in the last five years with a recorded premium income of ksh.1.3 billion according to the annual accounts report for 2001. British-American is primarily a life insurance company and it is the market leader on the local scene.

The unit of analysis (element) in this study was the sales agent. A brief analysis on the changes in staffing levels that have occurred within British-American Insurance between 1999 and 2001 has been presented in chapter one. Statistics indicate that the target population reduced from 1150 to 871 over this period. A

site survey conducted in June 2002 revealed that this number had decreased further to 587. The company operates through a network of branches (Agencies) located in all the major towns within the country. There are 12 branches in all and the current distribution of the sales agents in each is as shown on table

**TABLE 2: Distribution of agents**

<b>NAME OF BRANCH</b>	<b>TOTAL FORCE</b>
Nairobi 1	73
Westland's	52
Nairobi 3	63
Mombasa	32
Nakuru	46
Kisumu	60
Nyeri	47
Eldoret	61
Kisii	37
Thika	52
Meru	57
Embu	51
<b>TOTAL</b>	<b>629</b>

Source: Agents portfolio report, 2001

In every branch, there is an appointed Agency Manager who is in charge of all business operations. The sales agents within each branch are grouped into sales teams and each is headed by a Unit Manager who reports to the Agency Manager. On average, every branch has about 4 units. The unit manager is responsible for recruitment and training of sales agents.

### 3.2 Sampling Procedures

The survey population in this study comprises Sales Agents who are currently working with the company and a small number who are no longer in the service of the company.

From a target population of 1200 Sales agents distributed within the 12 branches of the company, a sample size of 120 agents was drawn. This constitutes 10% of the target population. To Kerlinger (1964), random sampling gives every member of a population an equal chance of being selected. According to Wallace (1965), a sample of size  $n$  is said to be a random sample if it was obtained by a process which gave each possible combination of  $n$  items in the population the same chance of being the sample actually drawn. To Clelland (1973), statisticians call these random experiments. It is an observed phenomenon, which has three properties: -

- It can be repeated physically or conceptually.
- The set consisting of all of its possible outcomes can be specified in advance.
- Its various repetitions will not always yield the same outcome.

Simple examples of random experiments are such common activities as rolling a die or tossing of coins. Table 3 shows the distribution of the survey population within the branches and the sample sizes to be drawn from each location. The proportionate random sampling method was used to determine the number to be interviewed at every branch. To identify the individuals to be interviewed, the simple random sampling method was used.



**Table 3. – Sampling Details**

<u>NAME OF BRANCH</u>	<u>CURRENT AGENCY FORCE</u>	<u>TOTAL SAMPLE SIZE</u>
Nairobi I	73	14
Westlands	52	9
Nairobi III	63	12
Mombasa	32	6
Nakuru	46	8
Kisumu	60	12
Nyeri	47	9
Eldoret	61	12
Kisii	37	7
Thika	52	10
Meru	57	11
Embu	51	10
<b>TOTAL</b>	<b>629</b>	<b>120</b>

Once the sample size for each of the 12 branches was determined, the researcher made site visits to each location where a simple random selection exercise of respondents using the ballot method was conducted. This involved use of a small box containing pieces of paper marked X and Y. The total number of pieces of paper at every location was tallied with the total number of sales agents that comprised the survey population within that particular location. The pieces marked Y were equivalent to the sample size for each location. Those who picked the Y pieces were the respondents and they were given the

questionnaires to complete. Those who picked the x pieces comprised the non-respondents. The respondents were requested to complete the questionnaire with the assistance of the researcher himself. Agency managers were also requested to complete a separate questionnaire, which was designed to collect data to confirm information from the sales agents.

### **3.3 Unit Of Analysis**

This study relied on both primary and secondary data. The sales agents and the company management were the key sources for primary data while the bulk of secondary data was gathered from textbooks and other reading materials in the libraries. The individual life sales department of British American Insurance provided some useful secondary data. Some of this information is in form of correspondences between the management of British- American Insurance and the Commissioner of Insurance and it relates to complaints raised by Sales Agents against the management of the company – see annex iii, iv, v, and vi. Both qualitative and quantitative data was collected through reference to written works by the researcher, personal interviews with company managers and structured questionnaires.

Two types of questionnaires (marked annex (i) and (ii) respectively and appended to this report) were used to collect data. Type one questionnaire for sales agents was designed to seek two types of information: -

- (i) Personal attributes like age, marital status and level of education.
- (ii) Agents' perception about their terms and conditions of service e.g. rewards, culture of the company and company policies. The respondents were asked to indicate their workstation.

Type two questionnaire was used to collect data from Agency Managers. They were requested to give their comments on the reason for the high labour

turnover and the feelings of agents regarding their terms and conditions of service.

Agency offices are distributed throughout the country and sales agents are only available at these offices on Fridays when they attend management briefings. The researcher could only visit one office at a time and data collection therefore took a period of twelve weeks. The agency managers assisted the researcher in locating ex-agents. Ex-Sales Agents used the same questionnaire as the other sales Agents but were requested to indicate reasons why they left.

### 3.4 Data Analysis Techniques

The statistical techniques used to analyse data in this study includes the chi-square tests of association between variables, frequency distribution tables and percentages. The chi-square is a test of association and was found appropriate in this study as there are more than one variables to be measured on a nominal scale and there is need to determine if the frequencies observed in a sample also hold in the population. Chi-square tests the hypothesis that two variables are only related by chance. If a significant relationship is found, this is not equivalent to establishing the researcher's hypothesis that A causes B, or that B causes A. According to Agresti(1996), adequate cell sizes are also assumed. Some require 5 or more, some require more than 5, and others require 10 or more. A common rule is 5 in all cells of a 2- by-2 table, and 5 or more in 80% of cells in larger tables, but no cells with zero count. Observations must be independent and must have the same underlying distribution.

According to Lowe (1968), the chi-square test is denoted by use of symbol  $\chi^2$  and is computed as follows: -

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where O is the observed frequency and E is the expected frequency. The following steps are used in the computation: -

- (i) Compute totals of columns and rows and the grand total of the observations (Denoted by O).
- (ii) Compute the expected frequencies and ensure that the totals of rows, columns and the grand totals are the same as those of the observed frequencies.
- (iii) Compute the differences between the observed and expected frequencies i.e.  $\frac{(O - E)^2}{E}$
- (iv) Sum the values in 3. i.e.  $\sum \frac{(O - E)^2}{E}$
- (v) Determine the degree of freedom.
- (vi) Determine probability of association.

If the calculated  $X^2$  is larger than the observed  $X^2$ , then the  $X^2$  is held to be significant and the  $H_0$  (Null Hypothesis) is rejected. In other words, the null hypothesis ( $H_0$ ) may be rejected if the calculated  $X^2$  falls into the rejected area of the  $X^2$  sampling distribution (given the risk taken).

## CHAPTER 4

### MOTIVATION AND LABOUR TURNOVER

In this chapter, the data collected from the field is presented and analysed using the statistical techniques described in chapter three.

#### 4.1: General Characteristics of the Employees Sampled

The findings of this study are based on the views, opinions and expressions of the Sales Agents who comprised the target group. The study involved a total of 120 respondents from all agency offices of British – American Insurance.

**Table 4.1: Distribution of respondents by gender**

Gender	Frequency	Percentage
Female	22	18.3
Male	98	81.7
<b>Total</b>	<b>120</b>	<b>100.0</b>

The above table indicates that 18.3% of the sample population were females while 81.7% were males. This can be attributed to the fact that there are fewer female employees than males in British- American Insurance. Female Sales Agents comprise 25% of the total workforce. According to information from the company management, there has been very few female applicants for the Life Insurance Sales.

The total number of respondents was 120.

**TABLE 4.2: Distribution of respondents by age**

Age	Frequency	Percentage
20 – 25	15	12.5
26 – 30	44	36.7
31 – 35	26	21.7
36 – 60	35	29.2
<b>TOTAL</b>	<b>120</b>	<b>100</b>

The majority of the respondents (36.7%) are within the age bracket 26 to 30 years. The age bracket 36 to 60 years had 29.2% of the respondents while 21.7% fall within 30 to 35 years age bracket. The age bracket 20 to 25 years had 12.5% of the total respondents.

**TABLE 4.3: Distribution of respondents by level of education**

Level Of Education	Frequency	Percent
Secondary	40	33.3
College	68	56.7
University	12	10.0
<b>TOTAL</b>	<b>120</b>	<b>100</b>

The majority of respondents (56.7%) have attained college education while 33.3% have secondary school level of education. Ten percent (10%) have university education. The fact that majority of the Sales Agents are well educated can be

attributed to the recruitment policy of the company. According to this policy, the minimum education level for Sales Agents is secondary school.

**TABLE 4.4: Distribution Of respondents by marital status**

<b>Marital Status</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Widowed</b>	<b>1</b>	<b>0.8</b>
Single	34	28.3
Married	83	69.2
Separated	2	1.7
<b>TOTAL</b>	<b>120</b>	<b>100</b>

The table above indicates that 69.2% of the respondents are married while 28.3% are single. Those who are separated accounted for 1.7% while 0.8% are widowed. The company's recruitment policy again gives preference to those aged above 25 years and married as they tend to be more committed to work than the young and unmarried youths. The reason given by management for this is that those who are married are mature and have to work hard in order to be able to provide for themselves and their dependants. This explains why there are more married agents than singles.

**TABLE 4.5: Distribution of respondents by dependants**

	Frequency	Percent
0	13	10.8
1-3	59	49.2
4-6	39	32.5
7+	9	7.5
Total	120	100.0

The above table indicates that the majority of respondents(49.2) have between one and 3 dependents. Those with 4 to six dependants constituted 32.5%. Those with more than seven dependants comprised 7.5% while 10.0 % had no dependants. This can be attributed to the fact that the majority of the respondents are married and therefore have children and spouses who depend on them.

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## 4.2: Factors influencing job satisfaction

### 4.2.1. Training

**TABLE 4.6: Bass Training**

	Frequency	Percent
Poor	38	31.7
Good	82	68.3
Total	120	100.0

The above table indicates that 68.3% of the respondents rated British- American Sales System (BASS) training policy as good. "Bass" is an abbreviation for British- American sales system. This training on company products is meant to equip them with the relevant knowledge about the various life insurance products that the company provides. Those who had a poor perception of the training system comprised 31.7%.

**Table 4.7: Bass Training And Gender**

			Sex		Total
			femal	mal	
BASS	Poor	Coun	10	28	38
		Expected	7.0	31.0	38.0
	Good	Coun	12	70	82
		Expected	15.0	67.0	82.0
Total	Coun	22	98	120	
	Expected	22.0	98.0	120.0	

Table 4.7 represents an analysis of the respondent's feelings about Bass (British – American Sales System) training. The analysis is based on the respondent's gender characteristics. The results indicate that the majority of the respondents (98) were males while the females constituted the least minority with 22 respondents. The total number of the respondents was 120.

The results further indicate that the majority of the respondents (82) rated the Bass training system as good while 38 respondents indicated that Bass training is poor.

