

An investigation into the high turnover rate of pharmacists in the South African pharmaceutical industry

By

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DECLARATION

“I, Rivombo Samson, hereby declare that:

- The work in this thesis is my own original work, except as acknowledged in the customary manner.
- All sources used or referred to have been documented and recognised; and
- That this thesis has not been previously submitted either in partial or full fulfilment of the requirements for an equivalent or higher qualification at any other recognised education institution.”



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ABSTRACT

The main objective of this study was to investigate factors contributing to employee turnover in the South African pharmaceutical industry and to suggest strategies to minimize it. Employee turnover is a persistent problem facing both public and private organizations in South Africa. In addition to the costs incurred when an employee resigns, losing employees results in a loss of knowledge, skills and experience. Numerous studies have been undertaken globally on this topic. However, this problem continues to adversely affect organizations in several ways. Schwab (1991) suggests that this is because there are no clear resolutions yet to this challenge.

Based on literature review conducted, there is no study undertaken in South Africa attempting to address this problem. The purpose of this study was to identify factors contributing to high turnover rate of pharmacists in South Africa (the pharmaceutical industry in particular) and to recommend strategies to address this problem.

A quantitative research approach was followed when addressing this problem. Literature review was conducted on employee turnover and a questionnaire was developed. The questionnaire was used as a measuring instrument. Following a non-probability, convenience sampling method, two pharmaceutical companies in Gauteng and one in the Eastern Cape were surveyed. The results were analysed by a statistician using Epi-info and stata software as tools for statistical analysis.

The following factors were found to be key factors contributing to employee turnover in the pharmaceutical industry: (i) lack of career advancement opportunities, (ii) uncompetitive salary packages, (iii) perceived inequity reflecting leadership challenges, (iv) insufficient recognition for good performance, (v) stress, and (vi) insufficient retention strategies.

An effective retention strategy should address all factors that may contribute to employee turnover. A retention strategy that combines competitive salary packages,

opportunities for learning and career advancement, recognition, equity and support structures (to deal with stress), should be used in the pharmaceutical industry. This will assist in creating a motivating climate, which is a pre-requisite for job satisfaction and, in turn, employee retention.

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DEDICATION

This thesis is dedicated to my family. Not only did they support me, they have inspired me and always reminded me that nothing is impossible with God. Thank you and God bless.

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CHAPTER ONE

INTRODUCTION AND BACKGROUND TO THE PROBLEM

1.1 INTRODUCTION

The pharmacy profession is an essential part of the health care team and its primary responsibility is medicines. Pharmacists are custodians of medicine and they are the central figure in the research and development of new medicines, as well as in the manufacturing, distribution and dispensing of drugs to patients in community, hospital and other pharmacies (North West University, 2012).

High employee turnover and a shortage of health care professionals, including pharmacists, have emerged as some of the major impediments to appropriate health care service delivery. The Department of Health (2011) cited in Rawat (2012, p.3) reported that staff turnover rates of health workers, including pharmacists, were as high as 80 % per year in some provinces in South Africa.

The turnover rate of pharmacists at a major chain of retail pharmacies with more than 250 pharmacies around the country has been reported as approximately 53% in 2009 (New Clicks Holdings Ltd, 2010). The rate of turnover of skilled staff in the South African pharmaceutical industry which includes pharmacists and other employees is 15% (Deloitte, n.d. cited in Aspen Pharmacare Holdings Ltd, 2011). As with the preceding statistics in the retail sector, the turnover rate of pharmacists alone in the pharmaceutical industry is possibly higher than the 15% found by Deloitte (n.d) cited in Aspen Pharmacare Holdings Ltd, (2011) which also includes other employees. The average turnover rate of staff in South African companies across different industries and/or sectors was 12.3% per year (Deloitte and Touche, 2006 cited in Izwe Consulting, 2007, p.2). Although the data in the latter study was collected in 2006, it still suggests that the turnover rate of staff in the pharmaceutical industry (15%) is higher than the average (12.3%) for all companies in general.

Although the turnover rate of pharmacists is high across different pharmacy sectors in South Africa as per the preceding discussion, the focus on this study will be on pharmaceutical industry. The study is aimed at identifying factors contributing high turnover rate of pharmacists and suggesting relevant strategies to minimize it.

Pharmaceutical companies develop, manufacture, and market legal drug products, biologics (viruses, serums, toxins, and analogous products), and vaccines for use as medicines. Pharmaceutical products, both prescription and over-the-counter (OTC), account for a large share of the aggregate health care spending of developing countries and represent major account items in the international trade transactions of these economies (McGuire, Hasskard, Bode, Klingmann, Zahn, 2007).

According to Deloitte (2010), South Africa's pharmaceutical sector generates a turnover of approximately R36 billion per year. The private sector accounts for 80% of pharmaceutical industry sales by value and 20% by volume, while the public sector, contribution is 20% and 80% respectively. The pharmaceutical industry contributes approximately R2.34 billion to the South African Revenue Services (SARS) in taxes and has a significant contribution (1.58%) to the Gross Domestic Product (GDP).

Although there are about 266 registered pharmaceutical firms in the country (The South African Pharmacy Council, 2012), large companies tend to dominate the field, with the two key players being, Aspen Pharmacare Pty Ltd, with 34% of the market and Adcock Ingram Pty Ltd, with 25% of the market. The remaining portion of the market consists of international and small local pharmaceutical companies (Deloitte, 2010).

During the period of employment, employers invest substantial resources such knowledge and skills in employees. The costs incurred when employees resign from the organization and the subsequent hiring of replacement employees can be significant in terms of personal, work unit, and organizational re-adjustments. As a result, voluntary employee turnover has long become a salient managerial issue (Cascio, 1991; Moble, 1982).

Globalization is heightening competition which creates a turbulent business environment in which pharmaceutical companies must operate and prosper. Ongori, (2007, p.49) stated that organizations must continue to develop tangible products and provide services that are based on strategies created by employees. This view was supported by Meaghan and Bontis (2002) who suggested that the value of these employees is essentially intangible and not easily replicated and they are crucial players in the success of the organisation. This suggests that pharmacists are crucial in the pharmaceutical industry since they develop unique pharmaceutical products and also come up with strategies that give pharmaceutical companies a competitive edge.

