PERCEIVED FACTORS INFLUENCING INTENTION TO LEAVE
AMONG THE SALES AGENTS IN CFC LIFE ASSURANCE, KENYA

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DECLARATION

I declare that this research project is my original work and has not been submitted or published or presented in any academic institution for any academic awards

Signature…………………………… Date…………………………

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REG. NO: D61/7969/2000

This project has been submitted for examination with my approval as the University supervisor

Signature ………………………….. Date…………………………

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DEDICATION

Dedicated to my husband Steve Onserio and my three lovely children, Abigael, Asher and little Angel for not feeling left out on those weekends I had to work on my proposal and for giving me the moral support to go to class those days I felt like giving up.

To my only sister for making sure that there was dinner every night when I came home from class, my boss for those days you allowed me the time to focus on my course work.

To all of you, “the long hours of my absence are now over and we have all come out victorious”.

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ABSTRACT

High turnover of newly contracted assurance agents is a wide-spread problem faced by many life assurance companies. This trend has made the failure rate of newly contracted agents become notoriously high, leading to frustrations as well as lack of personal development among those who seek opportunities to become agents in the assurance industry. At CfC Life insurance the increasing turnover of sales agents is more obvious in 2008 and 2013, where about one-third of the agents have left the life insurance business is worrying. Factors contributing to this scenario have yet to be confirmed and the identification of the factors also has yet to be explored. This study sought to determine the perceived factors influencing intention to leave among the sales agents in CFC Life Assurance, Kenya. The study adopted a descriptive survey research design. The target population for the study was all 365 CFC Life Insurance Limited sales agents. A structured questionnaire was used to collect data from the respondents. A proportion of the respondents strongly agreed to the following statements concerning the factors influencing intent to leave: product training that enables them to be more competent in their job, work is emotionally exhausting, an effective process to help them identify my developmental needs, are paid fairly for the contributions made towards the company’s success, care about their well-being, are satisfied with the training programmes to develop their skills and abilities and receive adequate career guidance and counseling whenever needed. Hence the study ultimately concludes that rewards and remuneration, organizational support, and product knowledge are perceived factors influencing intention to leave among the sales agents in CFC Life Assurance, Kenya. The study recommends that there is need for CFC Life Assurance, Kenya to offer their sales agents rewards and remunerations fairly compared with other organization and also establish a clear link between how well a sales agents performs’ and the remuneration expected. There is need for the company to offer organizational support through taking great pride in sales agents’ accomplishments while offering appropriate and fair recognition to their contributions. There is need to employ the services of a dedicated team of trainers who spearhead the product knowledge process across the board for the sales force of any organisation. Further study in the same line should be done to incorporate at least 3 other players in the industry or all, furthermore the mentioned objectives though achieved are not the only factors that influence retention of insurance sales agents and other factors should be looked into or identified.
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<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>AKI</td>
<td>Association of Kenya Insurances</td>
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<td>ALICo</td>
<td>American Life Insurance Company</td>
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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

One of the most important issues facing organizations today is finding and keeping good sales professionals. Sales professionals are a very valuable organizational resource, and good sales professionals should be thought of in terms of investments needing frequent reinforcement. Organizations particularly find themselves trying almost anything to retain their best sales people and minimize turnover. Retaining top sales people may indeed be hard. It requires being alert to organizational problems and difficulties which may drive sales people out the door (Brashear, Manolis, & Brooks, 2005). It also means being sensitive to, and understanding, their hopes, dreams, needs and desires, and managing sales force in a manner that lets them achieve their own goals (Schwepker, 1999).

The challenge associated with employees leaving an organization, is that companies spend large sums of their resources in training new employees in order to prepare and provide them with the skills to do their jobs. Turnover then means that the company loses the skills and the knowledge that the parting employees have gained. This also means that they then need to recruit and train new employees. It is of common knowledge that if the employees do not spend a reasonable time in a position, then the company fails to obtain a return on investment from the employees that do leave the organization. As a result, the retention of employees is critical to the well-being and performance of an organization.

In all types of organizations large, small, corporate, not for profit or government there is competition for retaining skilled and talented employee’s (Sidiki and Masood, 2008). Managing to address employee dissatisfaction is the time-consuming task for management and critical challenge to address employee voice (Saunders, 1992). The employee turnover has been widely discussed under organizational literature (Zaffâne, 1994) and different dimensions of employee turnover had been found. In fact, there has been a great deal of involvement in this study to
assess the employees’ intention to leave or to stay in the organization but a lot of confusion exists about what is really the cause (Zeffane, 1994).

1.1.1 Concept of Perception

Perception is interpretation of the situation by a person. It is the process of interpreting the messages of our senses to provide order and meaning to the environment. Your senses play a critical role in perception and behaviour. They not only allow you to perceive your environment, they also enable you to act in response to it. How you analyze what you perceive will be greatly influenced by many factors including your past experiences, feelings, imagination, values, memories, beliefs and your cultural setting. Because the content and degree of these influences will be different for everyone, the same object or event can be perceived very differently by different people. This is why perception is not reality. Among the most important perceptions that influence organizational behavior are the perceptions that organizational members have of each other (Zeffane, 1994). Perception ranks among the most important cognitive factors of human behavior that enable people to understand their environment. Rao and Narayan draw attention to the fact that since there is no specific strategies for understanding the perception of others, everyone appears to be left with his own inventiveness, innovative ability, sensitiveness and introspective skills to deal with perception (Rao and Narayan 1998).