**Table 4.8: Bass training and gender chi test**

	Value	df	Asymp. Sig. (2-
Pearson Chi-Square	2.367 <sup>b</sup>	1	.124

From the above table, the chi square test value is 2.367 against a table value of 3.84. There was 1 degree of freedom. The significance is 0.151. There is no significant difference since our significance level is more than 0.05. We therefore conclude that the two variables are not associated. Since the rows and columns of the contingency table are independent, the rating of BASS training (poor and good) is independent of the gender of the respondents. The gender factor has no influence on the respondent's feelings about the BASS training system. However, most respondents interviewed had very positive feelings about the BASS training system. They explained that the training is designed to familiarize new Sales Agents with the operations of the company, the

market and product knowledge so that they are able to sell. The training is provided to all the new Sales Agents immediately they are hired as part of the orientation programme. It is the existence of this well designed training programme and not the gender factor that explains for their positive feelings about the BASS system.

**Table 4.9: Bass training and length of service**

			length of service				Total
			less than one year	less than 3 years	less than 5 years	over 5 years	
BASS training	Poor	Count	6	13	8	11	38
		Expected Count	4.1	12.4	9.5	12.0	38.0
	Good	Count	7	26	22	27	82
		Expected Count	8.9	26.7	20.5	26.0	82.0
Total		Count	13	39	30	38	120
		Expected Count	13.0	39.0	30.0	38.0	120.0

Table 4.9 above analyses the feelings of respondents about Bass training based on their length of service. The results indicated that the majority of the respondents (39) had less than 3 years service while 38 had over 5 years service. Those with less than 5 years were 30 while 13 had less than one-year service.

The results further indicate that 82 respondents rated Bass training as good and another 38 poor. The total number of respondents was 120.

**Table 4.10: Bass Training And Length Of Service Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.787 <sup>a</sup>	3	.618

The calculated chi square test value is 1.787. There are 3 degrees of freedom and the significance is 0.618. The table value is 7.81. Since our significance level is more than 0.05 and we therefore conclude that there is no association between the two variables. The rows and columns of the contingency table are independent; therefore the rating of the Bass training does not depend on the length of service of the respondents. We therefore conclude that the length of service of the Sales Agents has no influence on their feelings about Bass training. Their feelings can again be explained by the existence of a good training system designed to equip new Sales Agents with product knowledge necessary to enable them to penetrate the market and sell. From the data analysis, the majority of respondents had a very high rating for the BASS system irrespective of their length of service.

**Table 4.11: Bass Training and Level Of Education**

			level of education			Total
			secondary	college	university	
BASS training	Poor	Count	12	21	5	38
		Expected Count	12.7	21.5	3.8	38.0
	Good	Count	28	47	7	82
		Expected Count	27.3	46.5	8.2	82.0
Total	Count		40	68	12	120
	Expected Count		40.0	68.0	12.0	120.0

Table 4.11 contains an analysis of the feelings of 120 respondents about Bass training. The analysis is based on the respondent's level of education. From the results obtained, 40 had obtained secondary school level of education while 68 had attained college level. Only 12 had attained University education. From the total number, 82 indicated that Bass training is good and 38 indicated it was poor.

**Table 4.12: Bass training and Level of education chi test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.625 <sup>a</sup>	2	.732

The chi square test value was 0.625 at 2 degrees of freedom while the level of significance was 0.732. The table value is 5.99. Our level of significance was set at more than 0.05. This indicates that there is no association between the level of education and their feelings about Bass training. We therefore conclude that the level of education of Sales Agents has no influence on their feelings about Bass training. The feelings of respondents about Bass training can again be explained by the fact that the training system is highly regarded by the majority of respondents due to its suitability to new Sales Agents. The system equips them with the necessary knowledge about the market in which they are required to operate and the products they are required to sell.

**Table 4.13: Continuous Training**

	Frequency	Percentage
Poor	7	61.7
Good	46	38.3

The above table indicates that the majority (61.7%) of the respondents rated continuous training as poor while 38.3% rated the same as good.

**Table 4.14: Continuous Training And Gender**

			Sex		Tota
			femal	mal	
continuou trainin	Poor	Coun	16	58	74
		Expected	13.6	60.4	74.0
	Good	Coun	6	40	46
		Expected	8.4	37.6	46.0
Total	Coun	22	98	120	
	Expected	22.0	98.0	120.0	

Table 4.14 above summarises the feelings of respondents about the company's continuous training policy. The total number of respondents was 120 and they were categorized according to their gender characteristics. There were 22 females and 98 males. Seventy four rated the continuous training policy as poor while 46 indicated it was good.

**Table 4.15: Continuous training and gender chi test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.394 <sup>a</sup>	1	.238

The above table indicates that the chi-square test value is 1.394 at 1 degree of freedom. The significance level is 0.238. The table value is 3.84. Our level of significance was 0.05 and we therefore conclude that there is no association between the two variables. Therefore there is no association between the respondent's gender and their perceptions about continuous training. However, information available from

the Agency Managers during the data collection exercise indicates that there is no elaborate policy on continuous training for Sales Agents in the company. For instance, there is no Training Manager who can handle the training function like in other companies. This factor and not their gender background explains for their poor feelings about the company's continuous training policy.

**Table 4.16: Continuous Training And Length Of Service**

			length of service				Total
			less one	less 3 years	less 5 years	over 5	
continuous training	Poor	Count	6	21	22	25	74
		Expected	8.0	24.1	18.5	23.4	74.0
	Good	Count	7	18	8	13	46
		Expected	5.0	15.0	11.5	14.6	46.0
Total	Count	13	39	30	38	120	
	Expected	13.0	39.0	30.0	38.0	120.0	

Table 4.18 above summarises the feelings of respondents about continuous training policy. The respondents are categorized according to their length of service to the company. Those respondents who had less than one year in the company were 13 while 39 respondents had less than 3 year's service. Thirty respondents had less than 5 years while those with over 5 year's service were 38. From the overall total, a majority of 74 respondents rated the continuous training policy as poor while 46 indicated it was good.

**Table 4.17: Continuous Training and Length Of Service Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-	4.333 <sup>a</sup>	3	.228

From the above test the chi square test value is 4.333 at 3 degrees of freedom. The level of significance is 0.228. The table value is 7.81. Since our level of significance is more than 0.05, we conclude that there is no association between the two variables. The length of service of the respondents has no influence on their feelings about continuous training. This means that the feelings of the Sales Agents about the continuous training policy of the company are not in any way influenced by their length of service to the company. Here again, the absence of an elaborate continuous training policy can explain the perceptions of the Sales Agents.



**Table 4.18: Continuous Training And Age**

			age				Total
			20-25	25-30	30-35	35-60	
continuou trainin	Poor	Coun	7	30	17	20	74
		Expected	9.3	27.1	16.0	21.6	74.0
	Good	Coun	8	14	9	15	46
		Expected	5.8	16.9	10.0	13.4	46.0
Total	Coun	15	44	26	35	120	
	Expected	15.0	44.0	26.0	35.0	120.0	

Table 4.18 summarises the feelings of respondents about the company's continuous training policy. The analysis is based on the age characteristics of the respondents. The majority of the respondents (44) are in the age bracket between 26-30 years of age. Thirty-five are between age 36-60 years while 26 are between 20-25 years of age. The majority (74) of respondents rated the continuous training policy as poor while 46 rated it as good.

**Table 4.19: Continuous Training And Age Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.673 <sup>a</sup>	3	.445

The chi square test results indicate that the calculated test value was 2.673 at 3 degrees of freedom. The level of significance is 0.445. The table value is 7.81. Our level of significance is more than 0.05. We therefore conclude that there is no association between the age of the respondents and their feelings about the company's continuous training policy. In the absence of such association, the perception of the Sales Agents can only be understood in terms of the fact that there is no clearly defined policy on continuous training for Sales Agents.

**Table 4.20: Continuous Training And Level Of Education**

			level of education			Total
			secondary	college	university	
continuous training	Poor	Count	24	42	8	74
		Expected	24.7	41.9	7.4	74.0
	Good	Count	16	26	4	46
		Expected	15.3	26.1	4.6	46.0
Total	Count	40	68	12	120	
	Expected	40.0	68.0	12.0	120.0	

The analysis on table 4.20 is based on the respondent's level of education. The results indicate that the majority of respondents(68) have attained college education. Forty have secondary school level of education while only 12 reached university level. A majority of 74 respondents rated the company's continuous training policy as poor while 46 indicated it was good.

**Table 4.21: Continuous Training And Level Of Education Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-	.174 <sup>a</sup>	2	.917

The above table indicates that the chi test value was 0.174 at 2 degrees of freedom. The level of significance is 0.917. The table value is 5.99. Since our level of significance is more than 0.05, we conclude that there is no association between the two variables. Therefore, the feelings of the respondents about the company's continuous training policy is not influenced by their level of education. We therefore conclude that the level

of education of the Sales Agents has no influence on their feelings about continuous training offered by the company. Those feelings are attributable to lack of a clearly defined continuous training policy for Sales Agents.

**Table 4.22: Continuous Training And Marital Status**

			marital status				Total
			widowed	single	married	separated	
continuous training	Poor	Count	1	21	50	2	74
		Expected Count	.6	21.0	51.2	1.2	74.0
	Good	Count	1	13	31	3	46
		Expected Count	.4	13.0	31.8	.8	46.0
Total	Count	1	34	83	5	120	
	Expected Count	20	34.0	83.0	2.0	120.0	

The analysis on table 4.22 is based on the respondent's marital status. The results indicate that the majority of respondents (83) are married while 34 are single. Two are separated and only 1 is widowed.

A majority of 74 rated the continuous training policy as poor while 46 indicated it was good.

**Table 4.23: Continuous Training And Marital Status Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.936 <sup>a</sup>	3	.586

From the above table, the calculated chi square test value is 1.936 at 3 degrees of freedom. The level of significance is 0.586. The table value is 7.81. Our level of significance is more than 0.05 meaning there is no association between the two variables. The feelings of the respondents about continuous training are therefore independent of their marital status. Therefore the perceptions of the Sales Agents in British – American Insurance about the continuous training policy of the company is not in any way influenced by their marital status. Their poor perceptions about continuous training can be attributed to lack of a clearly defined policy on continuous training.

#### 4.2.2: Financial Support To New Sales Agents

**Table 4.24: Financial Support To Sales Agents**

	Frequency	Percentage
Poor	117	97.5
Good	3	2.5
Total	120	100.0

The above table shows that the majority of the respondents (97.5. %) rated the financial support extended to new agents as poor. Only 2.5% of the respondents considered this as good.

**Table 4.25: Financial Support To Agents And Gender**

			Sex		Total
			female	male	
financial support	Poor	Count	15	90	115
		Expected Count	21.5	95.6	117.0
	Good	Count	7	8	5
		Expected Count	.6	2.5	3.0
Total	Count	22	98	120	
	Expected Count	22.0	98.0	120.0	

The analysis on table 4.27 above is based on the respondent's gender characteristic. The results indicate that the majority (98) of the respondents were males. Females were 22. The results further indicate that majority of the respondents (115) rated financial support to agents as poor while only 3 indicated it was good.