Although pharmacists represent the third largest health care professional group in the world, the shortage of pharmacists is still a problem in most countries including developed countries such as the United States of America (Medical Chronicle, 2011). According to the World Health Organization (2006) cited in Medical Chronicle (2011), the shortage of pharmacists is especially worrying in regions such as sub-Saharan Africa, in which the pharmacist is the most accessible, or often the sole provider of health care advice and services.

In 2012, 12 999 pharmacists were registered with the South African Pharmacy Council (The South African Pharmacy Council, 2012), serving a population of approximately 50 million. South Africa thus has an average of less than 24 pharmacists per 100 000 people, which is less than half of the required number of 50 pharmacists per 100 000 people. The reality however, could be even more dire than the above figure suggests as the number of pharmacists registered with the South African Pharmacy Council does not differentiate the many pharmacists who may not be practicing actively (on a full time basis). There is also a skewed distribution of pharmacists across the private and public sector, there are less pharmacists practicing in the public sector, which is responsible for meeting the health care needs of 85% of the population than in the private sector (Medical chronicle, 2011).

The current turnover rate of pharmacists, coupled with the shortage of pharmacists indicates that there is a need to develop strategies to retain pharmacists in the pharmaceutical industry and other sectors of pharmacy.

1.2 BACKGROUND TO THE MAIN PROBLEM

Price (1977) defined the phrase “employee turnover” as the ratio of the number of organizational members who have left during the period being considered divided by the average number of people in that organization during that period”. At the start of the 21st century, Abassi and Hollman (2000) defined employee turnover as the rotation of workers around the labour market; between firms, jobs and occupations; and between the states of employment and unemployment. Recently, Grobler, Warnich, Carrel, Elbert and Hatfield (2006, p.123) defined employee turnover as “the total movement of employees in and out of an organisation”.

Employee turnover as a phrase is used in business circles. Although several studies have been conducted on this topic, Ongori (2007, p.49) suggests that most researchers have focused on the causes of employee turnover and the sources (what determines employee turnover) and the effects of employee turnover have not been thoroughly investigated. Ongori (2007) also points out that strategies which can be used by managers in various organizations to ensure that there is employee continuity to enhance organisational competitiveness have not been suggested. He furthermore notes that the lack of academic attention is particularly surprising given that studies have estimated that the cost of employee turnover is considerable. The present study will address the above mentioned issues in three parts, by:

- (i) Identifying factors that contribute to a high turnover rate of pharmacists in South African pharmaceutical industry,
- (ii) Determining the consequences of high turnover and
- (iii) Recommending strategies to minimize it.

Mbah and Ikemefuna (2012, p.277) suggest that several authors (DeMicco and Giridharan, 1987; Dyke and Strick, 1990; Cantrell and Saranakhsh, 1991; Denvir and McMahon, 1992) have the common view that a high employee turnover rate has significant adverse effects on organizations. These include a reduction in profitability if turnover is not managed effectively (Hogan, 1992; Wasmuth and Davis, 1993; Barrows, 1990 cited in Ongori, 2007).

Fair (1992) cited in Ongori (2007, p.51) states that voluntary quits represent an exodus of human capital investment from an organization. Human capital is vital for the survival of an organization. There are some factors that are, in part, beyond the control of management, an example of such involuntary factor is the death of an employee. Other factors classified as involuntary causes of employee turnover in the past include the need to provide care for children or aged relatives. Today it is suggested that these factors should not be seen as involuntary causes of turnover as both government regulation and company policies can create opportunities for such employees to return to work, or to continue to work on a more flexible basis (Booth and Hammer, 2007 cited in Ongori, 2007).

Due to globalisation, the world has become a market place, and organizations now have to compete with global players (Hill, 2009). This is also applicable to the pharmaceutical industry. A study undertaken by Deloitte (2007) revealed that the pharmaceutical industry in South Africa is a major importer of pharmaceutical products. In 2008, South Africa imported drug products to the value of approximately R12.97 billion, which is slightly more than one third of the South African health care market. South Africa's major importing partners in the 2008 financial year were Germany (R 1.54 billion), USA (R2.62 billion), France (R 1.42 billion), and India with R 1.28 billion (Deloitte, 2007).

As new strains of bacteria and viruses, such as the H1N1 virus continue to emerge, there is a need for pharmaceutical companies to act speedily to develop new drugs and prevent mortalities associated with these microorganisms. New combinations of drugs have been also developed to improve patient compliance in the fight against HIV. It is

without doubt that human capital has become the main source of competitive edge in the pharmaceutical environment. In order for the South African pharmaceutical companies to compete with global players, these local pharmaceutical companies need to retain scarce professionals such as pharmacists.

The South African Minister of Health announced in 2010 that the government was embarking on a search for cheaper antiretrovirals (ARVs) internationally as prices in South Africa were too high. According to the Sunday Times (2012), the ministry of health has announced intentions to build its own drug plant in an attempt to reduce the prices of ARVs.

Although employee turnover is unavoidable, Franckeiss (2010, p.24) argues that losing good performers is not only a "brain drain" of a company's human capital, but that it also carries with it direct and indirect costs associated with both the separation and replacement of employees that should rather be retained.

Dibble (1999) added that retention starts long before an employee is recruited, that is, when describing the position intended to be filled. If job descriptions do not adequately define what institutions are looking for, then recruits will not meet the requirements and, as such, may not stay. Job descriptions, recruitment, selection and orientation are thus important considerations in employee retention.

Pinkovitz, Moskal and Green (2006) identified three major direct cost categories, namely: (i) separation costs, (ii) replacement costs, and (iii) training costs. Cascio (1991) added a fourth category to include the performance differential between the employee who leaves, and the replacement. A fifth category was also added, namely vacancy costs, to account for the added costs or savings realized while the position is vacant.