Perception leads to decision making and action taking. At the most basic level, the decision is to act or not to act and this depends on how you develop motivation. With every action there is always a set of alternatives from which to choose, even though oftentimes it might seem as if there are no alternatives. People’s perceptions and attributions influence how they behave in their organization. Perception describes the way people filter, organize and interpret sensory information. Attribution explains how people act, determining how people react to the actions of others as well. Accurate perception allows employees to interpret what they see and hear in the workplace effectively to make decisions, complete tasks and act in ethical manner. Faulty perceptions lead to problems in the organization, such as stereotyping, that lead people to erroneously make assumptions (Rao and Narayan 1998).
1.1.2 Intention to Leave

Various disciplines have studied turnover amongst employees, they include, psychology, sociology, economics, and organizational behaviour (Pearson, 1995). There has been an extensive amount of studies on turnover in organizational context, the primary reason being the costs incurred by the organization. It has been estimated that the cost of hiring and training a new employee can be up to 200 percent of his or her salary (Griffeth & Hom, 2001). Direct costs are related to recruiting, selecting, placing, inducting, training and developing replacement staff (Pearson, 1995). These direct costs are substantial given the high rate of turnover among sales people. In a study done by Richardson (1999) it was estimated that the turnover rate among sales people were double the rate for other jobs. According to a global research organization, turnover for insurance sales representatives were found to be about 50 percent during the first year of employment (LIMRA, 2010).

DeConinck & Johnson (2009) affirm that the importance of direct costs associated with sales turnover seems to be clear, however, indirect costs may be significantly greater. Research has shown that the role the salesperson plays in building quality relationships and customer retention is critical (Johnson, Barksdale, & Boles, 2001). When a salesperson leaves the organization, the customer relationships the salesperson has developed may be at risk. Another indirect cost of turnover results from something DeConinck and Johnson (2009) calls “ramp-up” time, this is the time associated with a new salesperson taking over an unfamiliar account base. The new salesperson will not be able to generate the revenue of an experienced salesperson during this period. Despite all the costs associated with salespersons’ turnover, there are some instances when turnover is good for the organization, for example, when turnover results in loosing poor performing employees. However, most practitioners and researchers use the term to signify the loss of valued employees, and it is thus seen as impacting negatively on organizational effectiveness (Staw, 1980).
1.1.3 Factors that Influence Intention to Leave

It has been of great concern to many managers, the fact that only 5\% of insurance sales agents recruited remain in the industry and become successful sales representatives, out of 5\% only 2\% become high achievers in the industry. According to Life Insurance Marketing Research Association Magazine (2010), 68\% of agents leave companies within their first two years. In 2005, the four-year agent retention rate was 14\% with a total annual turnover rate of 31\%. Although this retention percentage did increase in 2005, over the past 20 years, agent retention has been unable to dramatically increase. According to Mobley (1982) intention to leave is expressed by a total of 4 factors: personal factor (relocation or other career plan), job factor (lack of challenge), organization factor (job environment, job satisfaction or welfare), and external factor (acquisition of a new job). Sousa-Poza and Henneberger (2004) argued that turnover intention describes an individual’s possibility to change jobs during a period of time. With life insurance firms in Taiwan as research subjects, Chiang (2009) found that the lower the internal satisfaction and the external satisfaction a life insurance employee gets at his job, the higher his intention to leave will be.

Perceived organizational support is defined as the employees global beliefs about the extent to which the organization cares about their well being and values their contributions. The more employees perceive the organizational support, the more they feel that they are respected and esteemed in the organization, and expect that their superior performance will be rewarded. This breeds a strong sense of belonging to the organization. According to Sousa-Poza and Henneberger (2004) employees need support at work if they are expected to deliver the performance and citizenship that result from engagement. If employees believe they work for employers that don’t value their contributions or care about their well-being, they won’t feel safe enough to fully engage in their work.

Job stress is the harmful physical and emotional responses that occur when the requirements of a job do not match the capabilities, resources or needs of the worker. Sousa-Poza and Henneberger (2004) state that employees usually encounter stress at work due to excessive demands of the organisation for better job outcomes. The experience of job related stress causes a decrease
therefore in the job satisfaction of employees. Well-designed, organised and managed work is generally good for us but when insufficient attention to job design, work organisation and management has taken place, it can result in Work related stress. Work related stress develops because a person is unable to cope with the demands being placed on them. Stress, including work related stress, can be a significant cause of illness and is known to be linked with high levels of sickness absence, staff turnover and other issues such as more errors.

An employee's perception of whether his remuneration package is an adequate reward for the effort he expends impacts his desire to leave an organization. If he thinks that his salary is not keeping pace with inflation or that he is not fairly rewarded in comparison to colleagues, he could begin to explore alternative options. If he discovers that he can earn more money or secure a better benefits package with an alternative employer, he could tender his resignation.

1.1.4 CFC Life Assurance Company, Kenya

According to Welcome to the World of Liberty magazine (2011) CFC Life is said to have been created in 1964 as Kenya American Insurance Company. The company later rebranded in 1987 as American Life Insurance Company (ALICo) Kenya Life Fund. In 2002 ALICo was acquired by CFC Bank Group which rebranded the business unit as CFC Life Assurance Ltd. In 2008 a merger between CFC Bank Group and Stanbic Bank, a subsidiary of Standard Bank Group (S.A) formed CfC Stanbic Holdings, CfC Life Assurance became part of a larger organisation. CfC Life Assurance Company has three main business regions in Kenya. Coast region agencies, western region, made of Nakuru, Eldoret and Kisumu. Central region made of Nairobi, Thika and Nyeri (CfC, 2013).

CfC Life Assurance Limited operates in eight towns and cities across Kenya with approximately 400 agents and over 140 employees. The Company has provided insurance services to the nation for more than 47 years and continues to offer a range of attractive life and pension products. The company’s vision is to be the market leading wealth management Company in Africa while entering growth markets which allow them to use their points of difference to make a meaningful contribution to the group. The Company underwrites all classes of life insurance as defined in the
Insurance Act. It also issues investment contracts to provide customers with asset management solutions for their savings and retirement needs (CfC, 2013).

