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Factors that Contribute to Turnover of Sales Professionals in South Hampton Roads

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CONTRIBUTE TO TURNOVER OF SALES PROFESSIONALS

IN SOUTH HAMPTON ROADS

A Research Paper

Presented to the Graduate Faculty

of the Department of Occupational and Technical Studies

at Old Dominion University

In Partial Fulfillment of the

Requirements for

the Master of Science in Occupational and Technical Studies

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INTRODUCTION

Turnover can be both pervasive and costly. Excessive turnover often stimulates consequences and sometimes may peril the organization's objectives. Turnover costs companies a lot of money, which they may not be aware of. All these facts warn management to be more concerned about retaining loyal and dedicated workers, reducing turnover, and increasing the duration of employment. To effectively solve turnover problems, every company needs to address the causes of the turnover. Although the causes of turnover might not be the same for every company, there are some causes that commonly happen such as the gap between employee's skills and the job, lack of opportunity for advancement, inadequate training, and ineffective management (Segrest, 2003).

Turnover is simply employee termination from employment generally, but not always referring to employee voluntary termination. Whether in good economic times or bad, employee turnover at both large and small companies is at its highest level in 20 years (McNally, 2004). An employer's rate of turnover is almost always a telling indicator of organizational health. Yet, while turnover damages an organization profoundly, many employers do not think about it at all, neither tracking it or nor worrying about it, believing that if people want to jump ship, the organization is well rid of them.

The Department of Labor has estimated that the turnover rate among sales clerks in retail stores is 97 percent, among phone reps at call centers it is 31 percent, and among systems analysts, programmers, and computer engineers in the high-tech industry it is 25 percent. This rate of turnover can cost an industry up to 50 percent of its annual earnings.

One survey organization says that for every one percent reduction in stockbroker turnover for example, profitability would increase by two percent (www.http//hr.blr.com). Financial estimates vary by industry and compensation levels, but reports of turnover costs generally range from 25 to 200 percent of the employee's annual salary. For example, a 30 percent estimate for an employee who earns $22,000 a year would result in $6,600 turnover cost (McNally, 2004). Turnover costs encompass advertising, interviewing time, background checks, hiring, new employee processing, and training. Furthermore, there is a related cost of covering terminated employees' hours - frequently at an overtime rate. There is also the loss of employee productivity to consider as a newly-hired officer simply is not as knowledgeable and therefore not as productive as an experienced worker (McNally, 2004).

STATEMENT OF THE PROBLEM

The problem of this study was to identify the factors contributing to turnover in sales professionals in corporations located in South Hampton Roads.

RESEARCH GOALS

By completion of this study, the following goals will have been answered:

- What are the attitudes of Human Resource Directors towards turnover in South Hampton Roads?

- What are the costs of employee turnover to an organization?

- What recommendations can be made to Human Resource Directors to reduce employee turn over?

BACKGROUND AND SIGNIFICANCE

Turnover occurs when an employee ends his/her membership in an organization where he or she received monetary compensation for the work done. The turnover concentrates on the cessation, separation, or leave from an organization, not the related issues of accession, transfer, or other company internal movements (Mobley, 1982). In the same context turnover is only concerned with the employees who receive monetary compensation and not with non-employee relationships such as, students, volunteers, etc. (Mobley, 1982). Therefore turnover is an important issue that needs to be examined closely by the managers of a company. Mobley (1982) explains that a manager must be able to diagnose turnover, design and implement policies, evaluate the effects of the changes, and anticipate if further changes are required (Segrest, 2003).

Of course, some degree of turnover is to be expected and is, in fact, necessary, because it opens the way for new workers and provides promotions for less experienced employees. It is often healthy for a dissatisfied employee to leave one employer for another that he or she prefers; dissatisfied employees can poison a company. While pay is a driving force, there are many other important issues: benefits (especially newer benefits such as flexible hours), scheduling practices, a poor job fit, inadequate training, management philosophy, inadequate skills training, inimical supervisory behavior, lack of recognition, or better career opportunities. An important principle to recognize is that not all turnover is necessarily bad. The reality for many organizations is that a certain number of employee separations are healthy. However, an employer may become legitimately concerned when industry turnover data reveal a correspondingly high rate of turnover or a significant amount of "flight" to competing employers. In this case, the employer should begin to seek out more

information as to why employees are leaving via exit interviews, focus groups, and employee attitude surveys. In this way, the employer may begin to piece together the turnover puzzle and respond accordingly (http://hr.blr.com/).

LIMITATIONS

It is noted that the following considerations impose limitations which may have bearing on this study:

- The research was limited to ten sales organizations in the South Hampton Roads region, based on the number of their employees (500+); these companies will serve as a representation the South Hampton Roads Marketplace.

- The factors that contribute to employee turnover may not be absolute; this is based on the findings from the selected corporations' human resources data. Exit interviews may not be consistent or available throughout the research.

- The reliability of findings may have been affected by the participating sample. Honesty of answers, moods of participants, personal experiences, and quality of information solicited are all limitations.

- Measuring participant's level of satisfaction and attitudes will be limited to the individuals' personal meaning and experiences within the organization. These will reflect the personal views of the individual and their current value system.

ASSUMPTIONS

This study was based on the following assumptions:

- Voluntary turnover will be greater than involuntary turnover.

- Turnover is vital to an organization's culture and moral; programs are in place to keep and retain employees.

- Recommendations from Human Resource directors will be similar.

PROCEDURES

A survey was conducted to find out the factors of turnover for sales employees in South Hampton Roads. This survey will also identify the factors that contribute to employee loyalty and the costs of employee turnover to an organization. The data will further reveal how turnover affects their organization and preventative measures Human Resource Directors will implement to retain their employees.