Separation costs include the following (Pinkovitz, et al. 2006):

- The costs incurred for exit interviews;
- Administrative functions related to termination;
- Separation/severance pay; and
- Any increase in unemployment compensation.

Replacement costs include the cost of the following activities:

- Attracting applicants;
- Entrance interviews;
- Testing;
- Travel/moving expenses;
- Pre-employment administrative expenses;
- Medical exams; and
- Acquisition and dissemination of information.

Training costs include both formal and informal training costs. A performance differential recognizes the difference in productivity between the employee who has left the organization and his/her replacement (Cascio, 1991).

Vacancy costs include the net cost or savings incurred due to increased overtime or temporary employees being hired to complete the tasks of the vacant position. Typically, separation, replacement, and training are all net costs. However, vacancy costs and the performance differential can result in either a net cost or savings (Pinkovitz, *et al.*, 2006). For example, if the cost of overtime and/or hiring temporary employees is less than the employee would have earned while occupying the position is vacant, a vacancy savings occurs. If the new employee's performance exceeds the predecessor's, a net performance benefit can result (Pinkovitz, *et al.*, 2006).

It is important to note that besides the direct costs associated with employee turnover, there are other costs which are referred to as indirect or intangible costs. Indirect costs are often much greater than the direct cost which can be quantified. Examples of indirect costs include: the uncompensated increased workloads other workers assume due to vacancies; the stress and tension turnover resulting from employees leaving, which may contribute to declining employee morale, and decreased productivity due to a loss of work group synergy (Pinkovitz, et al., 2006). It is difficult if not impossible for most businesses to measure these costs (Pinkovitz, et al., 2006).

Franckeiss (2010) suggests that to a great degree, voluntary employee turnover is manageable. Franckeiss (2010, p.24) have estimated direct turnover costs per employee to be approximately 25% of an individual employee's salary/benefits package, with hidden costs inflating this figure substantially. He also pointed out that investing in retention solutions that result in even a small reduction in a company's employee turnover rate can lead to substantial reductions in turnover expenses in the long term. Franckeiss (2010, p.29) concluded that companies can improve their employee value proposition in order to attract and retain their valuable asset (employees) by identifying and monitoring factors that contribute to employee turnover.

From the preceding discussion, the following research question was identified:

1.2.1 MAIN PROBLEM

What factors contribute to the high turnover rate of pharmacists in the South African pharmaceutical industry?

1.3. SUB-PROBLEMS

The following five sub-problems that could have an impact on the main research problem were identified:

1.3.1. Sub-problem one

What is the level of satisfaction of pharmacists occupying various positions in the South African pharmaceutical industry?

1.3.2. Sub-problem two

Does a relationship exist between leadership and pharmacist turnover in the South African pharmaceutical industry?

1.3.3. Sub-problem three

Is salary the main contributing factor to the high turnover rate of pharmacists in the South African pharmaceutical industry?

1.3.4 Sub-problem four

Do pharmaceutical companies in South Africa attempt to retain pharmacists?

1.3.5 Sub-problem five

What strategies can pharmaceutical companies in South Africa use to retain pharmacists?

1.4. DEMARCATION OF THE RESEARCH

The demarcation of research ensures that the research topic is more manageable given the resource constraints facing the researcher. The omission of certain topics does not imply that there is no need for research into these areas.

1.4.1. Selected organisations

Three pharmaceutical companies in South Africa were studied. As specified in 5.3 (limitations of the study), the companies surveyed requested to remain anonymous citing confidential reasons. These companies are therefore referred to as companies X, Y and Z as described in 3.5. Two of these companies (X and Y) are two of the top and large pharmaceutical companies in South Africa and were selected based on size. The third (Z) pharmaceutical company is also one of the top pharmaceutical companies but smaller in size. It was included in order to get a larger total sample size of respondents as some of these companies do not employ many pharmacists. As previously, since the two large pharmaceutical companies requested to remain anonymous, a decision was taken to keep all the three companies anonymous.

1.4.2. Level of research respondents

The study was limited to pharmacists at different levels/positions in the three selected pharmaceutical companies.

1.4.3. Geographical demarcation

This research was restricted to the selected pharmaceutical companies in South Africa.

1.5. RESEARCH OBJECTIVES

1.5.1 Main research objectives

The main objectives of this study were to:

- (i) Identify and explore factors that contribute to the high turnover rate of pharmacists in the South African pharmaceutical Industry.
- (ii) Evaluate the financial impact of the high turnover rate of pharmacists as well as

its impact on the company's competitiveness.

- (iii) Suggest strategies to minimize the high turnover rate of pharmacists in the South African pharmaceutical industry.

1.5.2 Secondary research objectives

This study also evaluated the effectiveness of the current strategies used to retain pharmacists in the pharmaceutical industry and determined whether a relationship existed between the shortage of pharmacists and turnover rates of pharmacists in the selected pharmaceutical companies.

1.6. SIGNIFICANCE OF THE RESEARCH

Studies have shown that excessive employee turnover creates an unstable workforce and increases Human Resources costs and organizational ineffectiveness (Grobler *et al*, 2006). It has also, furthermore, been suggested that employee turnover decreases operating performance and that low turnover rates are preferable to high rates (Huselid, 1995).

Employees are crucial assets to any organization and are not easily replicated. Employees can be a key source of competitive advantage. This highlights the importance of retaining as many of these staff members as possible. Identification of the factors that lead to a high turnover rate of pharmacists who are already scarce skill professionals has the potential to assist organizations in developing and implementing strategies to retain pharmacists.

Studies have reported that small reduction in a company's employee turnover rate can possibly result in substantial decreases in turnover expenses over the long term (Insightlink Communication, 2012). Therefore it is important to invest time and

resources to find solutions to the problem. This study will provide information that may assist organizations in minimizing the costs incurred when employees leave.