Table 4.26: Financial support to agents and gender chi test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.691 <sup>b</sup>	1	.406

The calculated chi square test value was 0.691 at 1 degree of freedom. The level of significance is 0.406. This is less than our significance level of more than 0.05. The table value is 3.84. We therefore conclude that there is no association between the two variables. This means that the gender characteristics of the respondents has no influence on their feelings about the financial support extended to new agents. Therefore the feelings of Sales Agents about the financial support extended to new agents is not influenced by the gender factor. However, those feelings can be attributed to the fact that the financial support extended to the new Agents is inadequate .This information was confirmed by the Sales Manager and Agency Managers.

**Table 4.27: Financial Support To Agents And Length Of Service**

			length of service				Total
			less than one year	less than 3 years	less than 5 years	over 5 years	
financial support	Poor	Count	13	39	28	37	110
		Expected Count	12.7	38.0	29.3	37.1	117.0
	Good	Count	2	2	2	1	7
		Expected Count	.3	1.0	.8	1.0	3.0
Total	Count	13	39	30	38	120	
	Expected Count	13.0	39.0	30.0	38.0	120.0	

The analysis on table 4.27 is based on the respondent's length of service to the company. The results show that the majority (39) have less than 3 years service while 38 have over 5 years service. Only 13 had less than one-year service.

The majority (110) of respondents rated financial support to new agents as poor while only 7 indicated it was good.

**Table 4.28: Financial Support And Length Of Service Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.473 <sup>a</sup>	3	.324

The calculated chi square test value is 3.473 at 3 degrees of freedom. The level of significance obtained is 0.293. The table value is 7.81. Our level of significance is more than 0.05. This shows that there is no association between the two variables. The length of service of the respondents has no influence on their perceptions about financial support extended to new agents by the company. This means that the feelings of the Sales Agent about the financial support extended to new Agents is not influenced

by their length of service to the company. This again can be attributed to the fact that the support given to the new Sales Agents is not adequate, a fact that was confirmed by the Sales Manager and the Agency Managers.

**Table 4.29: Financial Support And Age**

			age				Total
			20-25	26-30	31-35	36-60	
financial support	Poor	Count	10	43	25	34	112
		Expected Count	14.6	42.9	25.3	34.1	117.0
	Good	Count	5	1	1	1	8
		Expected Count	.4	1.1	.7	.9	3.0
Total	Count	15	44	26	35	120	
	Expected Count	15.0	44.0	26.0	35.0	120.0	

The analysis on table 4.29 is based on the respondent's age characteristics. The results indicate that the majority of the respondents are between 26-30 years old. Thirty five respondents are between 36 – 60 years while 26 are between 31 – 35 years old. Only 15 were between 20 – 25 years old. The majority (112) of the respondents indicated that financial support extended to Sales Agents is poor while only 8 had a good rating.

**Table 4.30: Financial Support And Age Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.606 <sup>a</sup>	3	.895

The results of the above test confirm that there is no association between the respondent's feelings about the financial support extended to new agents and age. The chi-square test value is 0.606 at 3 degrees of freedom. The table value is 7.81. The level of significance is 0.895 which is less than our level of significance of 0.05. This therefore indicates

that the feelings of Sales Agents about the financial support extended to new Sales Agents is not influenced by the age factor. Their poor perceptions are due to the fact that the Company does not provide adequate financial assistance to new Sales Agents.

**Table 4.31: Financial Support And Level Of Education**

			level of education			Total
			secondary	college	university	
financial support	Poor	Count	39	67	11	117
		Expected	39.0	66.3	11.7	117.0
	Good	Count	1	1	1	3
		Expected	1.0	1.7	.3	3.0
Total	Count	40	68	12	120	
	Expected	40.0	68.0	12.0	120.0	

The analysis on table 4.31 is based on the respondent's level of education.

The majority of the respondents, 68, have attained College Level of education. Forty had secondary school level of education while 12 had attained University education.

From the total number of respondents(120), the majority (117) indicated that the support given to Sales Agents is poor. Only 3 indicated it is good.

**Table 4.32: Financial support and level of education chi test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.971 <sup>a</sup>	2	.373

The results of the above test confirm that the feelings of the respondents about financial support extended to new Sales agents is not influenced by their level of



education. The chi square test value was 1.971 at 2 degrees of freedom. The table value is 5.99. The level of significance is 0.373 which is less than our level of significance of more than 0.05. We therefore conclude that there is no association between the Sales Agent's feelings about financial support to new agents and their level of education. Their poor perceptions results from the fact that the assistance extended to new Sales Agents is not adequate.

**Table 4.33: Financial Support And Marital Status**

			marital status				Total
			widowed	single	married	separated	
financial support	Poor	Count	1	33	81	2	112
		Expected Count	1.0	33.2	80.9	2.0	117.0
	Good	Count	1	1	2	1	5
		Expected Count	.1	.9	2.1	.1	3.0
Total	Count	2	34	83	2	120	
	Expected Count	1.0	34.0	83.0	2.0	120.0	

The analysis on table 4.33 is based on the respondent's marital status. The results show that the majority of the respondents, 83, are married while 34 are single. Two are separated while 1 is widowed.

The financial support to agents was rated as poor by a majority of 112 respondents. Only 5 respondents indicated it was good.

**Table 4.34: Financial Support And Marital Status Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.107 <sup>a</sup>	3	.991

The calculated chi square test value is 0.107 at 3 degrees of freedom. The table value is 7.81. The level of significance is 0.991. This is less than our level of significance of more than 0.05, and we therefore conclude that there is no association between the respondent's feelings about financial support extended to new Sales Agents and their marital status.

This means that the feelings of Sales Agents about the financial support extended to new Agents is independent of their marital status. Their poor perceptions once again are attributable to lack of adequate financial assistance to new Sales Agents.

**Table 4.35: Financial Support And Dependents**

			DEPENDANT				Total
			0	1-3	4-6	7+	
financial support	Poor	Count	12	57	39	9	110
		Expected Count	12.7	57.5	38.0	8.8	117.0
	Good	Count	1	2	2	2	7
		Expected Count	.3	1.5	1.0	.2	3.0
Total	Count	13	59	39	9	120	
	Expected Count	13.0	59.0	39.0	9.0	120.0	

The analysis on table 41 is based on the number of dependants that the respondents have. The results of the analysis indicate that the majority of the 120 respondents have between one and six dependants.

A majority of 110 respondents rated the financial support extended to Sales Agents as poor while only 7 had a good rating.

**Table 4.36: Financial Support And Dependants Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.860 <sup>a</sup>	3	.414

The results from the above table confirm that there is no association between the feelings of the respondents about financial support extended to new Agents and the number of dependants.

The chi square test value is 2.860 at 3 degrees of freedom. The table value is 7.81. The level of significance obtained is 0.414. This is less than our significance level of more than 0.05 and we therefore conclude that the two variables are not associated. This means that the feelings of Sales Agents about financial support extended to new agents are independent of the number of dependants that they have. Their poor perceptions about this factor is due to the inadequate assistance extended to new Sales Agents.

### 4.2.3. CAREER DEVELOPMENT POLICY

**Table 4.37: Career Development Policy**

	Frequency	Percentage
Poor	86	71.7
Good	34	28.3
Total	120	100.0

The above table indicates that 71.7% of the respondents rated the Company's Career development policy as good while 28.3% indicated it is poor.

**Table 4.38: Career Development Policy And Gender**

			Sex		Total
			female	male	
career policy	Poor	Count	17	69	86
		Expected	15.8	70.2	86.0
	Good	Count	5	29	34
		Expected	6.2	27.8	34.0
Total	Count	22	98	120	
	Expected	22.0	98.0	120.0	

The analysis on table 4.38 is based on the gender characteristics of the respondents. From the results, 98 of the respondents are males while females are 22.

The majority (86) of the respondents rated the company's career development policy as poor while 34 indicated it was good.

**Table 4.39: Career Development Policy And Gender Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.417 <sup>b</sup>	1	.518

The results of the chi square tests contained in the table above confirm that the respondents' feelings about the career development policy are independent of their gender. The chi square test value is 0.417 at 1 degree of freedom. The table value is 3.84. The level of significance is 0.518. Since our level of significance is more than 0.05, we conclude that the two variables are not associated. Further, we conclude that the feelings of Sales Agents in British-American about the career development policy are not influenced by their gender background. Information available from the majority of respondents indicated that the company has no clearly defined career policy and this explains why the career development policy was poorly rated.

**Table 4.40: Career Development Policy And Length Of Service**

			length of service				Total
			less than one year	less than 3 years	less than 5 years	over 5 years	
career development policy	Poor	Count	9	32	21	24	86
		Expected Count	9.3	28.0	21.5	27.2	86.0
	Good	Count	4	7	9	14	34
		Expected Count	3.7	11.0	8.5	10.8	34.0
Total	Count	13	39	30	38	120	
	Expected Count	13.0	39.0	30.0	38.0	120.0	

The analysis on table 4.40 is based on the length of service of the respondents. The results indicate that the majority (39) of the respondents have less than 3 years while 38 have over 5 years service. Thirty had less than 5 years while 13 had less than one year.

The results further indicate that 86 respondents indicated that the Career development policy is poor while 34 respondents had a good rating.

**Table 4.41: Career Development Policy And Length Of Service Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.505 <sup>a</sup>	3	.320

The chi-square test results indicate that there is no association between the respondent's feelings about Career development policy of the company and their years of service to the company. The test value obtained is 3.505 at 3 degrees of freedom. The table value is 7.81. The level of significance is 0.320 which is less than our level of

more than 0.05. There is therefore no association between the feelings of Sales Agents about the Company's career development policy and their period of service to the company. Those feelings are again attributable to lack of a clearly defined career policy.

**Table 4.42: Career Development Policy And Age**

			age				Total
			20-25	25-30	30-35	35-60	
career development policy	Poor	Count	10	37	18	21	86
		Expected Count	10.8	31.5	18.6	25.1	86.0
	Good	Count	5	7	8	14	34
		Expected Count	4.3	12.5	7.4	9.9	34.0
Total	Count	15	44	26	35	120	
	Expected Count	15.0	44.0	26.0	35.0	120.0	

The analysis on table 4.42 above is based on the respondent's age characteristics. The results indicate that the majority (44) of the respondents are between 26 – 30 years. Twenty six are between 31 – 35 years while only 15 are between 20 – 25 years of age. From a total of 120 respondents, the majority(86) rated the company's career development policy as poor while 34 indicated it was good.

**Table 4.43: Career Development Policy And Age Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.952 <sup>a</sup>	3	.114

The results of the chi square tests on Table 4.43 indicate that there is no association between the feelings of the respondents about the career development policy and age.

The calculated value is 5.952 at 3 degrees of freedom . The table value is 7.81.The level of significance is 0.114 which is less than our level of more than 0.05.

This shows that the age of Sales Agents in British – American Insurance has no influence on their feelings about career development policy. Lack of a clearly defined career policy explains why they have such poor perceptions about the company’s career development policy.