DEFINITION OF TERMS

The following terms were defined to assist the reader with this study:

- <u>South Hampton Roads</u>- Consists of five cities in Virginia: Chesapeake, Suffolk, Norfolk, Portsmouth, and Virginia Beach.

- <u>Involuntary Separation or Termination</u>- A separation defined by the Bureau of Labor Statistics as a discharge for disciplinary reasons, layoffs of more than seven consecutive calendar days, permanent disability, retirement, or service in the Armed Forces for more than 30 consecutive days (Bureau of National Affairs, 1999; Bureau of Labor Statistics, <u>www.bls.gov</u>).

- <u>Accessions</u> - New additions to an employer's payroll. Accessions are used to denote new positions, thus expanding the number of total employees. It does

not include employees hired to replace, or fill, vacancies created by employees that have ended their employment (Bureau of National Affairs, 1999).

- Separations- Defined as all employment terminations. Voluntary, involuntary, avoidable, and unavoidable terminations are included within this definition. Internal transfers and leaves of absences (such as those covered by the Family and Medical Leave Act) are not included (Bureau of National Affairs, 1999).

- Termination- A permanent separation of the employee from the organization or employer (Bureau of National Affairs, 1999).

- Turnover Rate- The Bureau of Labor Statistics expresses the general or 'crude' turnover rate as the resulting quotient of dividing the number of separations during a time period by the average number of employees working within that same time period (Bureau of National Affairs, 1999; Bureau of Labor Statistics, www.bls.gov). A whole number percentage is obtained by multiplying the quotient by 100.

- Unavoidable Turnover- Terminations in which the employer has little or no control, exemplified by the employee's voluntary decision to terminate. This may include terminations due to retirement, military service, school, medical, or family concerns.

- Voluntary Separation or Termination- Voluntary terminations are those in which the employee has determined to severe future employment with the employer. Motivation to terminate can be a desire to improve compensation, a return to work, or to seek employment with improved working conditions.

SUMMARY AND OVERVIEW

In Chapter I information was presented that dealt with the purpose of this research study and the problem of turnover in organizations in the nation. The problem limitations were stated and assumptions were noted. Important terms were defined and the procedures for the research study were explained.

Chapter II, Review of Literature, will discuss literature in relation to the study. This literature review included factors contributing to turnover, the effects of turnover on an organization, employee loyalty, and retention strategies.

The final chapters presented the data and provided a summary, conclusions and recommendations that would help human resources directors understand the factors contributing to turnover.

CHAPTER II

REVIEW OF LITERATURE

The problem of this study was to identify the factors contributing to turnover in sales professionals in corporations located in South Hampton Roads. This chapter contains information on the factors contributing to turnover, the effects of turnover on an organization, employee loyalty, and retention strategies for addressing turnover, and a summary.

FACTORS OF TURNOVER

Management is the number one reason talent leaves a company (Buckingham & Coffman, 1999). One recent study showed that 50 percent of the typical employee's job satisfaction is determined by the quality of his/her relationships with the manager (Branham, 2000). Research suggests that employees leave managers, not companies. Money has been thrown at the challenge of keeping good people—in the form of better pay, better perks, and better training—when, in the end; turnover is mostly a manager issue (Buckingham & Coffman, 1999). Management plays a big role in the hiring process, training and development programs, adequate work areas, and pay structures of employees, which are all contributors of turnover.

Hampton Roads business leaders stated that many job applicants are unprepared for the evolving workplace, and the solutions are to bolster training. "Unskilled labor in the future in an efficient factory simply will have no place," said Peter K. Mueller, executive vice president of operations for power-equipment maker Stihl Inc. in Virginia Beach (The Virginian-Pilot, 2003). Many job applicants lack the basic tools to get and hold a job. They

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routinely clock in late and neglect to notify supervisors if they will be absent. Rudimentary problem-solving and communication skills often elude them. With more technology being adopted by even basic industries, business leaders said, many members of the labor force will continue to struggle. At a chicken processing plant on the Eastern Shore, up to one-fourth of the workforce is in constant turnover. This represents a "revolving door" that undercuts productivity (The Virginian-Pilot, 2003). The causes of turnover are related to the same factors that contribute to absenteeism and low morale — if workers are not interested in their jobs, they will either stay away or leave.

Being unhappy in a job is not the only reason why people leave one company for another. If the skills that they possess are in demand, they may be lured away by higher pay, better benefits, or better job growth potential. It is important to know and recognize the difference between employees who leave because they are unhappy and those who leave for other reasons.

The following are some of the more common reasons for high turnover in businesses:

- **A bad match between the employee's skills and the job.** Employees who are placed in jobs that are too difficult for them or whose skills are underutilized may become discouraged and quit. Inadequate information about skill requirements that are needed to fill a job may result in the hiring of either under-skilled or overqualified workers. The requirements of a specific job should be carefully studied for the required skills, and workers should be tested for the requisite qualifications.

- **Substandard equipment, tools, or facilities.** If working conditions are substandard or the workplace lacks important facilities such as proper

lighting, furniture, restrooms and other health and safety provisions, employees will not be willing to put up with the inconvenience for long.

- **Lack of opportunity for advancement or growth.** If the job is basically a dead-end proposition, this should be explained before hiring so as not to mislead the employee. The job should be described precisely, without raising false hopes for growth and advancement in the position.

- **Feelings of not being appreciated.** Since employees generally want to do a good job, it follows that they also want to be appreciated and recognized for their work. Even the most seasoned employee needs to be told what he or she is doing right once in a while.

- **Inadequate or lackluster supervision and training.** Employees need guidance and direction. New employees may need extra help in learning an unfamiliar job. Similarly, the absence of a training program may cause workers to fall behind in their level of performance and feel that their abilities are lacking.