1.7. RESEARCH DESIGN AND METHODOLOGY

This section covers the research methodology followed when collecting, analysing and interpreting data in order to address the problem. A literature review was conducted, and a questionnaire was subsequently developed based on the literature. The questionnaire was tested for validity and reliability through a pilot study. The pilot study determined whether the data collection method (questionnaires) used was suitable for the study and whether respondents understood the questions posed, as described by Lancaster (2005, p.108). The data was captured, and the results were presented, analysed and interpreted. Recommendations based on the results were proposed.

1.8. DEFINITIONS OF KEY TERMINOLOGY

1.8.1. Employee turnover

Employee turnover is the ratio of the number of organizational members who have left during the period being considered divided by the average number of people in that organization during the period (Prince, 1977).

1.8.2. Voluntary employee turnover

This refers to an employee's choice to terminate an employment relationship with an organization. The organization may possibly be losing a valuable employee who has to be replaced (Thomas, 2009, p.1).

1.8.3. Involuntary employee turnover

Involuntary employee turnover refers to an employee being discharged by an

organization. Involuntary turnover occurs for a number of reasons, including retrenchment due to a decline in corporate revenue, retirement and even death (Thomas, 2009, p.1).

1.8.4. Pharmacist

A pharmacist is any individual who holds a diploma or higher degree in pharmacy and registered with the South African Pharmacy Council as a pharmacist (SA Pharmacy Act 53 of 1974) for the purpose of fulfilling the following activities (Good Pharmacy Practice in South Africa, 2010, pp.3-4):

- Initiating and conducting pharmaceutical research and development
- Formulation of any medicine for the purpose of registration as a medicine.
- Application for the registration of a medicine.
- Manufacturing of any medicine or scheduled substances or the supervision thereof.
- Compounding, manipulation, preparation or packaging of any medicine or scheduled substances or supervision thereof.
- Re-packaging of medicines.
- Distribution of any medicine or scheduled substances.
- Purchasing, acquiring, importing, keeping, possessing, using, releasing,
- Storage, packaging, re-packaging, supplying or selling of any medicine or scheduled substance or the supervision thereof.

1.8.5. Pharmaceutical Industry

The pharmaceutical industry develops, produces, and markets pharmaceutical products for use as medicines. These companies market generic and or brand medicine and medical devices (Farlex, 2012.)

1.8.6. Direct costs

In this study, these costs are incurred when an employee resigns and has to be replaced. The direct costs for employee turnover include separation, recruitment and training costs for the new employees. These costs can be easily quantified easily (Pinkovitz, *et al.*, 2006).

1.8.7. Intangible / Indirect costs

These are costs which cannot be easily quantified. Intangible costs include the loss of knowledge, skills and experience, and decreased morale which could possibly results in decreased productivity (Pinkovitz, *et al.*, 2006).

1.9 ASSUMPTIONS

The following assumptions were made in this study:

- (i) The data collected was accurate and that respondents were honest in their responses to the questionnaire; and
- (ii) The strategies and recommendations to retain pharmacists that have been proposed in this study can be applied to all the pharmaceutical companies in South Africa.

1.10. OUTLINE OF THE STUDY

1.10.1 Chapter Two: Factors influencing employee turnover

This chapter is a literature review focused on the following topics:

- An overview of the South African pharmaceutical industry
- The shortage of pharmacists in South Africa
- Definitions of employee turnover and turnover theories/model
- Identification of factors contributing to high employee turnover
- Consequences of employee turnover; and

- Recommended strategies to minimize employee turnover
- Conclusion

1.10.2 Chapter Three: Research design and methodology

This chapter describes, in detail, the research design and methodology used in this study. The measuring instrument that was used, and its construction, is discussed. The sampling method and the techniques used to analyse the data that was collected are also described.

1.10.3 Chapter Four: Presentation, analysis and discussion of the results.

In this chapter, the results of the study are presented, analysed, interpreted and discussed.

1.10.4 Chapter Five: Conclusion and recommendations

Conclusions and recommendations based on the results discussed in chapter four are presented.

1.11 CONCLUSION

The aim of this chapter was to describe the main problem to be addressed and to explain how the researcher aimed to solve it. The remaining chapters address the main and sub-problems.

CHAPTER TWO

FACTORS INFLUENCING EMPLOYEE TURNOVER

2.1. INTRODUCTION

Employee turnover has been one of the most studied topics in literature. However, despite many years of research, this challenge continues to plague many organizations. Schwab (1991) suggests that this is because there are no clear resolutions yet to the problem.

According to Chhabra and Mishra (2008), organizations invest substantially in their employees over time. Loss of employees can result in a loss of knowledge, skills, experience and capital (Gayathri, Sivaraman and Kamalambal, 2012). Gayathri, *et al.* (2012) suggest, furthermore, that high employee turnover is one of the greatest causes of declining productivity and decreased morale in many organizations. In addition to an organization losing skills when employees resign, there are personnel costs. These costs include separation, replacement and training costs (Barrick and Zimmerman 2005). High employee turnover can thus have several adverse effects on organization.

There are few categories of employee turnover. In the first category, employee turnover can either be voluntary, in which case employees voluntarily leave an organization; or involuntary, when employees are forced to leave the organization. The second category classify employee turnover as job-related or non-job-related. Job-related turnover refers to employees leaving for reasons that are within the direct control of the employer, while non-job related turnover describes employee turnover due to personal reasons that may impact on individual performance in the work-place (Hammerberg, 2002, p.9). Gayathri, *et al.* (2012) suggest that employees voluntarily leave organizations for a variety of reasons, for example, poor supervision or management, limited advancement opportunities, un-competitive compensation system and poor recognition good performance.

Hammerberg (2002) proposes that identifying the underlying causes of employee turnover, quantifying the problem, assessing its impact on organizations and identifying possible solutions to high employee turnover can prove valuable to managers who wish to retain employees. This chapter will focus on exploring turnover theories. Factors that contribute to a high rate of voluntary employee turnover will be identified and discussed. The impact of and the costs associated with a high employee turnover rate will be discussed. The chapter will close with possible strategies that could be used to minimize voluntary employee turnover.