At the end of 2011 more than 380 agents were contracted to sell CfC Life products and services throughout Kenya. Some of these “tied” agents sell CfC Life products and those of other group companies. “Independent” agents sell our products as well as those offered by other insurance companies. The key challenge during the year was to transform the agents from a product focus to a solutions focus identifying the right products and services to meet customers’ needs. Financial needs analysis tools were introduced to support this emphasis and product remuneration structures changed to remove undesirable arbitrage across like products (CfC, 2013).

Agents were encouraged to understand their customers’ needs and our product lines well enough to give appropriate advice, take their customers through a financial planning process and ensure their customers select products that suit their needs at a particular point and time. This leads to satisfied customers who will keep their business with us and look to us when, in the future, they require new or different insurance services. To attract and retain quality agents and ensure their continued professional growth, CfC life offers competitive remuneration and ample support services throughout their career (CfC, 2013).

1.2 Research Problem

According to AKI (2010) it has been observed that lack of personal development of many sales persons who join insurance industry is a subject worthy of being given due consideration if the industry is to remain relevant in the country. Lombards, et al (2003) points out that, various life assurance companies have continuously been experiencing the problem of high rate of turnover among agents which has led to many companies losing billions of shillings due to poor retention, an issue which was has also been supported by AKI (2010). At CfC Life insurance agents are tied career agents, meaning that they devote at least ninety percent of their time selling CfC Life products. The increasing turnover of sales agents is more obvious in 2008 and 2013, where about one-third of the agents have left the life insurance business is worrying. Factors contributing to
this scenario have yet to be confirmed and the identification of the factors also has yet to be explored.

High turnover of newly contracted assurance agents is a wide-spread problem faced by many life assurance companies. This trend has made the failure rate of newly contracted agents become notoriously high, leading to frustrations as well as lack of personal development among those who seek opportunities to become agents in the assurance industry. High commitment at the permanent work place, lack of salesmanship skills, conflict between dual career were found to be strong factors affecting the turnover. Other factors include high achievement quota from the agency force and high selling activities which were required in order to stay in this business. According to Dasar (1998) personal factors faced by life insurance agents such as inability to divide full time career and insurance selling activities, high pressure and commitment at the permanent work place, not able enough to close the case, having other better income opportunities and lack of quality time with the family members influence high rate of turnover in life insurance agents. Organizational problems such as the policy is not easy to sell, very little fringe benefit, the agency does not guarantee fixed income, the agency does not help much in giving training and high achievement quota set by the company also influence high rate of turnover in life insurance agents.

Previous studies in Kenya on labour turn over and intent to leave have not dealt specifically with insurance sales agents at CFC Life assurance Limited. Wambui (2012) investigated the perceived factors which influenced turn over at SDV Transami in Kenya. The study found that factors such as lack of career prospects, lack of recognition for work done, unmet expectations about the job and lack of flexibility in the job among others influenced employee turnover in the organisation. Kioko (2006) did an investigation into the factors responsible for high turnover within the nightclubs in Nairobi and concluded that frequent change was due to poor remuneration, stages in life of the employee and poor human resource management practices were highly responsible for employee turnover in the organisation.
There is lack of sufficient research which has been done in regard to the problem of intention to leave among sales staff in the life assurance industry in Kenya which is evident due to paucity of literature materials in the field related to the area of the study’s concern. Agents’ leaving insurance companies is a problem that has endlessly been a throbbing headache to numerous life insurance companies without any foreseen solution. The main focus of the study is to unearth a possible way out of the situation and give the necessary recommendations. There is little published work on the factors influencing agents’ intent to leave among sales staff in the life insurance industry, particularly in the context of developing countries in the dynamic African region and specifically in Kenya. This study therefore sought to answer the question what are the perceived factors that influence intent to leave among sales staff in CFC Life Insurance Company Limited?

1.3 Research Objective
To determine the perceived factors influencing intention to leave among the sales agents in CFC Life Assurance, Kenya.

1.4 Value of the study
The study will be important to managers of insurance firms in that the study will be useful to this group in helping them identify what leads to insurance sales agents’ intention to leave. The Management team will use the findings as the base upon which to review company employee performance. The Sales and Distribution Department which houses the Training and Recruitment unit as well as the Management team will use the findings as the base upon which to review modalities used in training, recruitment, remuneration and orientation at CFC Life. Necessary improvements identified could be undertaken to enhance strategy formulation to enhance agent retention at this organizations.

The regulators and the policy makers can use the finding as reference for policy guidelines on management and control of such organizations. They will be able to use the findings of the study to formulate viable policy documents that effectively address problems faced by the companies in the insurance sector. The findings of the study are intended to provide the government with
valuable information on formulation of policies to govern the assurance industry which will enable the agents’ retention improve and change life insurance from hard sale to soft sale. These may relate to regulating those aspects that threaten to adversely impact on the operations and development of such organizations.

The study will provide additional information into the already existing body of literature regarding the agents’ intention to leave in the insurance industry. The findings of this study will enrich existing knowledge and hence will be of interest to both researchers and academicians who seek to explore and carry out further investigations. It will provide basis for further research.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter will cover a review of literature pertinent to the study as presented by various researchers, scholars’ analysts and authors. The Chapter has the theoretical review which has 2 theories; Social Exchange theory and Equity theory. The chapter also discusses the perceived factors which influence intent to leave among employees.

2.2 Theoretical Foundation of the Study

This study will be guided by the social exchange theory and the equity theory. Social exchange theory proposes that the relationships we choose to create and maintain are the ones that maximize our rewards and minimize our costs. According to this, we are more self-centered and not necessarily concerned with equality. The basic idea is that relationships that give us the most benefits for the least amount of effort are the ones we value the most and are likely to keep long-term. Steers & Mowday (1981), suggests that the exchange relationship between two parties often goes beyond economic exchange and includes social exchange. Hence, organisational studies urge that employer and employee exchange are not only impersonal resources such as money, but also socio emotional resources such as approval, respect, recognition and support (Steers & Mowday, 1981).