**Table 4.44: Career Development Policy And Level Of Education**

			level of education			Total
			secondary	college	university	
career policy	Poor	Count	26	52	8	86
		Expected	28.7	48.7	8.6	86.0
	Good	Count	14	16	4	34
		Expected	11.3	19.3	3.4	34.0
Total	Count	40	68	12	120	
	Expected	40.0	68.0	12.0	120.0	

The analysis on table 4.44 above is based on the level of education of the respondents. The results indicate that 68 respondents have attained college level of education while 40 had secondary level of education. Only 12 had attained university education.

The majority of the respondents (86) rated the company’s career development policy as poor while only 34 indicated it was good.



**Table 4.45: Career Development Policy And Level Of Education Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.796 <sup>a</sup>	2	.407

The calculated chi square test value on the above table is 1.796 at 2 degrees of freedom. The table value is 5.99. The level of significance obtained, 0.407, is less than our level of more than 0.05 and we therefore conclude that the two variables are not associated. The level of education has no influence on the feelings of Sales Agents about the career development policy. We therefore conclude that the feelings of Sales agents about the career development policy are not influenced by their level of education. Their perceptions are attributable to lack of a clearly defined career policy within the company.

**Table 4.46: Career Development Policy And Marital Status**

			marital status				Total
			widowed	single	married	separated	
career development policy	Poor	Count	1	22	62	1	86
		Expected Count	.7	24.4	59.5	1.4	86.0
	Good	Count	1	12	21	1	34
		Expected Count	.3	9.6	23.5	.6	34.0
Total	Count	1	34	83	2	120	
	Expected Count	1.0	34.0	83.0	2.0	120.0	

Table 4.46 above analyses the feelings of the respondents about the career development policy of the company based on their marital status. The majority of the

respondents (83) are married while 34 are single. Two are separated while one is widowed.

The majority of the respondents (45) indicated that the career development policy is poor while 35 had a poor rating. The same policy was rated as excellent by 7 respondents while 6 were neutral.

**Table 4.47: Career Development Policy And Marital Status Chi Test**

	Value	df	Assmp.Sig (2-sided)
Pearson Chi-Square	2.045 <sup>a</sup>	3	.563

The above results confirm that the feelings of respondents about the career development policy are not influenced by their marital status. The chi test value is 2.045 at 3 degrees of freedom. The table value is 7.81. The level of significance obtained is 0.156 which is less than our level of more than 0.05. This confirms that the marital status of Sales Agents has no influence on their feelings about the career development policy. Their poor perceptions about the career development policy is attributable to lack of a clearly defined career policy.

#### 4.2.4. SUPERVISION POLICY

**Table 4.48: Method Of Supervision**

		Frequency	Percent
Valid	Poor	54	45.0
	Good	66	55.0
	Total	120	100.0

The table above indicates that 55.% of respondents rated the supervision policy as good while 45% rated it as poor.

**Table 4.49: Method Of Supervision And Gender**

			Sex		Total
			female	male	
supervision	Poor	Count	13	41	54
		Expected	9.9	44.1	54.0
	Good	Count	9	57	66
		Expected	12.1	53.9	66.0
Total	Count	22	98	120	
	Expected	22.0	98.0	120.0	

Table 4.51 analyses the feelings of respondents about the method of supervision using their gender characteristics. The majority of the respondents (98) are males while females are 22.

The larger majority of respondents (66) indicated that the supervision method was good while 54 indicated it was poor.

**Table 4.50: Method Of Supervision And Gender Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.161 <sup>b</sup>	1	.142

The test results contained in the above table indicate that there is no association between the respondent's feelings about the method of supervision and gender. The chi square test value is 2.161 at 1 degree of freedom. The table value is 3.84. The level of significance is 0.0.142 which is less than our level of more than 0.05. This indicates that the two variables are not associated. The feelings of Sales Agents about the supervision method used in the company are not influenced by their gender background. However, the majority of the respondents interviewed indicated that they are happy with the existing reporting structures and the way they are supervised. ✓

**Table 4.51: Method Of Supervision And Length Of Service**

			length of service				Total
			less one	less 3 years	less 5 years	over 5	
supervision	Poor	Count	3	20	13	18	54
		Expected	5.9	17.6	13.5	17.1	54.0
	Good	Count	10	19	17	20	66
		Expected	7.2	21.5	16.5	20.9	66.0
Total		Count	13	39	30	38	120
		Expected	13.0	39.0	30.0	38.0	120.0

The above table indicates that the majority (66) of the respondents rated the company's supervision method as good. The total number of respondents was 120. Fifty four indicated it was poor.

**Table 4.52: Method Of Supervision And Length Of Service Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.266 <sup>a</sup>	3	.352

The chi square test value is 3.266 at 3 degrees of freedom. The table value is 7.81. The level of significance is 0.352 which is less than our level of 0.05. This confirms that the two variables are not associated. We therefore conclude that the Sales agents' feelings about the method of supervision are not influenced by their length of service to the company. This again can be explained by the existence of good reporting structures and supervision methods within the company.

**Table 4.53: Method Of Supervision And Age**

			age				Total
			20-25	25-30	30-35	35-60	
supervision	Poor	Count	5	23	12	14	54
		Expected	6.8	19.8	11.7	15.8	54.0
	Good	Count	10	21	14	21	66
		Expected	8.3	24.2	14.3	19.3	66.0
Total	Count	15	44	26	35	120	
	Expected	15.0	44.0	26.0	35.0	120.0	

Table 4.55 represents the respondent's rating on the method of supervision. The respondents are categorized in age groups of 20 – 25 years, 25 – 30 years, 30 – 35 and

35 – 60 years. From a total of 120 respondents, 66 rated the supervision method as good. Fifty four had a poor rating.

**Table 4.54: Method Of Supervision And Age Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.133 <sup>a</sup>	3	.545

The chi square test results indicate that there is no association between the respondent's feelings about the supervision method and age. The test value obtained was 2.133 at 3 degrees of freedom. The table value is 7.81. The level of significance was 0.545 which is less than our level of significance of more than 0.05. This is an indication that the feelings of Sales Agents in British – American about the method of supervision is not influenced by their age and this again can only be attributed to the good supervision method and reporting structures within the company.

**Table 4.55: Method Of Supervision And Level Of Education**

			level of education			Total
			secondary	college	university	
supervision	Poor	Count	17	31	6	54
		Expected	18.0	30.6	5.4	54.0
	Good	Count	23	37	6	66
		Expected	22.0	37.4	6.6	66.0
Total	Count	40	68	12	120	
	Expected	40.0	68.0	12.0	120.0	

Table 4.57 represents the respondent's rating on the method of supervision based on their level of education. From a total of 120 respondents, 40 had attained secondary

school level of education while 68 had college education. Only 12 had attained university level of education. The results of the survey indicate that 66 of the respondents rated the supervision method as good while 54 had a poor rating.

**Table 4.56: Method Of Supervision And Level Of Education Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.232 <sup>a</sup>	2	.891

The chi square test results on table 4.58 below shows that there is no association between the respondent's feelings about the supervision method and level of education. The test value obtained was 0.232 at 2 degrees of freedom. The table value is 5.99. The level of significance obtained is 0.891 and since this is lower than our level of significance of more than 0.05, we conclude that the respondent's feelings about the method of supervision is not influenced by their level of education. We can therefore conclude that the feelings of Sales agents about the supervision method is not in any way influenced by their level of education but by the existence of good reporting structures and supervision methods.

**Table 4.57: Method Of Supervision And Dependants**

			DEPENDANT				Total
			0	1-3	4-6	7+	
supervision	Poor	Count	4	31	14	5	54
		Expected	5.9	26.6	17.6	4.1	54.0
	Good	Count	9	28	25	4	66
		Expected	7.2	32.5	21.5	5.0	66.0
Total	Count	13	59	39	9	120	
	Expected	13.0	59.0	39.0	9.0	120.0	

Table 4.57 represents feelings of Sales Agents about the supervision policy of the company. The respondents are categorized according to the number of dependants that they have. From a total of 120 respondents, 66 rated the supervision method as good while 54 had a poor rating.

**Table 4.58: Method Of Supervision And Dependants Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.131 <sup>a</sup>	3	.248

The chi square test results in table 4.58 below did not show any association between the respondent's feelings about the supervision method and their number of dependants. The test value obtained was 4.131 at 3 degrees of freedom. The table value is 7.81. The level of significance was 0.248. The level of significance obtained is less than our level of more than 0.05 and we therefore conclude that there is no



association between the two variables. We can therefore conclude that the feeling of sales Agents about the supervision method in British – American is not influenced by the number of dependants that they have. Their feelings are however attributable to the good reporting relationships and supervision methods.

#### 4.2.5. BENEFITS

**Table 4.59: Level Of Satisfaction With Benefits**

	Frequency	Percent
Poor	92	76.7
Good	28	23.3
Total	120	100.0

The above table indicates that 76.7% of the respondents rated the level of satisfaction with benefits offered by the company as poor. Only 23.3% indicated it was good.

**Table 4.60: Level of satisfaction with benefits and gender**

			Sex		Total
			female	male	
level of satisfaction of benefits	Poor	Count	15	73	92
		Expected Count	16.9	75.1	92.0
	Good	Count	7	25	28
		Expected Count	5.1	22.9	28.0
Total	Count	22	98	120	
	Expected Count	22.0	98.0	120.0	

Table 4.60 above represents the respondent's rating on their feelings about the benefits provided by the company. There were 120 respondents, categorized according to their gender background. There were 22 females and 98 males. Ninety two rated the level of satisfaction with benefits as poor while 28 had a good rating.

**Table 4.61: Level Of Satisfaction With Benefits And Gender Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.416 <sup>a</sup>	1	.234

The chi square test results did not show any association between the respondent’s feelings about the benefits and their gender background. Table 4.61 below indicates that the test value obtained was 12.690 at 4 degrees of freedom. The level of significance was 0.013. This is less than our level of significance of more than 0.05. This means that there is no association between the two variables. We therefore conclude that the Sales Agent’s feelings about the benefits offered by the company are not influenced by their gender background. Majority of the respondents indicated that they were unhappy with the level of benefits provided by the company and recommended that these should be reviewed. Their feelings can therefore be explained by the low level of satisfaction with the benefits provided.

**Table 4.62: Level Of Satisfaction With Benefits And Length Of Service**

			length of service				Tota
			less one	less 3	less 5	over 5	
level of satisfaction of benefits	Poo	Count	9	34	18	31	92
		Expected	10.	29.	23.	29.	92.
	Goo	Count	4	5	12	7	28
		Expected	3.0	9.1	7.0	8.9	28.
Total	Count	13	39	30	38	120	
	Expected	13.	39.	30.	38.	120.	

Table 4.62 above represents the respondent's rating on the level of satisfaction with benefits offered by the company. The total number of respondents was 120 and they were categorized according to their length of service. Those with less than one year service were 13 while 39 had less than 3 years. Those with less than 5 years were 30. Thirty eight respondents had over five years service.

The results of the survey show that 92 respondents rated the level of satisfaction as poor. Only 28 rated it as good.