- **Unequal or substandard wage structures.** Inequity in pay structures or low pay are great causes of dissatisfaction and can drive some employees to quit. Again, a new worker may wonder why the person next to him is receiving a higher wage for what is perceived to be the same work. A wage and job evaluation system should be in place not only to comply with equal pay for equal work requirements, but also to avoid this problem (http://www.toolkit.cch.com).

EFFECTS OF TURNOVER

The costs associated with sales force turnover are sizeable - recruiting and training new salespeople as well as the opportunity costs that result when a territory is left open and revenue is lost. Sale force turnover rates vary from industry to industry and firm to firm, but research finds average industry sales force turnover rates as high as 53% annually (Dartnell's Survey of Sales Force Compensation, 1995). Although some turnover is beneficial, the loss of productive employees is an expensive proposition, up to $40 thousand per salesperson (McNeilly & Goldsmith, 1991). How much does employee flight cost the employer in dollars? The initial step in formulating any turnover statistic is to determine the composition of the group. Will the selected employee population comprise only full-time employees? Full-time and part-time employees? Will the population also include contract workers and temporary help? The numerator of the turnover equation (number of employees that terminated) must be statistically consistent with the denominator (employee population as a whole). For example, if part-time employees are not included as part of the overall employee population, then the number of part-time employee terminations should be similarly excluded. Once these important determinations have been made, the next step is to determine the frequency with which turnover will be monitored. Although most employers tend to track employee turnover rates on a monthly basis, it is possible to generate quarterly and year-end statistics. Therefore, when determining the proper cycle for tracking and reporting, an employer should consider such factors as the organization's relative need for the information, administrative costs, and industry employment trends. The following is one formula used for calculating turnover costs. See Figure 1.

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Turnover Calculator
Assume that 20 employees left the company in the past 12 months.
Assume their annual wage averages $40,000 each.
Multiply the annual wage by .25 (the average cost of annual wages lost, largely in productivity.) $40,000 x .25 = $10,000 per employee
Assume the cost of benefits as a percentage of wages to be 30 percent of wages lost. This equals $3,000.
Add salary plus benefits lost per employee. This comes to $13,000.
Multiply the number of employees who left, by the total turnover cost per employee. 20 x $13,000 = $260,000
In this example, the total cost of turnover in the previous 12 months is $260,000.

Figure 1. Turnover Calculator

Indirect costs of turnover include: separation costs, vacancy costs, replacement costs, training costs, loss of experience and skill, customer or client loss, and morale (http://hr.blr.com).

High turnover sends a bad message to customers. The trust, time, and money customers spend sharing business strategies and plans evaporate as that person heads out the door. It puts the company at a disadvantage. The moral and productivity of other employees decline. The companies brand is at stake. Companies face the daunting tasks of creating innovative products and services, developing and maintaining a customer base, recruiting and maintaining an expert work force, and keeping all of their innovations, and all of those

customers and employees, from falling into competitors' hands. These tasks are difficult because the most knowledgeable and highly skilled employees are also the most mobile. The loss of a key employee can signal that other employees may be the target of a broader raid (Electronic News, 1991). Preventative measures need to be in place to hold on to good employees.

PREVENTATIVE MEASURES

This is no longer a society where a job lasts a lifetime and it is nearly impossible to keep a good employee on the payroll forever. Yet a manager can still learn from an exiting employee through interviews which address issues relating to the individual's role and reasons for leaving. The exit interviews or surveys should be reviewed, considered, and used as a platform for change. The results of this can be used to reconsider the job description and further refine the position profile. They also allow the employer to gauge the present atmosphere within the company and make changes where necessary to avoid upcoming turnover issues (Canadian HR Reporter, 2004).

One of the most challenging issues facing today's employers is how to retain good employees. It is far more cost-effective to keep employees on the payroll than to constantly be seeking, interviewing, hiring, and training new employees. Studies have been done on the power of motivating employees; several factors other than money are important for employee motivation and job satisfaction. Employees want to feel valued. They appreciate job training, desire the opportunity for advancement, thrive on recognition, want to be "in" on things, and they generally want more of a say-so in the production of their daily responsibilities. This is in addition to the competitive pay plan and the benefits for the work

they do. Motivating employees by fear only works for a short time and is likely to cause long-term resentment and overall poor job performance. Happy and productive employees start with the hiring process. It is recommended to hire people who not only have the right skills, but also the right personality traits and work habits that align with the goals of the company.

Managers play a vital role in motivating workers. Feelings and attitudes of a manager are easily transmitted to the employees, and this can affect the moral of the work environment. Getting to know employees at a personal level is a way to understand what motivates them and the types of rewards they value. Rewards for good behavior and performance should be done as soon after it has been earned. This serves multiple purposes. The first is to provide recognition and appreciation from the boss for a job well done, the second is to show appreciation for the skill and dedication that was necessary to obtain that objective, and the third is to provide the internal gratification that the workers enjoy from putting forth their best efforts. Employees appreciate that management acknowledges their efforts, and they want to feel they made a positive difference in the organization (Vandernburgh, 2004). It is also best to provide as many options as possible for employee training and development. "It's our responsibility as companies that if we hire you, we're going to develop you," said Jessie William, director of Panasonic Consumer Electronics Co.'s call center in Chesapeake, Virginia (The Virginian-Pilot, 2003). Tidewater Community College, Thomas Nelson Community College, and other institutions have custom-designed programs for companies to build their workers' skills. The Work Keys program from nonprofit educational manager ACT Inc. provides job analysis, evaluation and training to identify and plug holes in employee abilities (Holloran, 2001).

Managing positive and productive work environments requires (a) hiring the right people with the necessary skills, (b) starting employees with training and coaching, (c) ensuring that all employees know what their expectations are, and (d) providing the information and resources needed to perform. Motivating employees must include the manager's example of personal excellence. Encouraging autonomy and innovation, furnishing feedback and compensating with appropriate rewards help achieve peak performance (Holloran, 2001).