Equity theory on the other hand focuses on two sides: the input and the outcome. An employee compares his or her job’s inputs with an outcome ratio. If the employee perceives inequality, he will act to correct the inequity (Mouton, 2001). Watkins 2008 observes that a highly motivated employee perceives his rewards to be equal to his contributions. In any position, an employee wants to feel that their contributions and work performance are being rewarded with their pay. If an employee feels underpaid then it will result in the employee feeling hostile towards the organization and perhaps their co-workers, which may result in the employee not performing well at work anymore. It is the subtle variables that also play an important role in the feeling of equity. Just the idea of recognition for the job performance and the mere act of thanking the
employee will cause a feeling of satisfaction and therefore help the employee feel worthwhile and have better outcomes.

2.3 Intent to Leave
A question several supervisors and managers in organizations ask is “why should retention of employees be important or relevant to them?” The rationale for keeping turnover rates low has been supported by various studies over the years (Abbasi & Hollman, 2000; Arkin, 1997). There are significant direct and indirect costs associated with high turnover. When retention rates are low, extra time and money are spent on recruiting, selecting, and training new employees that could have been spent on other activities like performance improvement or career development of employees. Additionally, organizations may experience a decrease in performance, efficiency, and morale, and an increase in dysfunctional social networks, lower group cohesion, and poorer communication with low retention levels (Gentry, Kuhnert, Mondore & Page, 2007).

Elangovan (2001) describes intention to quit as an attitudinal orientation or a cognitive manifestation of the behavioural decision to quit. It is usually seen as a dependent variable that is used to indicate the probability of an employee leaving the organization in the foreseeable future (Brown, 1996). This construct is often measured with reference to a time period (e.g. within one year) and has been described as the last in a sequence of withdrawal cognitions that an employee may have before he/she leaves an organization. It has long been realized that the intention to quit is most probably influenced by a variety of factors (Steers & Mowday, 1981). How the employee takes the decision to leave the organisation he/she is currently employed at, starts with an evaluation by the individual of his/her current situation where he/she measures the advantages and disadvantages of staying or leaving the job. This is followed by several stages whereby he/she considers alternative job/careers, financial needs and availability of other jobs which may lead to a firm intention to quit. The final outcome of this process may be a decision to leave the organisation (Steers & Mowday, 1981).

Researchers have identified a number of variables associated with employee turnover, however it is generally accepted that job satisfaction, organizational commitment and intention to quit are
the most important antecedents of employee turnover (Elangovan, 2001; Mobley, 1977). From these, intention to quit is believed to be the single most important antecedent to the turnover decision and according to Bluedorn (1982), considerable support exits for this notion. Weisberg (1994) provides a cost-focused perspective on employee turnover, and describes it as a natural part of organizational life, involving both financial and nonfinancial costs resulting from experienced employees leaving voluntarily. An objective definition of voluntary turnover, as proposed by Maertz and Campion (2001), speaks to those instances where management agrees that, at the time of termination, the employee still had the opportunity to continue employment at the particular company, if he/she so desired.

Intent to leave is a psychological process and it is hard for researchers to comprehend it but, intent to leave has been described as an aware and thoughtful grit to leave the organization (Tett and Meyer, 1993). Many factors have been investigated and linked with employee’s intentions to leave. There are many researchers who correlate job satisfactions with employees turnover e.g. dissatisfied employees tend to leave their jobs more consistently than satisfied employees (Churchill et al., 1974). Porter and Steer (1973) suggested that individuals and organizational level factors should be included which determine the employee’s behavior and attitude that manipulate his/her decision whether to leave or stay in the organization. Whereas some studies conclude that effective commitment has strong negative influence on the employee’s intention to leave the organization (Conway and Monks, 2009). While presenting the contextual model of employee intention to leave has suggested that routinization, communication, distributive justice and upward mobility with some environmental (opportunity) variables are influential on employee decision to leave or stay in the organization (Martin, 1979). Organization environment generally and cultural environment particularly, e.g. team, respect for people, orientation etc, have substantial positive influence on employee retention (Sheridan, 1992).

Those who perform outstanding and those who perform outlandish both show their intent to leave the organization due to dissatisfaction (Zimmerman and Dornald, 2007). Hirschman theory known as exit, voice and loyalty has been prominent theory in response to dissatisfaction. To voice dissatisfaction is a try to change the situation that is dissatisfying the employee and simply to quit the organization. According to Hirschman (1980), loyal employees are less intended to
leave the organization as compared to those with modest loyalty. However, it is very difficult to interpret the construct of loyalty as some interpreted loyalty as an attitude or behavior response to dissatisfaction (Saunders, 1992). A lot of research has been conducted on the base of Hirschman exit theory, voice and loyalty model and found further dimensions related to employee intent to leave. For example, many studies have concentrated on union employees’ voice and supported the proposition that union employees with the collective voice have more influence than individual voice and as a result they are less intended to leave (Andrew et al., 1996).

Whereas turnover is understood to be the termination of an individual’s employment with a given organization, the turnover intention (intention to quit) is conceived to be a conscious and deliberate willfulness to leave the organization (Tett & Meyer, 1993). Excessive labour turnover can cause organizations to incur significant direct and indirect costs (DeConinck & Johnson, 2009; Pearson, 1995), and because intention to quit has been shown to be the single most important antecedent to the turnover decision (Elangovan, 2001; Mobley, 1977), it seems valuable to explore intention to quit in uncovering the high turnover issue.