**Table 4.63: Level Of Satisfaction With Benefits And Length Of Service Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.982 <sup>a</sup>	3	.046

The chi square test results on table 4.63 shows that the respondent's feelings about the benefits were not influenced by their length of service. The chi square test value was 7.982 at 3 degrees of freedom. The table value is 7.81. The level of significance

was 0.046 which is less than our level of more than 0.05. We therefore conclude that the two variables are not associated. Thus the feelings of Sales Agents about the benefits offered by the company are not influenced by their length of service but by the low level of satisfaction with the benefits provided by the company.

**Table 4.64: Level Of Satisfaction With Benefits And Age**

			age				Total
			20-25	25-30	30-35	35-60	
level of satisfaction of benefits	Poor	Count	11	31	23	27	92
		Expected Count	11.5	33.7	19.9	26.8	92.0
	Good	Count	4	13	3	8	28
		Expected Count	3.5	10.3	6.1	8.2	28.0
Total	Count	15	44	26	35	120	
	Expected Count	15.0	44.0	26.0	35.0	120.0	

Table 4.64 represents the respondent’s feelings about the benefits offered by the company. The total number of respondents was 120 and they were categorized according to their respective age groups. The results of the survey indicate that 15 were between 20 – 25 years and 44 between 26 – 30 years of age. Twenty six were between 31 – 35 years and 35 fell between 36 – 60 years of age.

The results further indicate that 92 of the respondents rated the level of satisfaction with benefits as poor while only 28 had a good rating.

**Table 4.65: Level Of Satisfaction With Benefits And Age Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.069 <sup>a</sup>	3	.381

The chi square test value obtained was 3.069 at 3 degrees of freedom. The level of significance was 0.381. The table value is 7.81. This is less than our level of significance of more than 0.05. Hence we conclude that there is no association between the respondents feelings about benefits offered by the company and their age.

This therefore indicates that the feelings of Sales Agents about benefits offered by the company are not influenced by their age. Their feelings are due to the low level of satisfaction with the benefits provided by the company.

**Table 4.66: Level Of Satisfaction With Benefits And Level Of Education**

			level of education			Total
			secondary	college	university	
level of satisfaction of benefits	Poor	Count	30	52	10	92
		Expected Count	30.7	52.1	9.2	92.0
	Good	Count	10	16	2	28
		Expected Count	9.3	15.9	2.8	28.0
Total	Count	40	68	12	120	
	Expected Count	40.0	68.0	12.0	120.0	

Table 4.66 above represents an analyses of the feelings of respondents about the level of satisfaction with benefits offered by the company. The total number of respondents

was 120 and they were categorized according to the level of education attained. From the results, 40 respondents had attained secondary level, 68 College level and 12 had university level of education. The results of the survey indicates that 92 respondents rated the level of satisfaction with benefits as poor while only 28 had a good rating.

**Table 4.67: Level Of Satisfaction With Benefits And Level Of Education Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.362 <sup>a</sup>	2	.835

The chi square test results on table 4.67 indicate that the respondent's level of education had no association with their feelings about benefits offered by the company. The test value obtained was 0.362 at 2 degrees of freedom. The table value is 5.99. The level of significance obtained was 0.835. This is less than our level of significance of more than 0.05. There is therefore no association between the two variables and we can therefore conclude that the level of education of Sales Agents in British– American

Insurance has no influence on their feelings about benefits offered by the company. Their feelings are however attributable to the low level of satisfaction with the benefits provided by the company.

**Table 4.68: Level Of Satisfaction With Benefits And Marital Status**

			marital status				Total
			widowed	single	married	separated	
level of satisfaction of benefits	Poor	Count	1	25	64	2	92
		Expected Count	.8	26.1	63.6	1.5	92.0
	Good	Count	0	9	19	0	28
		Expected Count	.2	7.9	19.4	.5	28.0
Total	Count	1	34	83	2	120	
	Expected Count	1.0	34.0	83.0	2.0	120.0	

Table 4.68 represents the respondent's feelings about benefits offered by the company. The respondents were categorized according to their marital status and the results were as indicated below;

Widowed - 1

Single - 34

Married - 83

Separated - 2

From the results on the above table, 57 respondents rated the level of satisfaction as fair, 21 good and 7 excellent. Four were neutral while 31 had a poor rating.

**Table 4.69: Level Of Satisfaction With Benefits And Marital Status Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.109 <sup>a</sup>	3	.775

The results of the chi square test on table 4.69 confirm that no association exists between the respondent's marital status and their feelings about benefits offered by the company. The test value obtained was 5.773 at 12 degrees of freedom. The level of significance obtained was 0.927. This is less than our level of significance of more than 0.05 and we therefore conclude that no association exists between the two variables. This therefore confirms that the marital status of Sales Agents in British– American has no influence on what they feel about the benefits provided to them by the company. Their poor perception about the benefits is as a result of the low level of satisfaction with the benefits provided to them by the company.

## DECISION MAKING

**Table 4.70: Decision Making Policy**

	Frequency	Percent
Poor	107	89.2
Good	13	10.8
Total	120	100.0

Table 4.70 above represents the feelings of respondents about the company's decision making policy. The total number of respondents was 120. The results indicate that 89.2% had a poor rating while only 10.8 had a good rating.



**Table 4.71: Decision Making Policy And Gender**

			Sex		Total
			female	male	
sales agents in decision making	Poor	Count	16	87	107
		Expected Count	19.6	87.4	107.0
	Good	Count	6	11	13
		Expected Count	2.4	10.6	13.0
Total	Count	22	98	120	
	Expected Count	22.0	98.0	120.0	

Table 4.71 represents the respondent's feelings about the company's decision making policy. There was a total of 120 respondents categorized according to their gender background. Females were 22 while males were 98. From the total number,, 68 rated the decision making policy as poor while 27 indicated it was excellent while 10 had a good rating. Twelve respondents were neutral.

**Table 4.72: Decision Making Policy And Gender Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.085 <sup>b</sup>	2	.771

The chi square test results in table 4.72 below did not show any association between the respondent's feelings about the decision making policy and their gender background. The chi square test obtained a value of 0.085 at 2 degrees of freedom. The table value is 5.99. The significance level was 0.771 which is less than our significance level of more than 0.05. We therefore conclude that the Sales Agents gender background has no influence on their feelings about the company's decision making policy. Most of the respondents interviewed indicated that they were unhappy with the company's decision making process as they are never involved. They complained that they are never allowed to participate in the process.

**Table 4.73: Decision Making Policy And Length Of Service**

			length of service				Total
			less than one	less than 3 years	less than 5 years	over 5	
sales agents in decision making	Poor	Count	8	35	29	35	107
		Expected	11.6	34.8	26.8	33.9	107.0
	Good	Count	5	4	1	3	13
		Expected	1.4	4.2	3.3	4.1	13.0
Total		Count	13	39	30	38	120
		Expected	13.0	39.0	30.0	38.0	120.0

Table 4.73 above represents feelings of 120 respondents about the company's decision making policy. The respondents are classified according to their length of service. The results of the survey areas follow:

- <1 year - 13
- <3 years - 39
- <5 years - 30
- >5 years - 38

Further, the results indicate that 107 respondents rated the decision making policy as poor and only 13 had a good rating.

**Table 4.74: Decision Making Policy And Length Of Service Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.373 <sup>a</sup>	3	.006

The chi square test results on table 4.74 above indicate that there is no association between the respondent's length of service and their feelings about the decision making policy. The chi square test value obtained is 12.373 at 3 degrees of freedom. The table value is 7.81. The level of significance is 0.006. This is less than our level of significance of more than 0.05. We therefore conclude that the Sales Agents length of service has no influence on their feelings about the company's decision making policy. Instead, their feelings are influenced by the fact that they are never allowed to participate.

**Table 4.75: Decision Making Policy And Age**

			age				Total
			20-25	25-30	30-35	35-60	
Sales agents in decision making	Poor	Count	10	43	23	31	107
		Expected	13.4	39.2	23.2	31.2	107.0
	Good	Count	5	1	3	4	13
		Expected	1.6	4.8	2.8	3.8	13.0
Total	Count	15	44	26	35	120	
	Expected	15.0	44.0	26.0	35.0	120.0	

Table 4.74 represents the feelings of 120 respondents about the company's decision making policy. The respondents are categorized according to age groups. From the results above, 15 were between 20 –25 years, 44 between 26 – 30 years, 26 between 31 – 35 years and 35 between 36 – 60. The majority of respondents,107, rated satisfaction with this policy as poor while only 13 indicated it was good.

**TABLE 4.76: Decision Making Policy And Age Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.226 <sup>a</sup>	3	.011

The above test results do not show any association between the age of the respondents and their feelings about the decision making policy. The chi square test value obtained was 11.226 at 3 degrees of freedom. The table value is 7.81. The level of significance is 0.011. This is less than our level of significance of more than 0.05. Since there is no association between the two variables, we conclude that the Sales Agents' feelings about the company's decision making policy is independent of their age But their poor perceptions are due to the fact that they are not allowed to participate in the decision making process.

**Table 4.77: Decision Making Policy And Level Of Education**

			level of education			Total
			secondary	college	university	
sales agents in decision makin	Poor	Count	37	59	11	107
		Expected	35.7	60.6	10.7	107.0
	Good	Count	3	9	1	13
		Expected	4.3	7.4	1.3	13.0
Total	Count	40	68	12	120	
	Expected	40.0	68.0	12.0	120.0	

Table 4.77 above represents the feelings of 120 respondents who were categorized according to the level of education attained. From the results, 40 had secondary school level of education, 68 had college level while only 12 had university level of education.

From the total of 120, 107 rated the company's decision making policy as poor. Only 13 had a good rating.

**Table 4.78: Decision Making Policy And Level Of Education Chi Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.944 <sup>a</sup>	2	.624

The results on table 4.78 above did not show any association between the level of education of the respondent's and their perceptions about the company's decision making policy. The calculated value was 0.944 at 2 degrees of freedom. The table value

is 5.99. The level of significance was 0.624. This is less than our level of significance which is more than 0.05. We therefore conclude that the Sales Agent's level of education has no influence on their perception about the company's decision making process. However, lack of involvement of Sales Agents in the decision making process is the main reason for their poor perception about this policy.

#### 4.2.7. SALES TARGETS

**Table 4.79: Sales Targets**

	<b>Frequency</b>	<b>Percentage</b>
Valid Difficult to achieve	9	7.5
Achievable	100	83.3
Easy to achieve	11	9.2
<b>Total</b>	<b>120</b>	<b>100.0</b>

Table 4.79 represents the feelings of 120 respondents about the sales targets set by the company. The results indicate that a majority of 83.3% felt that the targets are achievable while 9.2% felt that they are easy to achieve. Only 7.5 indicated that they are difficult to achieve.

#### 4.2.8 MODE OF PAYMENT

**Table 4.80: Preferred mode of payment**

	Frequency	%
Valid Commission	20	16.7
Basic pay	1	0.8
Basic pay plus Commission	95	79.2
4	4	3.3
Total	120	100.0

The above table indicates that 79.2% of the respondents prefer the basic pay plus commission mode of payment. Only 16.7 % are in favour of commission pay alone while 0.8% prefer basic pay. Only 3.3% were neutral.