2.2. DEFINITIONS OF EMPLOYEE TURNOVER

Several studies on employee turnover have led to different definitions of employee turnover being proposed in literature. Hammerberg (2002) proposes that there is no exact definition of employee turnover and that definitions vary from one study to another. Early research by Mercy and Mirvis, (1977, p.227) led to employee turnover being defined as the departure of employees beyond organizational boundaries. Abassi, *et al.* (2000), defined employee turnover as the rotation of workers around the labour market; between firms, jobs and occupations; and between the states of employment and unemployment. More recently, Grobler, Warnich, Carrel, Elbert and Hatfield (2006, p.123) defined employee turnover as the total movement of employees in and out of an organization.

Hissom (2009, p.4) defined employee turnover as a ratio comparison of the number of employees that a company must replace in a given time period to the average number of total employees. A similar definition was provided by Guyo and Mwangi (2011, p.1), who defined employee turnover as the rate at which employees are replaced with new staff in an organization.

Employee turnover is often costly, particularly in lower paying job, for which the employee turnover rate is highest. According to Morrell, Loan-Clarke and Wilkinson

(2001, p.5), involuntary turnover may occur for reasons out of employees' control such as the need for organizations to cut cost, restructuring or downsizing. Employees thus forced to leave, whereas voluntary turnover represents the exercise of employee choice and is a result of a decision-making process in which employee has chosen to leave the organization. Turnover behaviour may be counteracted by career aspirations if expectations for advancement keep employees within the organization, as well as fear of unemployment (Hayes, O'Brien Duffield, Shamian, Buchan, Hughes, Heather, Laschinger, North & Stone, 2006).

Although a variety of definitions of employee turnover were proposed in the literature, a Price's (1977) definition most accurately reflects the conceptual position of this study and reconciles several definitions. Price (1977) has defined employee turnover as the ratio of the number of organizational members who have left during the period being considered to the average number of people in that organization during this period.

2.3. CALCULATING EMPLOYEE TURNOVER

The employee turnover rate can be calculated either on a monthly or an annual basis. This rate is calculated by dividing the number of employees separated from the company for which the employees were working for by the base number of jobs during that period (Guyo and Mwangi, 2011, p.1). The annual employee turnover can thus be calculated using the formula on the following page.

$$\frac{\text{Number of separations during the year}}{\text{Average number of employees during that year}} \times 100$$

Marchington and Wilkinson (1996) argue that this crude measure does not enable discrimination between cases in which employees voluntarily leave an organization and cases in which employees had to leave for reasons out of employee control, such as jobs being phased-out or terminated due to downsizing, and retirement.

This argument supports earlier studies (Worthington, 1992; and Forbes and McGill, 1985 cited in Morrell, et al. 2001) which emphasized the need to use a measure sophisticated enough to enable those responsible for resource planning to identify various categories of employees leaving an organization. The single figure measure of employee turnover proposed by Guyo and Mwangi (2011, p.1) on the previous page is inadequate as it treats all those who leave an organization as a homogenous group.

2.4. TYPES AND CLASSIFICATION OF EMPLOYEE TURNOVER

Employee turnover can be classified into different types, as shown in Figure 2.1.