In their study, Jahangir, Akbar and Haq (2004) argue that individuals with higher levels of job satisfaction demonstrate decreased propensity to search for another job and therefore have a decreasing propensity to leave. This means that an employee who reflects a higher level of job satisfaction is less likely to have an intention to quit their job. In the study by Shahnawaz and Jafri (2009), they cited the Traditional Wisdom Model to discuss the theory of turnover. According to this theory, turnover is directly linked to job attitudes, such as job satisfaction and commitment. The model indicates that job satisfaction has an influence on thinking of quitting, which in turn leads to intention to search. The intention to search is then hypothesized to influence intention to quit, which leads to turnover.

The researchers Kelly and Cross (cited in Firth et al., 2004) found that peer social support was associated with higher job satisfaction among direct care staff and home managers for intellectually disabled clients, while intention to quit was associated with the presence of social
undermining by co-workers and provider agencies. However, the bulk of evidence suggests that it is situation-specific support, that is, work-supervisor/home-family that is most effective (Firth et al., 2004).

2.4 Factors Influencing Intent to Leave
Numerous researchers (e.g. Bluedorn, 1982; Kalliath & Beck, 2001) have attempted to answer the question of exactly what determines people’s intention to quit by investigating possible antecedents of employees’ intentions to quit. To date, there has been little consistency in findings, which is partly due to the diversity of constructs included by the researchers and the lack of consistency in their measurements, but it also relates to the heterogeneity of populations sampled. Further, some authors have reported validity coefficients for the variables under investigation but, while statistically significant, these are often of little practical utility. Such authors have also failed to report the amount of variance in intention to quit explained by the factors in their models (Firth, Mellor, Moore & Loquet, 2004).

Despite these limitations, among the variables consistently found to relate to intention to quit are: the experience of job-related stress (job stress); the range of factors that lead to job-related stress (stressors); lack of commitment to the organization; and job dissatisfaction (e.g. Greenhaus & Beutell, 1985; Igbaria & Greenhaus, 1992). These variables can be mediated by personal or dispositional factors and by environmental or organizational factors. Among the personal factors that mediate between stressors and intention to quit are aspects of personal agency, self-esteem and social support (Coyne & Downey, 1991; Turner & Roszell, 1994).

2.4.1 Remuneration and Reward
Remuneration, reward and recognition are some of the variables that seem to appear regularly in literature concerned with intention to quit. Compensation has been shown to be the most critical issue when it comes to attracting and keeping talent (Janas, 2009). A positive strategy is required and involves ensuring a competitive pay structure where top performers are properly compensated and mechanisms are in place to retain critical players (Janas, 2009). A survey by Salary.com found that 34.2% of current and former employees feel there is insufficient
recognition or appreciation of their work, talents and capabilities and provide these as the reason for leaving their jobs (Janas, 2009). Remuneration can be described as a way which one is compensated for what has been done either good or bad, it can also be called benefit that is given to an employee or group of people in an organisation. There are two types of remunerations; these are financial and non financial rewards. Financial Reward also can be referred to as an incentive given to employees whose production exceed predetermined standard that is the production is beyond what the organisation expectation.

Remuneration plays an important role in implementing strategies in an organisation. firstly, For a high level of pay or benefits relative to that of competitors can ensure that the company attracts and retains high quality employees, but this might have a negative impact on the company's overall labour cost. Secondly, by tying pay to performance, the company can elicit specific activities and level of performance from employees.

2.4.2 Organisational Support

The number of possible variables that may cause intention to quit is large. However, SamGnanakkan (2010) emphasize that there exists various factors which will determine whether the employee will actually convert these intentions to behaviour. They include individual or personality factors, work-related factors such as job satisfaction and organizational commitment, and current economic conditions (Lum, Kervin, Clark, Reid & Sirola, 1998). According to the classic turnover model by March and Simon (1958) these thoughts about leaving are a function of the perceived desirability of leaving and the perceived ease of movement from the organization. Several extraneous factors interfere with the employee’s ability to translate intentions into behaviour, for example, availability of alternative jobs, employee’s mobility and family obligations (SamGnanakkan, 2010).

Another variable that has been researched with regard to intention to quit is organizational support. Perceived organizational support is defined as the employees global beliefs about the extent to which the organization cares about their well being and values their contributions. The more employees perceive the organizational support, the more they feel that they are respected and esteemed in the organization, and expect that their superior performance will be rewarded.
This breeds a strong sense of belonging to the organization. Sousa-Poza and Henneberger (2004) Management needs to examine how effective their organizational structures are in retaining employees (Sheridan, 1992). Therefore managers need to be aware of employees’ perception of the organizational Support. Clarke (2001) reported that employees stay with an organization when they have strong relationships with their work colleagues. Employees who work as a team are more likely to feel an increased commitment to the work unit’s efforts and the organization as a whole (Meyer & Allen, 1997).

March and Simon (1958) further argued that general labour market condition influence voluntary turnover brought perceived ease of movement, which interacts with perceived desirability of movement to influence turnover. Their model suggests that certain factors such as "dissatisfaction" may push the employee to look for alternative employment, whereas other factors such as perception of attractive job alternative may pull the employee to consider alternative employment. The "push" and "pull" factors at national level will directly affect the turnover.

2.4.3 Product Knowledge

Product knowledge is an integral part of an insurance sales person’s career. The product is the only source of income for the sales force, therefore it is imperative for the sales agents to thoroughly know their product in order to adequately advice the client. In the past product knowledge training at CFC life was carried out by the various Agency Managers which meant that the information given to one group of agents was inconsistent with another group. The issue was similar to the disadvantages presented in on the job training where bias could easily be created based on the individual trainer’s opinion and experience, resulting in agents over selling, under selling or totally ignoring some products based on their manager’s advice. There is need to employ the services of a dedicated team of trainers who spearhead the product knowledge process across the board for the sales force of any organisation.