#### 4.2.9. SALES COMMISSION RATE

**Table 4.81: Sales Commission Rate**

Distribution		
Rating	Frequency	Percentage
Too low	39	32%
Adequate	79	66%
Neutral	0	0%
High	2	2%
Very high	0	0%
Total	120	100%

The above table shows that the majority (66%) of the respondents considered as adequate the sales commission rate provided by the company. Thirty two percent (32% of the sales agents considered the sales commission rate provided by the company as too low. None of the respondents rated as very high the sales commission provided by the company.



#### 4.2.10. SALES COMMISSION STRUCTURE

**Table 4.82: Sales Commission Structure**

<b>Distribution</b>		
<b>Commission structure</b>	<b>Frequency</b>	<b>Percentage</b>
Fair	61	51%
Satisfactory	32	27%
Neutral	0	0%
Good	25	21%
Excellent	2	1%
Total	120	100%

The above table shows that fifty one percent (51%) of the sales agents rated as fair the sales commission structure provided by the company. Only one percent (1%) of the sales agents rated the sales commission structure as excellent.

#### Effects Of Level Of Commission On Performance

**Table 4.83: Effect of Level of Commission on Performance**

<b>Distribution</b>		
<b>Effect</b>	<b>Frequency</b>	<b>Percentage</b>
Affects Performance	99	83%
Does not affect performance	21	17%
Total	120	100%

The table above shows that eighty three percent (83%) of the sales agents indicated that the level of commission affected their performance. Seventeen percent (17%) of

the sales agents however indicated that the level of commission did not affect their performance.

#### 4.1.1 COMMISSION RATES

**Table 4.84: Review of Commission Rates**

<b>Distribution</b>		
<b>Review of commission rates</b>	<b>Frequency</b>	<b>Percentage</b>
Often	4	3%
Not often	32	27%
Not at all	82	70%
<b>Total</b>	<b>120</b>	<b>100%</b>

The table above shows that a majority (70%) of the sales agents indicated that the commission rates were not reviewed at all. Only three percent (3%) highlighted the commission rates were often reviewed.

#### 4.1.12. INCENTIVES

**Table 4.85: Level of Satisfaction with incentives**

<b>Distribution</b>		
<b>Level of satisfaction</b>	<b>Frequency</b>	<b>Percentage</b>
Low	27	28%
Fair	39	41%
Good	25	26%
Excellent	5	5%
<b>Total</b>	<b>120</b>	<b>100%</b>

The table above shows that forty one percent (41%) of the respondents who had earlier indicated that the company offered them incentives rated as fair the level of satisfaction provided by those incentives. Only five percent (5%) rated as excellent the level of satisfaction from the incentives such as bonuses or awards provided by the company.

#### 4.1.13 REASONS FOR LEAVING

**Table 4.86: Reasons for leaving**

<b>Distribution</b>		
<b>Reasons for leaving</b>	<b>Frequency</b>	<b>Percentage</b>
Termination	10	59%
Alleged fraud	0	0%
Resignation	3	18%
Greener pastures	3	18%
Other	1	5%
<b>Total</b>	<b>120</b>	<b>100%</b>

The table above shows the reasons the ex-agents left BAI. The majority (59%) of the agents were terminated due to inability to meet their performance targets. Other reasons given for leaving the company were resignation and search for greener pastures, both of which were highlighted by 18% of the respondents.

#### 4.2.14 . MAJOR FACTORS CONTRIBUTING TO LOW MORALE

**Table 4.87: Indicators of low morale**

Factors	Distribution				
	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
Work conditions are inhibiting	8 7%	28 24%	22 18%	40 33%	22 18%
Not satisfied with work	49 41%	41 34%	14 12%	11 9%	5 4%
Poor remuneration					
Insufficient financial Support	5 4%	8 7%	16 13%	46 38%	45 38%
Lack of career advancement	4 3%	6 5%	13 11%	56 47%	41 34%
Lack of incentives					
Search for greener pastures	10 8%	20 17%	17 14%	42 35%	31 26%
Lack of competence	9 8%	20 17%	27 22%	33 27%	16 13%
Lack of proper product knowledge	28 23%	27 23%	28 23%	21 18%	17 14%
Lack of education is a hindrance	26 22%	35 29%	15 12%	27 23%	17 14%
Poor supervision methods	32 27%	44 37%	14 11%	19 16%	11 9%
Economic pressure	15 13%	36 30%	16 13%	36 30%	17 14%
	5 4%	15 12%	12 10%	51 43%	37 31%

The table above shows the extent to which various factors are considered as contributing to low morale among the sales agents. As far as poor remuneration as a factor was concerned, thirty eight percent (38%) of the sales agents agreed that this contributed to low morale. Likewise 38% of the sales agents strongly agreed that this factor contributed to low morale among the sales agents. In the same way forty three

percent (43%) of the sales agents agreed that economic pressure contributed to low morale among the sales agents.

#### 4.2.15 OTHER SOURCES OF INCOME

**Table 4.88: Other Sources of Income for the Sales Agents**

<b>Distribution</b>		
<b>Other sources of income</b>	<b>Frequency</b>	<b>Percentage</b>
Have other sources	10	8%
Don't have other sources	110	92%
<b>Total</b>	<b>120</b>	<b>100%</b>

The table shows that majority of the sales agents representing ninety two percent (92%) of the total indicated that apart from being insurance agents, they had no other sources of income. Eight percent (8%) of the sales agents however indicated that they had other sources of income.

#### 4.2.16 INDICATORS OF JOB SATISFACTION

**Table 4.89: Importance of various Job aspects**

Factors	Not Important at all	Somewhat Important	Neutral	Important	Very Important
Friendly co _ workers	3 2.5%	8 6.7%	39 32.9%	19 15.8%	51 42.5%
Recognition status	13 10.8%	2 1.7%	28 23.3%	9 7.8%	68 56.7%
Working conditions	1 0.8%	-	25 20.8%	6 5%	88 73.3%
Autonomy Decision making	10 8.3%	6 5.0%	33 27.5%	19 15.8%	52 43.3%
Promotion & Growth	2 1.7%	23 19.2%	9 7.5%	14 11.7%	72 60.0%
Job security	2 1.7%	7 5.8%	12 10%	1 0.8%	98 81.7%
Fringe benefits	3 2.5%	22 18.3%	7 5.8%	12 10%	76 63.3%
Motivation and incentives		21 17.5%	10 8.3%	10 8.3%	79 65.5%
Work environment	3 2.5%	27 22.5%	16 13.3%	34 28.3%	40 33.3%
Regular pay	5 4.2%	5 4.2%	5 4.2%	21 17.5%	84 70%
Supervision method	7 5.8%	39 32.5%	11 9.2%	20 16.7%	43 35.8%
Training	2 1.7%	12 10%	7 5.8%	24 20%	75 62.5%

Table 4.102 indicates the extent to which various job aspects were considered important by sales agents. For example, eighty eight percent (88%) of the sales agents indicated that regular pay was very important to them. As far as friendly co-workers as a factor is concerned, fifty three percent (53%) indicated that these were very important to them while thirty seven percent (37%) of the respondents indicated that friendly co-workers were important. Eight percent (8%) of the sales agents were

however neutral on this factor. Only two percent (2%) of the respondents indicated that friendly co-workers are not important at all.

## CHAPTER 5

### SUMMARY DISCUSSION, RECOMMENDATIONS AND CONCLUSION

#### 5.1 : Summary discussion

The objectives and assumptions that guided this study were stated in chapter one and two respectively .The following is a summary of the findings of this study and it is based on the views, opinions and expressions of the sales agents and the Senior management members of British - American Insurance who comprised the target group of this study.

Financial support to new agents.

From the survey report, insufficient financial support was identified by the respondents as one of the factors contributing to low morale among the sales agents. Forty seven percent (47%) of the respondents indicated that this is one of the factors contributing to low morale of the sales agents while 34% strongly agreed with the same statement . The results of the survey indicate that 97.5% of the respondents rated the financial support extended to new agents as poor. The general feeling from those interviewed is that the company does not provide new sales agents with any meaningful financial support to enable them settle in their jobs during the initial working period.

According to the company management, the company extends an advance payment of Kshs. 3000/= only and this is given to selected agents at the discretion of the company. This amount is later on recovered from their commissions .The advance Payment is discretionary and the agency manager has to evaluate the potential of



the new agent and this is the only criteria used to determine whether or not to give the advance payment.

New agents like all other employees have basic needs like food, transport and clothing to meet. In the opinion of the Agency managers, this start-up support for new agents is very important and the management should introduce an advance payment scheme for new agents to enable them meet their basic needs during this period.

#### b) Sales Targets.

The inability of sales agents to achieve performance targets can be a serious cause of demotivation. However, the majority of the respondents interviewed(83%) indicated that the sales targets are achievable while 9.2% indicated that the targets are easy to achieve. Only 7.5% of the respondents indicated that they had difficulties achieving their sales targets. The management perhaps require to study this further to establish why this minority group is unable to achieve the set targets like others. Once the reasons are established, it will be possible to come up with remedial actions.

#### c) Training

According to the results of this survey, training was identified by the majority of respondents (62.5%) as a very important aspect of job satisfaction. The company offers two types of training according to the findings of this study; the BASS training for new agents and the continuous training which is extended to all agents on a continuous basis. The BASS training was rated by majority of the respondents(68.3%) as good while 31.7% had a poor rating. Continuous training

was rated as poor by a larger majority of 61.7% of the respondents while 38.3% rated the training as good.

Continuous training enhances the performance and productivity of employees. It enables employees to tap their latent talents for their own benefit and that of the entire organization.

#### d) Career development policy

According to this survey, lack of career advancement was identified as one of the factors contributing to low morale among the sales agents in British-American. The results of the survey shows that 71.7% rated the company's career development policy as poor while 28.3% indicated it was good.. From the above figures, it is clear that all is not well with the career policy of this company and it requires a review in order to enhance the morale of the sales agents. The company should encourage and support employees to attain qualifications that will prepare them for further growth along their career paths. The promotion policy should also enable current employees to aspire and take up senior positions within the company. The career development policy should also be clarified to all employees.

#### E) Supervision method.

The results of this study show that 36% of the respondents had indicated that supervision method is an important aspect of their job. However, only 30% of the respondents agreed that poor supervision is one of the factors contributing to low morale among the sales agents in British-American Insurance while 14% strongly agreed that poor supervision contributes to low morale among sales agents.

The findings of this study show that 55% of the respondents rated the supervision policy of the company as good while 45% indicated it was poor. The above results show that there is a need for the company to improve the company's supervision policy. Supervision affects the performance of all employees. The company should recognize and reward its employees and the criteria for such rewards should be merit and performance. Tribalism and nepotism should be discouraged. Communication between management and employees should be streamlined and employees should also be encouraged to participate in decision making and to become more responsible.

#### F) Fringe benefits.

The results of this survey show that 63% of the respondents indicated that fringe benefits are very important. Twenty seven percent (27%) of the respondents also indicated that lack of fringe benefits was one of the factors contributing to low morale of the sales agents. Thirteen percent (13%) of the respondents also indicated that they strongly agree that lack of fringe benefits was affecting the morale of the sales agents.