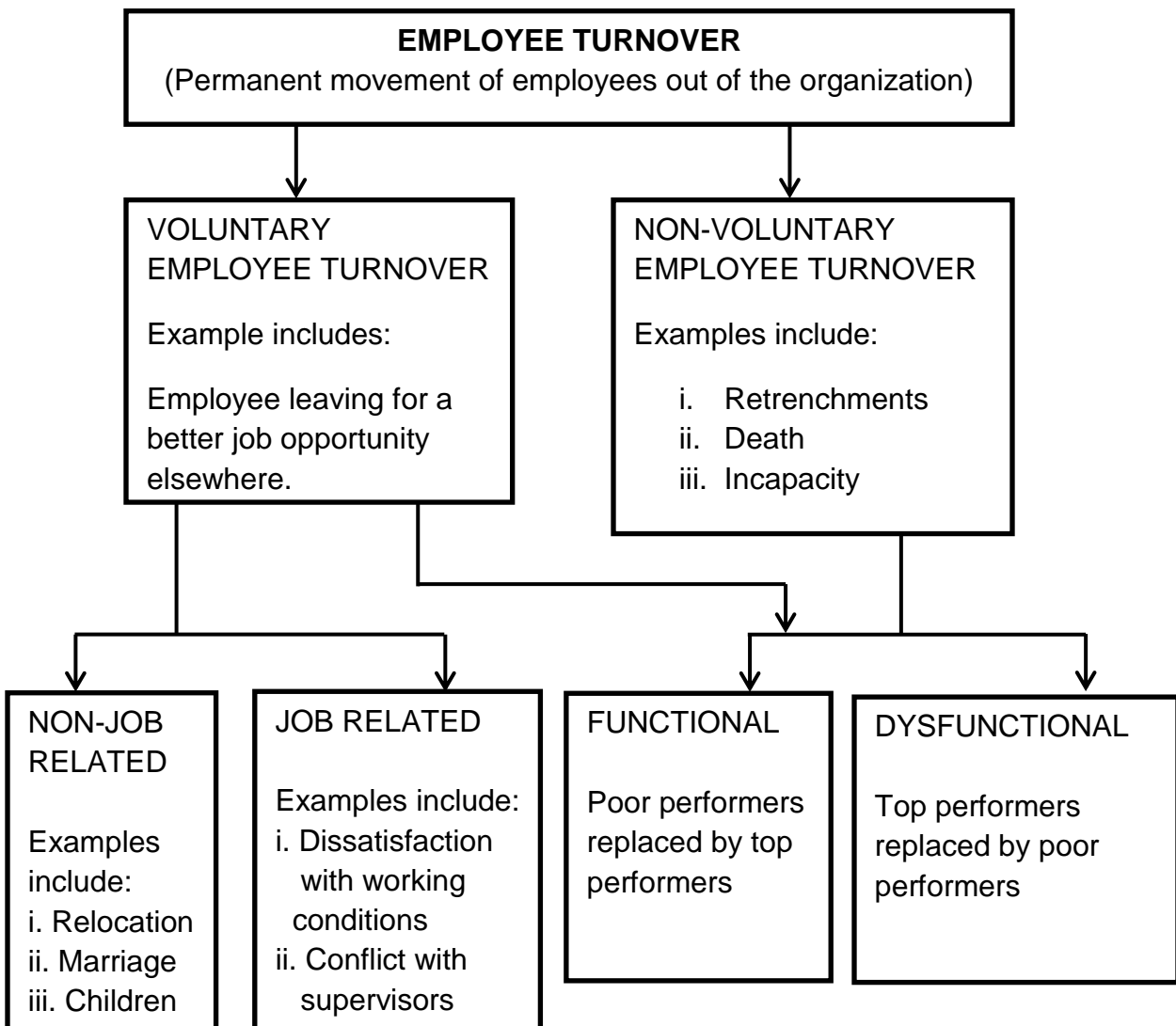


Figure 2.1 Types and classifications of employee turnover (Researcher's own).

2.4.1. Voluntary and involuntary employee turnover

Hammerberg (2002, p.9) proposes a few categories of employee turnover. The first category classifies employee turnover as either voluntary or involuntary. According to Shaw, Delery, Jenkins and Gupta (1998), voluntary employee turnover reflects an employee's decision to leave an organization while involuntary employee turnover refers to an employer's decision to terminate the employment relationship. However, Jackofsky, (1984) cited in Hammerberg (2002), explains that modelling turnover in this manner can vary significantly from an employee viewpoint to that of the employer. For example, a below average performer may be forced out of an organization with threats of being fired or with unattractive hours or assignments, yet if the employee initiates the termination, this is recorded as voluntary. These types of employee initiated resignations are not truly a function of the employee's desire to leave and therefore, should be treated separately (Jackofsky, 1984 cited in Hammerberg, 2002).

2.4.2 Job-related and non-job related employee turnover

In the second category, employee turnover is classified as either job related or non-job related. Job-related turnover refers to employees leaving an organization for reasons that are within the direct control of the employer (Hammerberg, 2002). Such job-related reasons include dissatisfaction with working conditions, conflict with supervisors or management, scheduling conflicts or unequal salaries. Non-job-related turnover, on the other hand, refers to employee turnover due to factors in the employee's personal life that may impact on the individual's performance in the workplace. Examples of non-job-related reasons include relocation, family problems and marriage (Hammerberg, 2002).

2.4.3 Functional and dysfunctional employee turnover

The third category of employee turnover classifies turnover as either functional or dysfunctional. According to Fleisher (2011, p.4), functional turnover refers to employee turnover that is desirable. An example of this is when poor performers are replaced by

good performers (Fleisher, 2011). Grobler, *et al.* (2006) suggests that functional turnover corrects poor hiring and placement decisions that were previously made. Functional employee turnover may sometimes bring in new ideas, skills and enthusiasm to the existing labour force. A certain degree of staff turnover is thus desirable as it creates opportunities to produce a wider experience as new ideas are brought in to the organisation (Fleisher, 2011). Although Fleisher (2011, p.4) acknowledges that a certain degree of staff turnover might be beneficial to the organization, he warns high level of turnover can result in disruption, decreased performance, low morale amongst employees, poor customer service and a poor organisational image. Dysfunctional employee turnover refers to those instances in which good performers are replaced by poor performers. Dysfunctional employee turnover is undesirable and may undermine the performance of the entire organization (Fleisher, 2011, p.4).

2.4.4. Avoidable and unavoidable turnover

The fourth category of employee turnover categorizes turnover as either avoidable or unavoidable (Hammerberg, 2002). This answers the question of whether or not the employee turnover could be prevented by the management of an organization. The causes of avoidable turnover are job-related factors which include: poor working conditions, poor group relations and dissatisfaction with the job. On the other hand, the unavoidable turnover is due to causes which may be personal or impersonal. These include: retirement, death and domestic responsibilities (Hammerberg, 2002).

An understanding of the different categories or types of employee turnover is important for managers, as managers can intervene in cases of avoidable turnover and prevent the cessation. In cases in which employee turnover is unavoidable, managers may be able to minimize the impact of this, for example by minimizing disruption and managing the increased workload for the remaining employees (Hamerberg, 2002). This view is supported by Morrell, Loan-Clarke and Wilkinson (2001, p.9), who argue that differentiating avoidable employee turnover from unavoidable turnover is critical in

ensuring that managers do not spend unnecessary resources, including money on preventative measures while in reality the turnover cannot be prevented.

2.5. THE SOUTH AFRICAN PHARMACEUTICAL INDUSTRY

Many people may not be aware of the contribution that pharmaceutical companies make to the welfare of mankind (PIASA, 2012). Not only do the medicines manufactured or supplied by these companies save lives, improve health, and prolong and enhance the quality of life, but medicines also decrease overall healthcare costs by speeding up recovery times and often reduce the need for surgery and hospitalisation (PIASA, 2012).

South Africa's pharmaceutical sector is well developed and consists of manufacturers, distributors and dispensers forming a supply-chain. The pharmaceutical industry's contribution to the South African economy is illustrated in Figure 2.2 on the following page. The values shown were extrapolated by Deloitte from the results of the study undertaken by Deloitte (2010). The sample used in the study represented 74% of the South African pharmaceutical market.

The South African pharmaceutical industry is estimated to have generated a total of R36.08 billion in revenue in 2008. This figure comprised the following:

- Operational value: R32,53 billion
- Export value : R2,49 billion
- Other revenue: R1,06 billion
- R1,60 billion in income tax and R741, 68 millions in Value Added Tax (VAT)
- Contribution to the GDP: 1.58% (Deloitte, 2010: p. 5).