Effective and efficient agent and manager training are essential for the success and growth of insurance companies. Having highly developed agents and managers can provide a company
with a competitive advantage and lead to higher long-term revenue. Because of this, companies have invested considerable amounts of money and resources to provide agents and managers with a wide variety of training programs to increase their knowledge and skills. LIMRA surveyed companies in Asia about their training programs for agents and agency managers. Results from this study show that the training that companies provide differs based on whether the agent is new or established and whether the manager is new or experienced. All companies provide new agents with training on the fundamentals of insurance, product knowledge, and selling skills. A greater percentage of the companies however, offer to established agents training in business management, interpersonal skills, and technology than they do to new agents. More companies provide new managers with training in recruiting, selection, supervision, and agent training as opposed to experienced managers. Training for experienced managers focuses more on leadership and management areas.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction
This chapter describes the methods that were employed to provide answers to the research questions in this study as listed in chapter one. The following aspects of research methodology are discussed; research design, study population, research instruments, validity and reliability, data collection procedure and data analysis.

3.2 Research Design
This study adopted a descriptive survey design. The design was chosen for this study because of the large population size. It therefore helped in maximization of reliability of data collected.

3.3 Population of the Study
The population of the study consisted of all 365 CFC Life Insurance Limited sales agents (CFC Life Agents Payroll July 2014).

3.4 Sample Design
To determine the size of the sample used, the Yamani Taro (1967) formula was used. It states that the desired sample size is a function of the target population and the maximum acceptable margin of error (also known as the sampling error) and it expressed mathematically thus:

\[ n = \frac{N}{1 + Ne^2} \]

Where:
- \( n \) = sample size
- \( N \) = target population
- \( e \) = maximum acceptable margin of error (5%)
Thus in this study, the desired sample size given that there was 365 sales staff in the CfC Life Insurance is:

\[
\begin{align*}
  n &= \frac{365}{1 + 365 (0.05)^2} \\
  n &= 190
\end{align*}
\]

The research uses a 5% margin of error, therefore, 190 respondents who are sales staff were targeted by the use of questionnaires. The respondents were randomly selected.

### 3.4 Data Collection

The study used primary method of data collection. The questionnaire was semi structured. The questionnaire contained two parts, the first part included the biodata information of the respondent, and the second part looked into factors influencing intent to leave using drop and pick method. The questionnaires were dropped to the various respondents in the agency offices at CfC Life house and picked later to allow the respondents ample time to fill them.

### 3.5 Data Analysis

The data was analysed using descriptive statistics namely mean and standard deviation. Frequency tables, charts and graphs were used to present the findings.
CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction
This chapter presents the analysis of the data collected revealing the findings of the study.

4.2 Response Rate
Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned</td>
<td>171</td>
</tr>
<tr>
<td>Not returned</td>
<td>19</td>
</tr>
<tr>
<td>Total (Issued)</td>
<td>190</td>
</tr>
</tbody>
</table>

From Table 4.1, out of 190 questionnaires which had been administered to the interviewees, 171 of them were returned for data analysis. This translates to 90.0 percent return rate of the respondents. Overall, the response rate can be considered to have been very high. The findings are presented in the Table 4.1:

4.3 Characteristics of the Respondents
Table 4.2: Gender Distribution of Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>91</td>
</tr>
<tr>
<td>Female</td>
<td>80</td>
</tr>
<tr>
<td>Total</td>
<td>171</td>
</tr>
</tbody>
</table>

From Table 4.2, it is evident that majority of the respondents who participated in the study were males represented by 91 (53.0%) and followed by females 80 (43.0%). The findings are presented in the Table 4.2:
Figure 4.1: Age Distribution of Respondents

Figure 4.1 reveals that majority of the respondents (64.1%) are aged between 21-30 years, 32.5% are aged 31-40 years and 3.4% are aged 41-50 years. The findings reveal that majority of sales staff in the CfC Life Insurance are aged in between 21-30 years old. The findings could imply CfC Life Insurance prefer young sales agents to grow with the firm and also perceived to be swift on their feet.

![Age Distribution of Respondents](image)

Figure 4.2: Highest Education Level of the Respondent

Figure 4.2 reveals that majority of the respondents (51.8%) have attained diploma level of education, 32.9% have attained undergraduate level of education, 9.7% have attained certificate level of education and 5.6% have attained post graduate level of education. The findings reveal that majority sales staff in CfC Life Insurance has attained tertiary level of education believed to be sufficient for the nature of work they are involved in.

![Highest Education Level of the Respondent](image)
Figure 4.3: Length of Time Respondent has been in CfC Life Insurance

Figure 4.3 reveals that majority of the respondents represented by 43.7% have been in the company for 1-3 years. The figure further reveals that 23.9% have worked with CFC Life Insurance for 4-7 years, 17.5% for 8-11 years and 14.9% for less than 1 year. The findings reveal that majority of sales staff in the CfC Life Insurance have been with the company for a long period of time.
Duration worked with the CfC Life Insurance
Table 4.3: Respondents Annual Production Level (in Ksh)

<table>
<thead>
<tr>
<th>(Production Levels)</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;950,000</td>
<td>32</td>
</tr>
<tr>
<td>950,000-1,900,000</td>
<td>68</td>
</tr>
<tr>
<td>1,900,000 – 3,100,000</td>
<td>59</td>
</tr>
<tr>
<td>3,100,000 – 5,000,000</td>
<td>9</td>
</tr>
<tr>
<td>&gt; 5,000,000</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>171</strong></td>
</tr>
</tbody>
</table>

Table 4.3 shows that majority of the respondents (39.9%) indicated the annual production level of the organization are ksh 950,000-1,900,000, ksh 1,900,000 – 3,100,000 (34.7%), ksh <950,000 (18.7%), ksh 3,100,000 – 5,000,000 (5.4%) and ksh > 5,000,000 (1.3%).