In order to avoid costly turnover problems, the following steps are suggested:

- **Describe the job correctly**- Present the good, the bad and the ugly.

- **Challenge the employee**

  Training- Good training and development programs keep employees motivated and stimulated; excellent for personal development.

  Early Intervention- Employees should be helped to adjust and get up-to-speed in the new environment. A good way to do this is by mentoring programs.

  Enrichment- Allow employees more autonomy and decision-making in their everyday work, add responsibilities to the employee's job, and improve the variety of the person's work tasks.

  Mentoring- Teaming up veterans with new employees.

- **Hire older workers**- A recent survey by the Society of Human Resources Management found that workers between the ages of 55 and 64 stayed at their jobs three and a half times longer than workers between 25 and 34. Although employers are reluctant to hire older employees, they are generally more

loyal, more reliable, and stay with their jobs longer than younger people (http://hr.blr.com)

- **Create a career path-** Good employees need to know that an organization has room for them to improve their careers; a leading reason for high turnover in an organization is that there is no career path, or it is not made clear to employees.

- **Promote from within-** Employees are quick to understand a sham posting system, and it is a major reason for cynicism and resentment in the workplace. Retention depends upon employee ability to grow and advance in the job, and internal posting is a critical element. Employees head for the door when they realize there is no room for them to advance. They want more money, yes, but also recognition for achievements in the old job and room to grow in a new one.

- **Provide excellent supervision-** Employers must be sure that their supervisors know what they are doing-because incompetent, harassing, or unfair supervisors are a major cause of employee flight. Supervisors need training too, in job skills, leadership, feedback, attention, and fairness. Also, supervisors need the same challenges, job satisfaction, and promotional opportunities as their subordinates.

- **Free communication-** Employers and employees must communicate. Some methods are to open forums in which employees can talk with, and listen to, decision-makers, and providing employee newsletters or e-mail in order to share important information. Employers should know their employees and

spend time just chatting with them, taking an interest in them personally as well as talking informally about their work. This is a valuable way for employers to know more realistically what is going on in the workplace.

- **Manage pay and benefits**- Pay is far from least important-but it is not necessarily first either. Employees, of course, want good pay and good raises for doing their jobs well. They want bonuses for exceptional performance on important projects. But if people are paid reasonably, many times it is the other parts of their jobs that have the most impact upon whether they stay or go. Then there are the traditional benefits; and of course they must be in place: health insurance, employer-contribution savings plans, insurance, paid vacation, etc. But more innovative benefits can make the difference: flexible hours, telecommuting, flexible dress codes, education subsidies, daycare in the workplace or pre-tax contributions to daycare, stress reduction programs, tax-preparation programs, financial guidance programs, and many more. Some more conservative employers will want to emphasize more traditional benefits; more freewheeling employers may seek nontraditional benefits such as allowing pets at work or holding free exercise classes in the lunchroom. It depends upon the nature and culture of the workplace.

The aim of retention strategies is to minimize the loss. For corporations who put retention first and have low turnover, the company is creating the impression that the top leaders are in balance and in tune with the organization's needs that people matter (Canadian HR Reporter, 2004).

LOYALTY

For many workers, the "soft-benefits" score just as high as or higher than cold hard cash; thus reinforcing workforce commitment. AON Consulting states that the companies that keep people are the ones that recognize the importance of their workers' personal and family lives (The Virginian-Pilot, 1999). At McCord Consumer Direct, a telemarketing firm located on the Virginia Peninsula, they are expanding worker's break rooms, adding pinball machines and pool tables, rolling out bonuses for top sellers, and providing on-site day care for their employees. "We're looking for different ways of attracting, retaining and keeping employees happy," said Shawn Marston, McCord's director of human resources (The Daily Press, 1997). Net2000 Communications in Virginia Beach rewards top performers with a leased BMW 321i or BMW Z3. USAA in Norfolk offers on-site daycare, fitness centers, four-day work weeks, tuition reimbursement, on-site walking/jogging trails, cafeteria, the latest technology tools, attractive workstations, competitive pay, and is continually in Fortune Magazine's "100 Best Companies to work for in America" (The Virginian-Pilot, 1998).

Lawerence Prager, CEO of Entology, a Bedminister, N.J., technology consulting firm, states that there is nothing fancy about his retention policy. Almost without exception, his best workers want interesting, challenging work, and want to be surrounded by other high achievers, people who share their attitudes and work ethic. "We do a formal survey once a year, and then we check in with them constantly, to find out if they are happy." What's more, Prager has learned that employees are far more productive at work if their home life is harmonious. "We've done everything from sending a cleaning person to their house to sending flowers to giving the person time off," he says, "We want to let the family know that we understand the impact and do care about them" (Inc. Magazine, 2004). "Dollars and

benefits are interchangeable", said Ken McDonnell, analyst with the Employee Benefits Research Institute, Washington D.C. "There's no dollar amount on benefits packages", McDonnell states. "The main reason (for benefits) is employee retention and employee morale; in a tight labor market, the need for a good employee benefit package is even greater" (The Virginian-Pilot, 1998).

SUMMARY

As part of this chapter, turnover was examined. It is an inevitable fact in any organization, that turnover will occur. Hiring, developing, motivating, training and accommodating the need of the employee, managing and conforming to the individuals personality, will help the organization hold onto its employees. When companies downsize or in tight economic times, employees should keep the moral high and compensate accordingly. The propensity for employees to be loyal to a company will increase, when that company is able to identify the factors that contribute to their turnover rate and implement effective solutions.

Chapter III will outline the methods and procedures used in this study. The instrument which was used for data collection will be discussed. Methods used to collect and analyze data will also be explained.