The results of the survey indicate that that only 23.3% of the respondents rated the level of satisfaction with the benefits provided as good while a majority of 76.7% had a poor rating. Therefore British- American needs to review the benefits portfolio in order to improve the morale of the sales agents.

#### G) Remuneration method.

The results of this survey show that 70% of the respondents considered regular pay as an important factor in their work. It was noted in chapter one that Life insurance salesmen from British- American Insurance are paid on commission and these are based on business transacted.

The results of this study indicate that 79% of the respondents would prefer a basic pay plus commission mode of payment. Only 16.7% of the respondents indicated preference for commission pay mode of payment.

#### H) Autonomy and decision making

The results of this study show that 43% of the respondents indicated that autonomy and decision making is an important aspect of their work. Sixteen percent(16%) indicated that it was important and only 8% indicated that it was not important at all. The results of this study indicate that the majority of respondents, 56.7%, rated the decision making policy of the company as poor and only 3% rated it as excellent.

#### Sales commission structure

The findings of this study show that the sales commission structure was identified as one of the factors contributing to the low morale among the sales agents."

The results of this study indicate that only 51% of the respondents rated the commissions structure as fair. Only 1% rated the structure as excellent. Twenty seven percent had a satisfactory rating and 21% good.

#### Review of commission rates

According to this survey, poor remuneration was identified as one of the factors contributing to low morale among the sales agents. Thirty eight percent(38%) of the respondents agreed that this factor contributes to the low morale among the Sales Agents while a similar number, 38%, indicated that poor remuneration contributes to low morale of the sales agents.

According to this study, 68.3% of the respondents indicated that the commission rates are not reviewed at all. Only 5.8% of the respondents indicated that the commission rates are often reviewed.

## 5.2: Conclusions

Through this survey, the following aspects of work have been identified as factors that have demoralized the sales agents in British – American;

- ↓ Lack of adequate financial support to new agents
- ↓ Inadequate on the job training
- ↓ Lack of a good career policy
- ↓ Poor supervision of sales agents
- ↓ Lack of adequate fringe benefits
- ↓ Dissatisfaction with remuneration method
- ↓ Lack of involvement of sales agents in decision making
- ↓ Dissatisfaction with the sales commission pay structure

These are serious issues that can have adverse effects on the general performance of the company and they require the urgent attention of the management. This study has made proposals which the management can consider in order to enhance the motivation and productivity of sales agents and improve the overall performance of the company.

To maintain its lead position in the life insurance market in Kenya and to improve the image of the company further, British-American needs to improve relations with the sales staff. To facilitate this, a more comprehensive staff attitude survey is necessary and this study can form a good basis for a more comprehensive study on staff motivation and industrial relations for the company.

## 5.3.0 Recommendations

### 5.3.1: Recommendations For Policy

#### Financial support to new Sales Agents

The results of the study shows that lack of adequate financial support to new sales agents is one of the factors contributing to low morale among the sales agents. To enable new sales agents meet their basic needs like food, clothing, shelter and transport, the management of the company should introduce an enhanced commission advance payment facility. This will improve the morale of the sales agents and enhance their productivity for the benefit of the entire organization.

#### Training

The study identified training as an important aspect of job satisfaction. British-American Insurance conducts both product knowledge and continuous training for the sales agents. According to the results of this study, the overall level of satisfaction with the company's training policy is average. It is therefore recommended that the company should review its training policy on both product knowledge and continuous training in order to enhance staff productivity and morale and the overall performance of the company.

#### Sales Targets

The results of the study show that the majority of respondents (83%) are happy with the sales targets and indicated that these are achievable. The inability of employees to meet their performance targets can be a serious cause of demotivation. The company should spare no efforts to ensure that performance targets for staff are realistic. To ensure that these are achievable, the company should review the targets on a continuous basis.

### Career Development Policy

The findings of this study are that the level of satisfaction with the company's career development policy is far below average. The existence of a good career policy can enhance staff motivation and productivity and improve the overall performance of the organization. It is therefore recommended that British-American Insurance should clarify the career policy for sales agents and encourage them to take professional courses relevant to their work in order to enhance their career growth.

The existing employees should also be given chances to compete for available vacancies instead of recruiting new employees to fill vacant managerial posts. A succession policy should be put in place and the management should also provide financial support to those agents who wish to register and undertake professional courses to facilitate their career growth.

### Supervision Policy

The study found out that supervision is an important aspect of the Sales Agents work and it contributes to the low morale among sales Agents in British-

American. It is therefore recommended that the management should open up communication with the Sales Agents. The management should also investigate the problems Sales Agents are experiencing in the market. Tribalism and nepotism should be discouraged and avoided at all costs.

### Fringe benefits and incentives

The results of the study indicate that lack of satisfaction with fringe benefits and incentives is one of the factors contributing to low morale among the sales agents in British-American. It is therefore recommended that the management should review and improve the current portfolio of benefits and incentives in order to motivate the sales agents. The incentives should also be spelt to the Sales Agents so that they can work towards achieving them.

### Remuneration method

The results of the study indicate that majority of the respondents would prefer a commission plus basic pay mode of payment. The company should therefore review the current mode of payment and introduce a fairer method of remunerating the Sales Agents. This will ensure that the company does not lose its Sales Agents to competitors.

### Decision making

The study identified decision making as one of the factors contributing to the low morale of the Sales Agents. The overall level of satisfaction with this policy is far below average. It is recommended that Sales Agents should be involved in the company's decision-making process especially on matters that affect them. Suggestions from the employees should be taken into consideration and initiative taken to implement them. The management should also hold joint meetings



with Sales Agents. Suggestion boxes should be provided where possible to enable sales agents to participate in decision-making.

Finally, it is recommended that a bottom-up approach in communication should be adopted instead of the current top-down approach.

### Review of Sales Commission Structure and Rates

The study revealed that this is another factor that is contributing to the low morale among the Sales Agents. The management should review the current rates and structure and introduce a competitive pay structure in order to enhance the morale of the sales agents. This will enhance their performance and ensure that the company does not lose its well-trained sales agents to the competition.

#### **5.3.2: Recommendations for further research**

The Life insurance sector in Kenya plays a vital role in the country's economy through mobilization of savings for development and provision of employment to thousands of Kenyans. This sector has potential for further growth and it can play a greater role in the development of this country. To facilitate further growth of this sector, there is need for research to be conducted in order to obtain more information about its potential. There is no doubt that labour capital is crucial in the development of this sector and there is therefore need for more research in order to have a better understanding of labour relations within this sector. The study will be significant in that it will facilitate improvement of labour relations and the productivity of the entire sector for the benefit of all stakeholders.

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# QUESTIONNAIRE 1

## WORKERS MOTIVATION AND LABOUR TURNOVER AMONG SALES AGENTS: A STUDY OF BRITISH-AMERICAN INSURANCE COMPANY IN KENYA

1. Agency Office \_\_\_\_\_
2. Sex  Male  2. Female
3. Please indicate your length of service.
1.  Less than 1 Year 2  Less than 3 Years 3  Less than 5 Years
4.  Over 5 Years

4. Age : 1  20-25  2. 25 -  3. 30 - 35  4. 35-60

5. Highest level of Education attained

1.  Primary 2  Secondary  3. Colled  4. University

6. Responsibilities

What is your marital Status: 1  Widowed  2. Single

3.  Divorced 4.  Married 5  Separated

How many dependants do you have? Give exact number \_\_\_\_\_

7. In this section, please rate the training offered by the company.

Please Tick as Appropriate

- A. The initial training (BASS) is; 1  Poor 2  Good

B. Does the company offer continuous training? Yes/ No

If Yes, how would you rate this?

1.  Poor 2.  Good

8. How would you rate the financial support for new agents given by the Company?

1.  Good 2.  Poor

Please Comment \_\_\_\_\_

9. Does the Company have a Career Development policy for Agents? Yes / No

Tick as appropriate

If Yes, how would you rate it?

1.  Good 2.  Poor

If No, would you like the company to set up one?

Please Comment \_\_\_\_\_

10. How is your work supervised? Please explain \_\_\_\_\_

How would you rate the way you are supervised? Please tick as appropriate

1.  Good 2.  Poor

Please Comment \_\_\_\_\_

11. Does the Company provide any benefits? Yes/ No

If Yes, Please list them

- |    |    |
|----|----|
| 1. | 4. |
| 2. | 5. |

3.

6.

How would you rate the level of satisfaction derived from the benefits listed above?

1.  *Good* 2.  *Poor*

What are your comments about those benefits?

---

12. How do you rate management's involvement of Sales Agents in decision making?

1.  *Good* 2.  *Poor*

Please comment in regard to the answer above.

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13. What is your feeling about the sales targets set by the company?

1.  *Easy to achieve* 2.  *Achievable* 3.  *Neutral* 4.  *Difficult to achieve*  
5.  *Unachievable*

14. Do you have problems in achieving sales targets? Yes / No.

If Yes, please list the problems.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

Please Comment \_\_\_\_\_

15. How would you like to be remunerated for your services?

1.  Commission 2.  Basic Pay 3.  Basic Pay plus Commission

4.  Others (Please specify) \_\_\_\_\_

16. How would you rate the sales commission rate given by the company?

1.  Very High  2. High 3.  Neutral 4.  Adequate

5.  Too low

Please Comment \_\_\_\_\_

17. How would you rate the sales commission Structure given by the company?

1.  Excellent 2.  Good 3.  Neutral 4.  Satisfactory

5.  Too low

18. Does the level of commission affect your performance? Yes/ No



If Yes, how does it affect performance?

1.  Positively    2.  Negatively    3.  Other

Explain other \_\_\_\_\_

19. How often are commission rates reviewed?

1.  Very often    2.  Often    3.  Neutral    4.  Not often    5.  Not at all

Please indicate the year when the rate was last reviewed \_\_\_\_\_

1.  Excellent     2. Good     3. Neutral     4.  Fair    5.  Low

20. Please indicate the reason why you left the Company. (This question applies to Ex Agents)

*Validation*

*Alleged Fraud*

*Resignation*

*Greener Pastures*

*Other*

*(Please specify)* \_\_\_\_\_

21. If you were requested to go back to British-American Insurance, list down areas you would like them to improve or correct before you agree to come back. (This question applies to Ex – Agents)

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

22. The following are the major factors that contribute to the low morale among the sales agents.

Strongly disagree                      3. Neutral                      5. Strongly agree

Disagree                                  4. Agree

- Work conditions are inhibiting [  ]
- I am not satisfied with my job [  ]
- Poor remuneration (No financial support) [  ]
- Insufficient financial support [  ]
- Lack of career advancement [  ]
- Lack of incentives [  ]
- Search of better/ greener pastures [  ]
- Lack of competence [  ]
- Lack of proper product knowledge [  ]
- Level of education is a hindrance [  ]
- Poor supervision methods [  ]
- Economic pressure [  ]

23. Do you have any other source of income apart from insurance sales agent? Yes/ No  
 If Yes, indicate the other source(s) \_\_\_\_\_

24. Rank the following in order of importance to you.  
 Not important at all  
 Important

Neutral

Very important

Examples:

What you like most (4)

What is not important (1)

Friendly co-workers [ ]

Recognition and status in the company [ ]

Working conditions [ ]

Autonomy and decision making [ ]

Promotion and growth [ ]

Job security [ ]

Fringe benefit [ ]

Motivation and incentives [ ]

Work environment [ ]

Regular pay [ ]

Supervision method [ ]

Training [ ]

25. According to you, what do you think if done correctly (i.e. streamlined) will bring maximum job satisfaction to you and make you stick to your current job?