Table 4.4: Respondents Intent to Leave

<table>
<thead>
<tr>
<th>Intent to leave</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>91</td>
</tr>
<tr>
<td>No</td>
<td>80</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>171</strong></td>
</tr>
</tbody>
</table>

Table 4.4 reveals that majority of the respondents 91 (53.2%) indicated they had intent to leave whereas 80 (46.8) do not have intention to leave CfC Life Insurance. The findings could imply that there are a number of factors that cause sales staff intent to leave.
4.4 Perceived factors influencing intent to leave

Table 4.5: Extent of agreement on remuneration and rewards as a perceived factor influencing intent to leave

<table>
<thead>
<tr>
<th>Remuneration and Rewards</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am paid fairly compared to similar position in other organisations</td>
<td>1.48</td>
<td>0.56</td>
</tr>
<tr>
<td>There is a clear link between how well I perform and the remuneration I receive</td>
<td>1.49</td>
<td>0.50</td>
</tr>
<tr>
<td>The reward and recognition system in my Business Unit motivates people to perform above average</td>
<td>1.89</td>
<td>0.32</td>
</tr>
<tr>
<td>I am paid fairly for the contributions I make towards the Company’s success</td>
<td>1.99</td>
<td>0.36</td>
</tr>
</tbody>
</table>

Table 4.5 reveals that majority of respondents agreed to the following statements regarding remuneration and rewards ranked in the order stated using the mean scores. Sales agents getting paid fairly for the contributions they make towards the company’s success was ranked number one with highest mean score of 1.99 followed by the reward and recognition system in agents Business Unit motivates people to perform above average with mean of 1.89. There is a clear link between how well the sales agents perform and the remuneration they receive with mean score of 1.49 followed by the sales agents are paid fairly compared to similar position in other organisations with mean score of 1.48. The findings in Table 4.5 support Janas (2009) study which revealed that 34.2% of current and former employees feel there is insufficient recognition or appreciation of their work, talents and capabilities and provide these as the reason for leaving their jobs (Janas, 2009).

Table 4.5 reveals the findings support Watkins (2008) who observed that a highly motivated employee perceives his rewards to be equal to his contributions. According to Watkin (2008), an employee wants to feel that their contributions and work performance are being rewarded with
their pay. If an employee feels underpaid then it will result in the employee feeling hostile towards the organization and perhaps their co-workers, which may result in the employee not performing well at work anymore. The findings are also in line with Chiang (2009) who found that an employee's perception of whether his remuneration package is an adequate reward for the effort he expends impacts his desire to leave an organization. According to Chiang (2009) if a sales agent thinks that his/her salary is not keeping pace with inflation or that he is not fairly rewarded in comparison to colleagues, he/her could begin to explore alternative options. If he discovers that he can earn more money or secure a better benefits package with an alternative employer, he could tender his resignation.

Table 4.6: Extent of agreement on organizational support as a perceived factor influencing intent to leave

<table>
<thead>
<tr>
<th>Organizational Support</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>My sales manager takes great pride in my accomplishments</td>
<td>1.97</td>
<td>0.38</td>
</tr>
<tr>
<td>My sales manager really cares about my well-being</td>
<td>1.90</td>
<td>0.42</td>
</tr>
<tr>
<td>My work is emotionally exhausting</td>
<td>1.83</td>
<td>0.48</td>
</tr>
<tr>
<td>I receive appropriate and fair recognition for my contributions and accomplishments</td>
<td>1.70</td>
<td>0.46</td>
</tr>
</tbody>
</table>

Table 4.6 reveals that majority of respondents agreed to the following statements regarding organizational support ranked in the order stated using the mean scores. The sales manager takes great pride in the sales agent accomplishments was ranked number one with highest mean score of 1.97 followed by the sales manager really cares about the sales agent well-being with mean of 1.90. The work is emotionally exhausting with mean score of 1.83 followed by the sales agents receive appropriate and fair recognition for their contributions and accomplishments with mean score of 1.70. The study findings also support Sousa-Poza and Henneberger (2004) who affirmed that the more employees perceive the organizational support, the more they feel that they are
respected and esteemed in the organization, and expect that their superior performance will be rewarded. This breeds a strong sense of belonging to the organization.

Table 4.7: Extent of agreement on product knowledge as a perceived factor influencing intent to leave

<table>
<thead>
<tr>
<th>Product Knowledge</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am satisfied with the training programmes available to develop my skills and abilities</td>
<td>2.30</td>
<td>0.52</td>
</tr>
<tr>
<td>I receive adequate career guidance and counseling when needed</td>
<td>2.03</td>
<td>0.24</td>
</tr>
<tr>
<td>There is an effective process to help me identify my developmental needs.</td>
<td>1.96</td>
<td>0.36</td>
</tr>
<tr>
<td>I receive enough product training and knowledge before I am expected to sell by CfC Life Assurance Ltd.</td>
<td>2.54</td>
<td>0.67</td>
</tr>
<tr>
<td>I receive product training that has enabled me to be more competent in my job</td>
<td>1.89</td>
<td>0.32</td>
</tr>
</tbody>
</table>

Table 4.7 reveals that majority of respondents agreed to the following statements regarding product knowledge ranked in the order stated using the mean scores. The sales agent receives enough product training and knowledge before they are expected to sell by CfC Life Assurance Ltd. was ranked number one with highest mean score of 2.54 followed by the sales agents are satisfied with the training programmes available to develop their skills and abilities with mean of 2.30. The sales agent receives adequate career guidance and counseling when needed with mean score of 2.03 followed by the there is an effective process to help the sales agent identify their developmental needs with mean score of 1.96. The findings support Clarke (2001) who states that the product is the only source of income for the sales force, therefore it is imperative for the sales agents to thoroughly know their product in order to adequately advice the client.
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter presents a summary of the findings, conclusions and recommendations of the study.