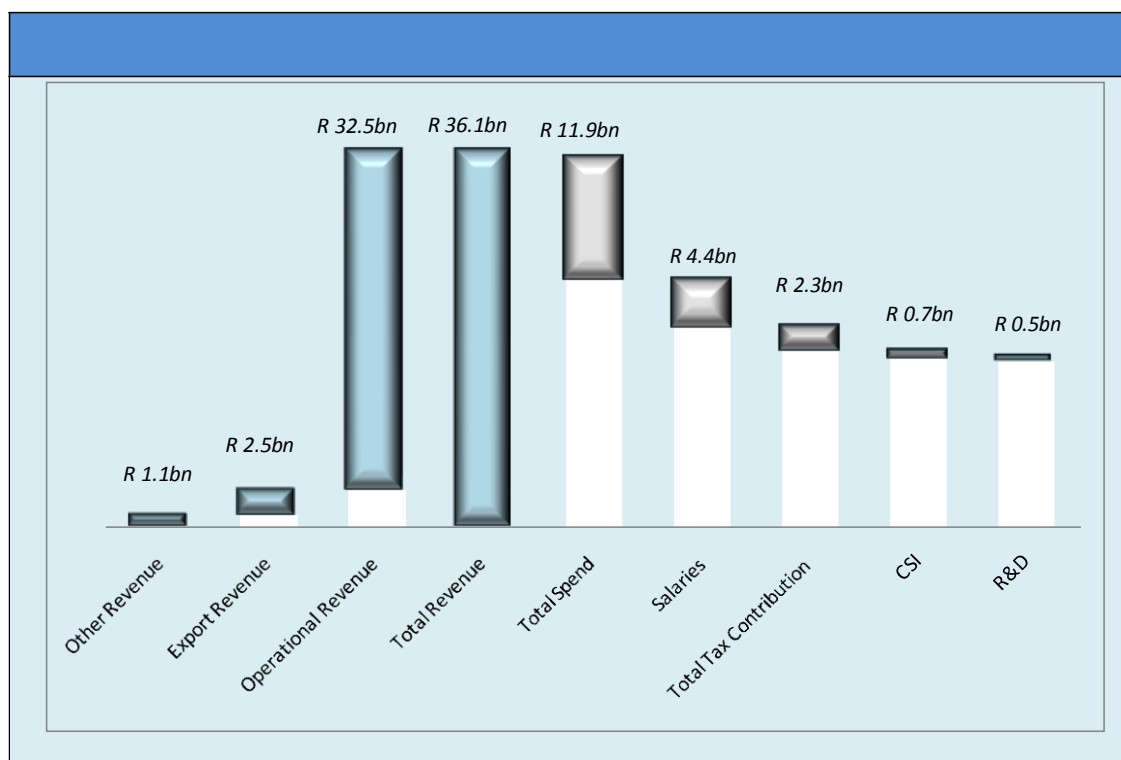


Figure 2.2: An overview of the financial contribution of the South African pharmaceutical industry in 2008. Source: Adapted from Deloitte (2010).

The study undertaken by Deloitte (2010) revealed that South Africa imported pharmaceutical products to the value of approximately R12.97 billion (approximately 36% in value of the total revenue generated by the pharmaceutical industry) in 2008. This indicates that the South African pharmaceutical market is highly competitive market and that South African pharmaceutical companies must compete with global pharmaceutical companies in order to survive.

Knowledge workers have become an important source of competitive advantage. Knowledge workers are employees who have a deep background in education and whose main capital is knowledge (Cooper, 2006). Pharmacists are involved in the research, development and manufacturing of pharmaceutical products. Pharmacists are regarded as knowledge workers in the pharmaceutical industry. Pharmacists can be a source of a competitive advantage in the pharmaceutical industry because their skills

and knowledge cannot be easily replicated. Retaining knowledge workers such as pharmacists is imperative to ensure the success of a pharmaceutical company in today's highly competitive business environment.

2.6. SHORTAGE AND TURNOVER RATE OF PHARMACISTS IN SOUTH AFRICA

2.6.1. Shortage of pharmacists in South Africa

Pharmacy is a very diverse profession. Pharmacists are involved in every aspect of the medicine supply chain, from discovery and manufacture to the final end-use of drugs by patients. Pharmacists are employed in the pharmaceutical manufacturing companies, government agencies [such as the Medicines Control Council (MCC) and the South African Pharmacy Council (SAPC)], medical aid providers, private and public hospitals, community pharmacies and universities and other training providers. Due to the current global shortage of pharmacists, pharmacists have been classified as a scarce skill, placing these professionals in high demand. There is currently a large number of vacancies for pharmacists in both the public and private health care systems (NMMU, 2012).

The shortage of pharmacists in South Africa is not only a challenge for the pharmaceutical industry, but may also undermine the efforts of retailers from expanding (New Clicks Holdings Ltd, 2010) and the state from providing adequate health care services. Constraints on the number of students who can be trained at universities, as well as the limited number of training institutions available in the country, have been proposed as some of the reasons for the shortage of pharmacists in the country. Other reasons include: qualified pharmacists emigrating, retiring or not returning to work after having children.

2.6.2 Relationship between the shortage of pharmacists and pharmacist turnover

A study undertaken in Singapore (Campbell and Campbell, 1997), found that the youth

are thought to be highly materialistic and are believed to move from one job to another for a slight increase in remuneration. Labour shortage and resulting employee attitudes are suggested to be two of the most important factors resulting in high employee turnover (Debrah, 1993). Price (2001) agrees with this view, stating that the easier it becomes for employees to move around, the more employees will move from one job to another. The argument is that since there is a labour shortage, there are plenty of jobs available for employees. Consequently, employees can afford to change jobs for a slight increase in remuneration (Price, 2001). Many employees are believed to job-hop for no reason or even for fun (Khatri, Budhwar and Chong, 1999, p.2). For example, an employee may change his/her job because friends or relatives may have done so. Although there are high unemployment figures in South Africa in general, there is still a high shortage of professional with scarce skills such as pharmacists (Medical Chronicle, 2011), this makes it easier for these professional to move from one job to another.