CHAPTER III

METHODS AND PROCEDURES

This chapter explained the methods and procedures that were needed to conduct the survey. Information was provided on the population, the administration of the survey, and treatment of data. The chapter concluded with a summary.

POPULATION

Ten sales organizations in the South Hampton Roads area, with the largest number of employees, were selected. These corporations had over 500 current employees. Human Resources Directors, from these selected corporations, participated in this project.

INSTRUMENT

A survey was constructed containing closed form questions. The purpose of the survey was to identify the factors contributing to employee turnover in sales professionals in corporations located in South Hampton Roads. The survey also identified the factors that contributed to employee loyalty and the costs of employee turnover to an organization. The data will further reveal how turnover affects their organization and preventative measures human resources directors will implement to retain their employees. The questions correspond to the research goals. A copy of the instrument is found in Appendix A.

METHODS of DATA COLLECTION

The survey was sent to the human resources directors, through the mail with a self-addressed return envelope. The purpose of the survey was explained through the use of a cover letter, Appendix B.

A follow-up letter was prepared and sent out two weeks later, to those human resources directors who did not respond the first time. Another survey form also accompanied the follow-up letter, Appendix C.

STATISTICAL ANALYSIS

Upon receiving the completed surveys, the data were analyzed, responses reviews, tabulated and assembled into table form. The table provided the list of responses and was accompanied by narratives for each question. The Likert scale was used to compute the mean for each question. The percentages for total response and emphasis of responses were also tabulated for each question.

SUMMARY

Ten sales organizations in South Hampton Roads, with the largest number of employees, were selected as the population in this research project. The survey contained closed form questions that gathered the necessary information to answer the research goals. After the surveys were returned, the data were compiled and tabulated. The findings will be discussed in the following chapter.

CHAPTER IV

FINDINGS

The purpose of this study was to identify the factors that contribute to turnover of sales professionals in South Hampton Roads. This was accomplished by surveying ten human resource directors from sales corporations in South Hampton Roads. The data received from these surveys was presented in this chapter, followed by a summary.

SURVEY RESPONSE

Surveys were distributed to ten human resource directors in South Hampton Roads. Fifty percent of the directors responded to the request of June 6, 2005, to complete the survey. A follow-up letter was sent to the five remaining (fifty percent) non-respondents to encourage their participation. Two additional surveys were completed and returned by the respondents. This was a 70% response rate. All data and results were computed on the total responses that were returned.

SURVEY RESULTS

The survey was composed of 31 statements in three categories. An additional area for recommendations was included. Part I of the survey dealt with the attitudes of employees, pertaining to company benefits, training, compensation, and management. This section consisted of twenty-four statements (numbers 1-24) based on a Likert type scale (5 point scale). Participants were asked to answer items on a continuum of responses ranging from strongly agree (5) to strongly disagree (1).

Part II of the survey offered answers to specific statements dealing with the exit interview process and the financial effects turnover has on an organization. This section consisted of six statements. Part III of the survey asked an open-ended question for the human resources director to give his/her recommendations for reducing employee turnover.

PART I

Item 1: Your organization recognizes contributions that employees make to the organization. The mean response for this statement was in agreement (M= 4.6). See Table 1.

Item 2: Your organization values its employees. The mean response was strong in agreement to this statement (M= 4.7)

Item 3: Your organization treats employees with dignity and respect. The mean response was in agreement with this statement (M = 4.6).

Item 4: Your supervisors give useful feedback on employee performance. The mean response was uncertain with this statement (M =3.4).

Item 5: Your supervisors give timely feedback on employee performance. The mean response neither disagreed nor agreed with this statement (M = 3.0).

Item 6: In the hiring process, employees are selected based on the organization's culture. The mean response suggested that the respondents were in agreement with this statement (M = 3.8).

Item 7: Your employees are loyal to your organization because of their supervisor. The mean response was in agreement with this statement (M = 3.5).

Item 8: Your employees are loyal to your organization because of their work environment. The mean response was in agreement with this statement (M = 4.1).

TABLE 1 The factors contributing to turnover in sales professionals in corporations located in South Hampton Roads.

	Survery Questions			Emphasis on Response										
Item No.	Item	Respons	% of Total	SA	%	A	%	NA	%	D	%	SD	%	Mean
1	Your organization recognizes contributions that employees make to the organization.	7	70	4	57	3	43	0	0	0	0	0	0	4.57
2	Your organization values its employees.	7	70	5	71	2	29	0	0	0	0	0	0	4.71
3	Your organization treats employees with dignity and respect.	7	70	4	57	3	43	0	0	0	0	0	0	4.57
4	Your supervisors give useful feedback on employee performance.	7	70	1	14	3	43	1	14	2	29	0	0	3.42
5	Your supervisors give timely feedback on employee performance.	7	70	2	29	0	0	1	14	4	57	0	0	3.00
6	In the hiring process, employees are selected based on the organizations culture.	7	70	1	14	5	71	0	0	1	14	0	0	3.85
7	Your employees are loyal to your organization because of their supervisor.	7	70	0	0	4	57	3	43	0	0	0	0	3.57
8	Your employees are loyal to your organization because of their work environment.	7	70	1	14	6	86	0	0	0	0	0	0	4.14
9	The leadership of your organization has created an effective organizational structure.	7	70	1	14	3	43	3	43	0	0	0	0	3.71
10	The compensation of your organization is commensurate with your employees' level of educa	7	70	0	0	6	86	1	14	0	0	0	0	3.85
11	Your employees are loyal to your organization because of their pay.	7	70	0	0	1	14	5	71	1	14	0	0	3.00
12	Your pay is in line with the current market rates for people with skills and experience.	7	70	0	0	7	100	0	0	0	0	0	0	4.00
13	Your employee benefits package is competitive with the marketplace.	7	70	1	14	2	29	4	57	0	0	0	0	3.57
14	Your employees are loyal to your organization because of their benefits package.	7	70	1	14	2	29	2	29	2	29	0	0	3.28
15	Your organization rewards employee performance with incentives.	7	70	2	29	5	71	0	0	0	0	0	0	4.28
16	Your organization encourages employees to learn and grow professionally.	7	70	2	29	5	71	0	0	0	0	0	0	4.28
17	Your organization provides opportunities for promotion and/or advancement.	7	70	4	57	3	43	0	0	0	0	0	0	4.57
18	Your employees are loyal to your organization because of the training programs.	7	70	1	14	1	14	5	71	0	0	0	0	3.42
19	Overall, your employees are committed to your organization.	7	70	2	29	3	43	2	29	0	0	0	0	4.00
20	When your employee leaves your organization, it is because of management.	7	70	2	29	0	0	2	29	3	43	0	0	3.14
21	When your employee leaves your organization it is because of the lack of training.	7	70	0	0	2	29	1	14	2	29	2	29	2.42
22	When your employee leaves your organization it is because of money.	7	70	0	0	5	71	2	29	0	0	0	0	3.71
23	When your employee leaves your organization it is because of benefits.	7	70	0	0	0	0	4	57	1	14	1	14	2.14
24	When your employee leaves your organization it is because of the work environment.	7	70	0	0	0	0	5	71	0	0	2	29	2.42