5.2 Summary
This study aimed to at determining the perceived factors influencing intention to leave among the sales agents in CFC Life Assurance, Kenya. The researcher reviewed previous studies with a view to establish academic gaps which the present study sought to bridge. This was done through library research. The procedure included: reading, evaluating the methodology employed in terms of design choice, target population, sample and sampling procedure data collection instruments (that is suitability, validity and reliability), data collection procedures, data analysis, findings and recommendations. The researcher benefited so much from the literature review for it guided the present study by pointing to areas that need to be investigated. This study employed quantitative research as the main approach to guide the study. The target population included all 365 CFC Life Insurance Limited sales agents. The research instrument used in data collection was a questionnaire to collect data from the organizations. To ensure validity of the instruments, expert opinion was sought. Data analysis was started immediately after the field. Data was summarized into frequencies and percentages and presented in graphs, pie charts and tables.

The study findings revealed that majority of the respondents who participated in the study were male aged between 21-30 years and have attained diploma level of education. The findings reveal that majority of the respondents have been in the company for 1-3 years. The study findings also depict that majority of the respondents indicated the annual production level of the organization are ksh 950,000-1,900,000. The study findings revealed that rewards and remuneration, and organizational support would lead to rise in intent to leave among the sales agents in CFC Life Assurance, Kenya. The findings are in line with Janas (2009) study which revealed that 34.2% of current and former employees feel there is insufficient recognition or appreciation of their work, talents and capabilities and provide these as the reason for leaving
their jobs (Janas, 2009). The study findings also support Sousa-Poza and Henneberger (2004) who affirmed that the more employees perceive the organizational support, the more they feel that they are respected and esteemed in the organization, and expect that their superior performance will be rewarded. This breeds a strong sense of belonging to the organization. However the study findings revealed that product knowledge negates intent to leave among the sales agents in CFC Life Assurance, Kenya as it has a negative coefficient.

5.2 Conclusion

Based on the findings of the study, the following main conclusions were made for the perceived factors influencing intention to leave among the sales agents in CFC Life Assurance, Kenya. The study concludes that the CFC Life Insurance Limited is largely dominated by males sales agents aged between 21-30 years who have attained tertiary education. The study also concludes that at CFC Life Assurance, Kenya sales agents receive product training and knowledge, are satisfied with the training programmes available to develop their skills and abilities, receive adequate career guidance and counselling when needed, are paid fairly for the contributions make towards the company’s success, receive product training that enabled them to be more competent in their job, the firm takes great pride in their accomplishments, the reward and recognition system motivates staff to perform, there is a clear link between how well they perform and the remuneration they receive are statements regarding the perceived factors influencing intent to leave.

The study concludes that rewards and remuneration, organizational support, and product knowledge have a significant relationship with intent to leave among the sales agents in CFC Life Assurance, Kenya. Hence the study can finally conclude that rewards and remuneration, organizational support, and product knowledge are perceived factors influencing intention to leave among the sales agents in CFC Life Assurance, Kenya.

5.3 Recommendations

On the basis of the above conclusions, the following recommendations were made for the study. There is need for CFC Life Assurance, Kenya to offer their sales agents rewards and
remunerations fairly compared with other organization and also establish a clear link between how well a sales agents performs’ and the remuneration expected.

There is need for the company to offer organizational support through taking great pride in sales agents’ accomplishments while offering appropriate and fair recognition to their contributions.

There is need to employ the services of a dedicated team of trainers who spearhead the product knowledge process across the board for the sales force of any organisation.

5.3.2 Suggestions for Further Research

There is need to conduct a similar study which will endeavour establish factors influencing intent to leave among sales agents in other insurance firms. There is also need of using a different methodology to carry out a same study at CFC Life Assurance, Kenya.
REFERENCES


LIMRA insurance industry research. (2010). *It’s all about me, or is it?*. Retrieved May, 6, 2010, from [http://www.limra.com/research](http://www.limra.com/research)


APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

Carolyne Okiko,
P.O Box 30197-00200,
Nairobi,
20 August 2014.

Dear Respondent,

RE: DATA COLLECTION

I am an MBA student from University of Nairobi carrying out a research on the factors influencing intention to leave among sales staff focusing on CfC Life Insurance Limited to fulfill the requirements of the Award of Master of Business Administration. Your contribution towards this research is highly valued and appreciated.

You have been selected to participate in this study and I would highly appreciate if you assisted me by responding to all questions in the attached questionnaire as completely, correctly and honestly as possible. Your response will be treated with utmost confidentiality and will be used only for research purposes of this study only.

Thank you in advance for your co-operation.

Yours faithfully,

Carolyne Okiko,
Researcher
APPENDIX II: QUESTIONNAIRE

PART A: Demographic Data
1. What is your gender?
   [ ] Male [ ] Female

2. In which of the following age brackets do you belong?
   [ ] Below 20 years [ ] 21-30 years [ ] 31-40 years [ ] 41-50 years
   [ ] Above 50 years

3. What is your education level (state the highest level?)
   [ ] Certificate [ ] Diploma [ ] Undergraduate
   [ ] Post Graduate [ ] Other ______________________

4. How many years have you worked with the CfC Life Insurance?
   [ ] Less than 1 year [ ] 1-3 years [ ] 4-7 years
   [ ] 8-11 years [ ] Over 11 years

5. What is your annual production level in Kshs?
   [ ] <950,000 [ ] 950,000-1,900,000 [ ] 1,900,000–3,100,000
   [ ] 3,100,000–5,000,000 [ ] > 5,000,000

PART B: PERCEIVED FACTORS INFLUENCING INTENT TO LEAVE

6. Would you consider leaving CfC Life Assurance?
   [ ] Yes [ ] No
7. To what extent do you agree or disagree with the following statements? Use a tick (✓) to mark the appropriate response.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am paid fairly compared to similar position in other organisations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td></td>
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<td></td>
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<td>My sales manager takes great pride in my accomplishments</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**THANK YOU FOR YOUR TIME AND COOPERATION**