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## QUESTIONNAIRE 2

**WORKERS MOTIVATION AND LABOUR TURNOVER AMONG SALES AGENTS: A STUDY OF BRITISH-AMERICAN INSURANCE COMPANY IN KENYA**

1. The rate of turnover of sales agents within the Insurance Industry is quite high.  
Do you agree with this statement? Yes/ No. Tick as appropriate.

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Please give 5 reasons that in your opinion contribute to the high labour turnover.

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2. What solutions would you propose for solving these problems ?

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3. In your opinion, what is the view of sales agents regarding their relationship with Home Office Management?

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NB: This questionnaire to be completed by Agency Managers

	<b>MOTIVATION AT THE WORKPLACE</b>				
		<b>RATING CELLS</b>			
	1	2	3	4	5
	Excellent	Good	Fair	Poor	Neutral
	Easy to achieve	Achievable	Difficult to	Unachievable	Neutral

				achieve		
		Very high	High	Adequate	Too low	Neutral
		Excellent	Good	Satisfactory	Fair	Neutral
	<b>INDICATORS OF MOTIVATION</b>					
		Very high	High	Adequate	Too low	Neutral
1	Sales					
2	Commission rate					
3	Commission structure					
4	Mode of payment					
5	Incentives					
6	Benefits					
7	Supervision					
8	Supervision					
9	Career development					
10	Financial support					
11	Training					
12	Work conditions					

2

23<sup>rd</sup> November 2001

Mr. Sammy M. Markove,  
Commissioner of Insurance,  
Anniversary Towers  
10<sup>th</sup> Floor,  
NAIROBI.

Dear

RE: COMMISSIONS PAYMENTS TO AGENTS

I refer to your letter of 12<sup>th</sup> November and our meetings in your office on 9<sup>th</sup> November and 22<sup>nd</sup> November 2001. During our meetings it was agreed that because of the misunderstanding surrounding the previous letters of termination, fresh letters of termination dated 31<sup>st</sup> October 2001 would be done. Accordingly, any agent who had submitted business to the company between 1<sup>st</sup> July and 31<sup>st</sup> October 2001 would be paid his/her cumulative commissions upto that date after a comprehensive audit of the portfolio. The following agents however were excluded:

- Any agent who had not submitted any new business during the period in question
- Any agent who had been terminated for fraud or embezzlement of premiums
- Any agent who had deserted, resigned or was known to be soliciting business for another insurance company
- Any agent who had taken his/her dispute to a lawyer or a court of law

After reviewing our records in accordance with the above criteria 60 agents qualified. The list of these agents showing all their terminal dues (commissions, pension and bond) and any recoveries is enclosed. The individual cheques together with letters of termination dated 31<sup>st</sup> October 2001 have been dispatched to these agents via the Agency Offices where they used to work. They should collect both the cheque and the letter of termination from there and sign an acknowledgement of receipt.



Mr. Sammy M. Makove  
28<sup>th</sup> November 2001

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Due to the numbers involved, and the urgency of the matter the required audits have not yet been carried out. These will be carried out in due course as we did not want to be seen to be unnecessarily withholding payment.

We shall continue to review our records for any agent who, based on the agreed criteria might have inadvertently been omitted from the list. Once such cases are identified we shall no doubt make the payment. Please review the list and let me know if there is anything you wish me to clarify.

I would like to thank you and your staff for the professional manner in which you have handled this sensitive issue. As a major underwriter of life insurance in this market, Britak is determined to continue promoting high standards of performance amongst its sales force and rewarding them with generous fringe benefits.

Yours sincerely,

**BENSON I. WAIREGI**  
**MANAGING DIRECTOR**

(noo) c.c. Stephen O. Wandera  
Jackson K. Maingi  
Eunice W. Mbogo  
Muthoga Ngera

## **PAYMENT OF COMMISSIONS TO EX-AGENTS**

The objective of this report is to provide a background to the circumstances surrounding the above captioned subject. This has been prompted by a letter addressed to the Managing Director purportedly written by anonymous ex-Agents and copied to the Commissioner of Insurance, the Chairman, Regional Director, Local Directors and the Kenya Insurance Agents Association. The authors of the letter have issued an ultimatum to the Managing Director to:

- (i) Pay withheld commissions to validated Agents within seven (7) days
- (ii) Continue paying commissions to validated Agents
- (iii) Apologize to the said Agents for what they termed as management's unjustified actions

In view of the foregoing, I wish to put the matter into the right perspective.

### **1. Validation of Agents**

All Agents are appointed through a contract of service which clearly outlines the terms and conditions of service. Such terms includes:- minimum performance standards and targets, commissions payable and termination of the appointment. Validation is provided in the contract as a sanction against non-performance. To maintain high performance standards and reasonable earning levels for the sales staff, validation of Agents who fail to meet targets has been a company policy for many years. The exercise is carried out half yearly for Agents who fail to write new business of Ksh. 25,000 API per month. This target was arrived at through a consensus between the Home Office Management and Field Managers. The target applies to Agents who have been in the company for more than one year. Hence, it does not apply to new agents.

Although this process has been part of the company policy for many years, the Agency management prior to the reinvention had not effectively implemented it. Effective implementation started in year 2000 when the company's reinvention programme was rolled out.

Apart from validation for non-performance, some Agents were terminated for various reasons ranging from:

- (i) Premium embezzlement and other forms of fraud
- (ii) Desertion
- (iii) Soliciting business for other competitors

It is important to note that prior to the reinvention, all the above categories of Agents continued to earn commissions from the company in spite of the fact that they were no longer soliciting new business or collecting premium income for the company. When the company enforced the validation and terminated such service contracts, the action elicited a hostile reaction from the concerned Agents. Hostility heightened when the new management made it compulsory for all Agents to formalize their contracts with the company, which the previous management had failed to implement.

This group of Agents discharged from the company for other reasons, e.g. fraud, desertion and resignations joined hands with those who left after validation and started agitating against the company. They demanded payment of commissions in arrears and also insisted that the company should continue to pay them commissions for business submitted while they were in service contrary to the provisions of their service contracts and market practice.

When the company declined to yield to their demands, they referred the matter to the Commissioner of Insurance who subsequently summoned the two (2) parties to a meeting. After listening to submissions from both parties, the Commissioner advised that: -

- (i) The company to pay commissions to Agents who submitted new business after the June 2001 validation date. The payments were to be for a period of 3 months up to 31/10/01 after which they should be formally terminated.
- (ii) Ex-Agents who left the company for other reasons such as fraud, desertion, resignation and those soliciting business for competitors were not to be included in this deal.

- (iii) The company had the right to hire and fire Agents in line with its policies.

Subsequently to this agreement, the company has determined and paid the commissions payable to those Agents together with their final benefits.

The company appreciates that selling life insurance products is an enormous challenge especially in a depressed economy like ours. In a sales career, the Agents go through slumps and peaks. Recruitment and retention of good Agents is also challenging for Managers. With this in mind, the management is evaluating past performance trends of some of the validated Agents with a view of rehabilitating them. This is in line with the company's endeavor to cultivate good and harmonious relations with staff and general public.

In conclusion, the management will continue to uphold high performance standards to sustain high productivity. It will reward high achievers generously and equally apply appropriate sanctions against poor performance.



BRITISH  
AMERICAN

MEMORANDUM

TO : PAUL GACHERU

FROM : MUTHOGA NGERA

SUBJECT : EX-AGENTS COMMISSION -LEVEL TWO

DATE : NOVEMBER 22, 2001

After perusing through the above lists and seeking the Agency Managers' opinions, I would recommend that you make the payments but exclude the following:-

P/NUMBER	NAME	TOTAL EARNING	TOTAL DEDUCTIONS	NET	REASONS
404/50390	IOWUOR CHRISTOPHER - NEW	1,522.60	359.90	1,162.70	Active & in payroll
112/51280	OMAE SAMUEL OKINDO - NEW	8,171.15	688.80	7,482.35	Active & in payroll
45/51132	KANYEKI ROBERT G - NEW	44,429.00	3,720.35	40,708.65	Theft
62/51112	MAINA PETER M - WESTLANDS	30,457.90	2,671.95	27,785.95	Active & in payroll
524/70440	MUSYOKI JOSEPH MUI	6,509.60	488.20	6,021.40	Deserted to Alico
34/71119	ODHIAMBO H K STANLEY	16,792.90	1,679.30	15,113.60	Fraud
5/71078	MACHANDA, TIBERIUS O	36,952.50	2,860.10	34,092.40	Active & in payroll
17/72156	MATERE PATRICK W	40,994.60	3,231.55	37,763.05	Active & in payroll
20/72100	NGUGI, TRIZER W	19,016.75	1,901.70	17,115.05	Active & in payroll
205/73342	OTIENO, RICHARD	2,004.10	200.40	1,803.70	Active & in payroll
17/73205	O AYAL CHARLES	26,775.00	2,473.00	24,302.00	Final dues paid - Madison
312/74204	NDERITU CAROLINE WA	6,337.90	507.65	5,830.25	Active & in payroll
400/74247	MUCHEMI CAROLINE N	9,669.00	708.70	8,960.30	Active & in payroll
213/76277	OKELLO, FREDRICK OT	10,341.00	3,562.45	6,778.55	Active & in payroll
410/77210	MANEENO, JAMES MATHE	2,215.70	221.55	1,994.15	Active & in payroll
44/77092	MATOLO SAMUEL MUOKI	48,070.70	6,085.20	41,985.50	Active & in payroll
80/77114	MUTUA PENINAH MBITHI	12,234.00	3,668.00	8,566.00	Active & in payroll
82/77166	NDOLONGA GEDION	19,086.60	3,789.95	15,296.65	Active & in payroll
25/78134	IRANGU JEDIEL M K	1,525.50	60.35	1,465.15	Final dues paid - Madison
48/78179	MITHIMA JACKSON M	29,177.45	2,582.85	26,594.60	Active & in payroll
74/78196	INANUA POLCARP N	2,409.35	240.95	2,168.40	Final dues paid - Madison
93/78284	MUTHURI ANTHONY M	21,519.75	1,361.25	20,158.50	Active & in payroll
7/79001	GICHOBI S M	60,288.85	8,810.50	51,478.35	Active & in payroll
	<b>TOTAL</b>	<b>456,501.90</b>	<b>51,874.65</b>	<b>404,607.25</b>	

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BRITISH  
AMERICAN

Yours sincerely,

**MUTHOGA NGERA**  
**SALES MANAGER, ORDINARY LIFE**

- c.c. - Benson I Wairegi
- Stephen Wandera
- Jackson Maingi
- David Gachanja

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