Item 9: The leadership of your organization has created an effective organizational structure. The mean response suggested that the respondents were in agreement with this statement (M = 3.7).

Item 10: The compensation of your organization is commensurate with your employees' level of education and experience. The mean response suggested that the respondents were in agreement with this statement (M = 3.8).

Item 11: Your employees are loyal to your organization because of their pay. The mean response neither agreed nor disagreed with this statement (M = 3.0).

Item 12: Your pay is in line with the current market rates for people with skills and experience. The mean response was in agreement with this statement (M = 4.0).

Item 13: Your employee benefits package is competitive with the marketplace. The mean response was in agreement with this statement (M = 3.5).

Item 14: Your employees are loyal to your organization because of their benefits package. The mean response was almost neutral to this statement (M = 3.3).

Item 15: Your organization rewards employee performance with incentives. The mean response was in agreement with this statement (M = 4.3).

Item 16: Your organization encourages employees to learn and grow professionally. The mean response was in agreement with this statement (M = 4.3).

Item 17: Your organization provides opportunities for promotion and/or advancement. The mean response was in definite agreement with this statement (M = 4.6).

Item 18: Your employees are loyal to your organization because of the training programs. The mean response was uncertain to this statement (M = 3.4).

Item 19: Overall, your employees are committed to your organization. The mean response was in agreement to this statement (M = 4.0).

Item 20: When your employee leaves your organization, it is because of management. The mean response was neutral to this statement (M = 3.1).

Item 21: When your employee leaves your organization it is because of the lack of training. The mean response was in disagreement with this statement (M = 2.4).

Item 22: When your employee leaves your organization it is because of money. The mean response was in agreement to this statement (M = 3.7).

Item 23: When your employee leaves your organization it is because of benefits. The mean response was in disagreement with this statement (M = 2.1).

Item 24: When your employee leaves your organization it is because of the work environment. The mean response was in disagreement with this statement (M = 2.4).

PART II

Item twenty-five asked when exit interviews are conducted after an employee leaves the organization. Eighty-six percent (6) of the respondents indicated they conducted exit interviews immediately, while fourteen percent (1) of the respondents stated that they "were not done" in their organization.

Item twenty-six asked respondents to identify the methods their organization used to conduct exit interviews. Eighty-six percent (6) of the respondents conducted one-on-one interviews, fifty-seven percent (4) mailed surveys, fourteen percent of the respondents stated that they "were not done" in their organization, and zero percent of the respondents facilitated internet surveys to conduct exit interviews.

Item twenty-seven asked the respondents how much time their organization spends on training a new employee. One hundred percent (7) of the respondents indicated that their organization spent seven or more days training a new employee.

Item twenty-eight asked the respondents approximately how much it costs their organization when an employee leaves. Eighty-six percent (6) of the respondents stated that it cost their organization $0-$15,000, and fourteen percent (1) of the respondents indicated that one employee costs their organization $30,000-$45,000, when they leave their organization.

Item twenty-nine asked the respondents to indicate what the annual employee turnover rate is in their organization. Fifty-seven percent (4) of the respondents indicated their annual turnover rate was between 10-20%, twenty-nine percent (2) of the respondents indicated their annual turnover rate was higher than 30%, and fourteen percent (1) of the respondents were "unable to disclose this information due to company policy".

Item thirty asked the respondents to identify their organizations current employee development programs. One hundred percent (7) of the respondents had training programs, eighty-six percent (6) of the respondents had leadership development programs, and fifty-seven percent (4) of the respondents had mentorship programs. Eighty-six percent (6) of the respondents had more that one employee development program in their organization. Fourteen percent (1) of the respondents indicated they also had summer youth, high school co-op, associate development, continuing education and summer intern programs.

Item thirty-one asked the respondents how employee turnover effects their organization. One hundred percent (7) of the respondents stated time, eighty-six percent (6)

stated money, forty-three percent (3) stated moral, and forty-three percent (3) stated customers.

DATA ON OPEN ENDED QUESTION

Part III consisted of one open-form question. Question thirty-two asked the human resources directors to provide their recommendations for reducing employee turnover. Respondent number four stated, "It really starts at the hiring stage with making sure candidates know exactly what your company expects, what type of environment they'll be working in, successful completion of pre-employment testing, etc. A comprehensive training program and a caring management team also critical to an employee's success. Recognition, Motivation, Respect, Competitive Benefits, Pay, Flexible Schedules, Feedback, Ongoing Training all important in reducing turnover." Respondent three stated, "Provide a safe, and secure environment; pay fair/offer incentives, provide an opportunity for growth, and have open communication with management = trust." Respondent seven listed the following recommendations:

1. Be absolutely clear about our expectations about performance.

2. Be absolutely clear up front what the job entails.

3. Have team leaders give honest, direct, and regular feedback.

4. Pay for performance according to the market rates.

5. Team leaders must know how to inspire, coach, mentor, and care for employees.

6. Provide employees training, development, and career paths.

7. Keep the environment fun and friendly—live by the core values!

SUMMARY

Of the ten surveys distributed, seven human resources directors from South Hampton Roads responded to the survey, providing seventy percent participation. Data were presented that provided information on the factors that contributed to turnover in sales professionals in South Hampton Roads.

The next chapter provided a summary of this research. Conclusions were drawn for the information presented in this chapter. The last section included recommendations made by the researcher for retention strategies for decreasing turnover in sales professionals in South Hampton Roads.

CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter contained a summary which included the research problem, an overview on employee turnover, a brief description of the survey, and information on the responses received. The conclusions, based on the data received, determined the factors contributing to turnover of sales professionals in South Hampton Roads. Recommendations were made by the researcher to retain sales professionals in organizations in South Hampton Roads.

SUMMARY

The problem of this study was to identify the factors that contribute to turnover in sales professionals in South Hampton Roads. This study determined how turnover effects an organization and ways to retain employees.

Corporations are continuously facing turnover issues, which can profoundly damage the companies moral, customer retention, and their bottom line. The corporations that are able to implement strategies to retain their employees will succeed the turnover defeat. It is knowing the factors contributing to turnover and understanding the changes that need to take place within the organization, that will save a corporation hundreds of thousands of dollars.

Research suggested that employees leave managers, not companies. Some of these factors were: A bad match between the employee's skills and the job, substandard equipment, tools, or facilities, lack of opportunity for advancement or growth, feelings of not being appreciated, inadequate or lackluster supervision and training, and unequal or substandard wage structures.

A survey was constructed containing thirty-one closed-form questions and one open-form question. The closed-form questioned were used to assess human resources director attitudes' on how their corporations treat, compensate, train, support, and develop their sales employees. The purpose of the closed-form question was to determine the human resource directors attitude towards reducing employee turnover. The survey was sent to ten sales corporations in South Hampton Roads and led to participation of seven Human Resource Directors, 70% response rate. The data were analyzed into either percentile, response frequency, or by tabulating the mean from questions answered according to the five point Likert scale (5 = Strongly Agree to 1 = Strongly Disagree).

CONCLUSIONS

This section was organized according to the research goals.

Research Goal 1: What are the attitudes of Human Resource Directors towards turnover in South Hampton Roads?

- Employees are recognized for their contributions, are valued and respected, treated with dignity and are loyal to their organization because of their work environment.

- Employees are provided with opportunities for advancement, are encouraged to professionally grow, and are rewarded for performance through incentives.

- Employees' supervisors do not give timely feedback on employee performance and the feedback is somewhat useful. The leadership has created a semi-effective organizational structure, but employees are semi-loyal to their

organization because of their manager. Management has little influence on employee turnover.

- Organizations provide the following employee development programs: mentorship, training, leadership development, summer youth, high school co-op, associate development, and continuing education and summer intern programs. Employees are loyal to their organization because of the training programs.

- Employees' compensation, which is in line with the current market rate, is somewhat commensurate with the employees' level of education and experience. Employees leave their organization because of money. Their pay does not make them loyal to their organization.

- The employees' benefits package is somewhat competitive with the marketplace. Although employees do not leave their organization because of their benefits, the employees are not that loyal to their organization because of their benefits package.

- In the hiring process, employees are sometimes selected based on the organizations culture. Organizations spend seven or more days training the new employee.

- Overall employees are committed to their organization.

Research Goal 2: What are the costs of employee turnover to an organization?

- Turnover costs an organization $0-$45,000 annually, and affects the companies' moral, customers, and time.

Research Goal 3: What recommendations can be made to Human Resource Directors to reduce employee turn over?

- "It really starts at the hiring stage with making sure candidates know exactly what your company expects, what type of environment they'll be working in, successful completion of pre-employment testing, etc. A comprehensive training program and a caring management team are also critical to an employee's success. Recognition, Motivation, Respect, Competitive Benefits, Pay, Flexible Schedules, Feedback, Ongoing Training, are all important In reducing turnover."

- "Provide a safe, and secure environment; pay fair/offer incentives, provide an opportunity for growth, and have open communication with management = trust."

- Be absolutely clear about our expectations about performance.

- Be absolutely clear up front what the job entails.

- Have team leaders give honest, direct, regular feedback.

- Pay for performance according to the market rates.

- Team leaders must know how to inspire, coach, mentor, and care for employees.

- Provide employees training, development, and career paths.

- Keep the environment fun and friendly—live by the core values!

RECOMMENDATIONS

Based on my research findings it is obvious that turnover is inevitable in any organization. Management, compensation, organization culture, training, and

communication are key factors for retaining employees and building a better organization. Turnover has a direct relationship with the employee and the management relationship. Their must be good communication skills. Performance reviews are an important aspect of the employees' growth and development and should be done in a timely manner. Management should notice when there are moral issues and address them with their employees. There should be realistic expectations placed on the management and employees, so that performance goals are attainable. Employees should be rewarded and recognized for their performance. Incentive programs should be in place to reward employees who over-perform. If the organization's culture is in conflict with the employee's personality and values, there is a high probability this employee will leave. It is crucial that the human resources director hires the right individual that meets the needs of the company's core values.

Turnover can be prevented by putting the employee first, especially in a sales environment. Successful organizations value their employees and continue to look for new ways to motive them. Loyal employees will create strong organizations and uphold the organizations values. The company's culture, compensation, and management will dictate the loyalty of their employee.

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TURNOVER SURVEY

The purpose of this survey is to identify factors contributing to turnover in sales professionals in your organization. As a human resources expert, I would ask that you respond to each of the following questions by circling the number which most closely represents your assessment according to the following scale:

5-Strongly Agree 4- Agree   3- Neither Agee nor Disagree   2- Disagree 1-Strongly Disagree

1. Your organization recognizes contributions that employees make to the organization.

<div align="center">5 4 3 2 1</div>

2. Your organization values its employees.

<div align="center">5 4 3 2 1</div>

3. Your organization treats employees with dignity and respect.

<div align="center">5 4 3 2 1</div>

4. Your supervisors give useful feedback on employee performance.

<div align="center">5 4 3 2 1</div>

5. Your supervisors give timely feedback on employee performance.

<div align="center">5 4 3 2 1</div>

6. In the hiring process, employees are selected based on the organizations culture.

<div align="center">5 4 3 2 1</div>

7. Your employees are loyal to your organization because of their supervisor.

<div align="center">5 4 3 2 1</div>

8. Your employees are loyal to your organization because of their work environment.

<div align="center">5 4 3 2 1</div>

9. The leadership of your organization has created an effective organizational structure.

<div align="center">5 4 3 2 1</div>

10. The compensation of your organization is commensurate with your employees' level of education and experience.

5 4 3 2 1

11. Your employees are loyal to your organization because of their pay.

5 4 3 2 1

12. Your pay is in line with the current market rates for people with skills and experience.

5 4 3 2 1

13. Your employee benefits package is competitive with the marketplace.

5 4 3 2 1

14. Your employees are loyal to your organization because of their benefits package.

5 4 3 2 1

15. Your organization rewards employee performance with incentives.

5 4 3 2 1

16. Your organization encourages employees to learn and grow professionally.

5 4 3 2 1

17. Your organization provides opportunities for promotion and/or advancement.

5 4 3 2 1

18. Your employees are loyal to your organization because of the training programs.

5 4 3 2 1

19. Overall, your employees are committed to your organization.

5 4 3 2 1

20. When your employee leaves your organization, it is because of management.

5 4 3 2 1

21. When your employee leaves your organization it is because of the lack of training.

5 4 3 2 1

22. When your employee leaves your organization it is because of money.

5 4 3 2 1

23. When your employee leaves your organization it is because of benefits.

<div align="center">5 4 3 2 1</div>

24. When your employee leaves your organization it is because of the work environment.

<div align="center">5 4 3 2 1</div>

Please circle all the appropriate answers to the following questions:

25. Exit interviews are conducted how long after your employee leaves your organization:

   Immediately   2-4 weeks   5-7 weeks   8 weeks+   NA

26. Please identify the method your organization uses for exit interviews:

   One-on-one interviews   mailed surveys   internet surveys   other, please explain

27. How much time does your organization spend on training a new employee?

   1-2 days   3-5 days   7 or more days

28. When an employee leaves your organization, it costs your company approximately:

   0-$15,000 $15,000-$30,000 $30,000-$45,000   higher than $45,000

29. Annual employee turnover in your organization is:

   0-10%   10-20%   25-30%   higher than 30%

30. Please identify your current employee development programs:

   Mentor   Training   Leadership Development   Other, Please elaborate

31. How does employee turnover effect your organization?

   Time   Money   Moral   Customers   Other, please explain

32. What are your recommendations for reducing employee turnover?

Appendix- B

P.O. Box 5279
Virginia Beach, VA 23471

Dear [insert name]:

Turnover is inevitable in any organization. It can paralyze a company or change it to be a leader in the industry. My mission is to uncover the factors that contribute to turnover in sales professionals in the South Hampton Roads region, and determine ways to increase employee loyalty. As an expert in the field, I am relying on your input to help make this discovery possible.

Currently, I am a graduate student at Old Dominion University. As part of my research project, I am conducting a survey to obtain information about turnover in South Hampton Roads. Your returned survey will allow me to identify the factors contributing to turnover, and assist with employee retention strategies. This will also help enable me to complete the requirements for my Masters Degree from Old Dominion University.

Let me assure you that the information you provide will be strictly confidential and anonymous. For tracking purposes, the surveys will have numbers associated with your company that will serve as my way to keep track of the information. Your identity will not be linked to the information.

Please complete the enclosed survey and return it to me in the self addressed envelope provided, by June 1, 2005. Your individual answers will be confidential. If there are any questions, please contact me.

Thank you, in advance, for your cooperation with this project and for your prompt attention to this matter.

Sincerely,

Monica Miccio-Vieira

Cell - 403-1851

Home - 412-1396

Appendix- C

P.O. Box 5279
Virginia Beach, VA 23471

Dear [insert name]:

I am following up on the letter and survey I sent regarding turnover in South Hampton Roads. I am a graduate student at Old Dominion University. As part of my research project, I am conducting a survey to obtain information about turnover in South Hampton Roads. Your returned survey will allow me to identify the factors contributing to turnover, and assist with employee retention strategies. This will also help enable me to complete the requirements for my Masters Degree from Old Dominion University.

As a reminder, the information you provide will be strictly confidential and anonymous. For tracking purposes, the surveys will have numbers associated with your company that will serve as my way to keep track of the information. Your identity will not be linked to the information.

Please complete the enclosed survey and return it to me in the self addressed envelope provided, by June 11, 2005. Your individual answers will be confidential. If there are any questions, please contact me.

Thank you, in advance, for your cooperation with this project and for your prompt attention to this matter.

Sincerely,

Monica Miccio-Vieira

Cell - 403-1851
Home - 412-1396