The shortage of labour explains only part of the reality at best. It should be acknowledged that although labour shortage compounds the problem of employee turnover, there are other factors such as job-dissatisfaction, poor working conditions, that, together with perceived alternative employment opportunities that trigger turnover intention (Khatri, Budhwar and Chong, 1999).

In a study undertaken in the late 1990s of human resource practices in over 200 of the largest companies in Singapore, Khatri, *et al.* (1999) found that Human Resource Management was considered a relatively unimportant function in most companies and that Human Resource Managers did not have sufficient training and technical expertise in this field. The assumption of senior management in the majority of the companies studied was that any manager could manage human resource. Consequently, the Human Resource Management function was poorly managed in most companies which may result in employee dissatisfaction leading to employee turnover. This emphasizes that there are many factors that may contribute high employee turnover rate other than the shortage of skill

Younger and more qualified employees change jobs more frequently than older and less qualified employees. One reason for this is that older employees may have more other responsibilities and commitments such as maintaining families (Debra, 1993). The shortage of labour (or perceived alternative employment opportunities) is one of the uncontrollable factors that may be considered as a key factor leading to employee turnover (Debrah, 1993).

2.7 THEORIES OF EMPLOYEE TURNOVER

In the last few decades, researchers have developed several theories in an attempt to explain the processes that take place before an employee leaves an organization. Barak, Nissly, and Levin (2001, p.628) suggest that employee turnover models are common in that employee turnover behaviour as a multistage process that includes attitudinal, behavioural and decisional components.

2.7.1 The Image theory

Image theory assumes that decision-makers use different schematic knowledge structures called images in organizing thinking about decisions (Beach, 1993). According to Harman, Lee, Terence, Mitchell, Felps, and Owens, (2007, p.51), image theory is perhaps the most viable and elaborate alternative to the notion of decisions based on subjective expected utility. The image theory suggests that some types of incoming information such as a job offer prompt a comparison of that information to three job-related images.

The first of the three is the value image, which reflects a decision maker's principles. The value image serves as rigid criteria for the rightness or wrongness of any particular decision about a goal or plan. According to Harman, *et al.* (2007), the individual first will compare the information with his or her value image (the person's set of important values regarding his or her job).

The second image is the trajectory image, which consists of a set of previously adopted goals. The individual compares the incoming information with the trajectory image, which is the person's set of goals that motivate job behaviour. This image is a representation of what an individual hopes to achieve (Harman, *et al.*, 2007).

The last image to which the individual compares the incoming information about a job offer, is the strategic image. This image consists of the strategic plans adopted to achieve goals on the trajectory image (Beach, 1993). The decision maker compares the incoming information with the three images starting with the first one. Should the alternative passes the screening process, that is, being compatible with the three images, the individual will compare the alternative with the status quo. Typically, the status quo wins and the person does nothing. If the individual has several alternatives that pass the screening process, he or she will then conduct more rational cost/benefit analyses among alternatives (Harman, *et al.*, 2007).

2.7.2 The unfolding model of employee turnover

According to the Lee and Mitchell's (1994) unfolding model of voluntary employee turnover, incoming information that leads to image considerations is termed a "shock". Shocks lead the individual to consider leaving his/her job. The shock can be negative (for example, a fight with the boss), positive (such as winning the lottery), or neutral (for example, an unanticipated job offer). The shock could be internal or external to the individual (Harman, *et al.*, 2007). The cognitive and social context in which the shock occurs provides the decision frame within which the person/employee interprets the meaning of the shock (Harman, *et al.*, 2007). The unfolding model of employee turnover introduces five paths or distinct sets of psychological processes that lead to voluntary turnover. These paths are outlined in table 2.1 on the next page. Each path is subsequently discussed in more details.

Table 2.1: The unfolding model: Paths by which the turnover decision may unfold

Path	! Initiating event	! Cognitive / emotional process	! Search behaviour	! Quit decision
Path 1	! Shock (e.g. pregnancy)	! Prompts quitting script enactment	! None	! Automatic
Path 2	! Shock (e.g. unpleasant new boss)	! Comparison of shock to images leads to high dissatisfaction	! None	! Fairly automatic
Path 3	! Shock (e.g. unexpected job offer)	! Comparison of shock to images leads to relative dissatisfaction	! Search for alternatives	! Deliberate
Path 4a	! No shock	! Accumulating dissatisfaction	! None	! Fairly automatic
Path 4b	! No shock	! Accumulating dissatisfaction	! Search for Alternatives	! Deliberate

Note. Moving from left to right, Paths 1–3 include an initiating event (shock) that leads an employee to make the decision to leave his/her employment relationship. Paths 4a and 4b do not contain shocks; instead, the process begins with accumulating dissatisfaction that eventually culminates in resignation.

Source: Adapted from Harman, *et al.* (2007, p.52).

2.7.2.1 Path 1

In this path, the shock triggers a pre-existing script. Niederman, Sumner, Maertz and Carl (2007) describe a “script” as a planned series of behaviours reserved for a particular situation in the future. For example, if an employee may have the following marriage script: If I get married, I will leave this job and look for another one close to my new home. Once information is received about getting married, the script is enacted without further consideration. The decision to leave the employee’s current job is automatic because it is dictated by the existing script.

2.7.2.2 Path 2

The second path also contains a shock that prompts an employee to leave his/her job without considering alternative jobs. The difference between Paths 1 and 2 is that, in the latter, there is no prior action script. Instead, incoming information is interpreted as violating an employee’s value or goal, and the employee leaves without further deliberation (Harman, *et al.*, 2007).

This process is fairly automatic; the question of leaving is decided once the employee decides that one or more image violations have occurred. An example of this decision path is, when a strongly disliked co-worker is promoted to be an individual’s manager. This might violate the individual’s belief that enjoyable work involves having a friendly relationship with one’s supervisor, and thus constitutes a strategy image violation. The individual leaves without considering other job alternatives (Harman, *et al.*, 2007).

2.7.2.3 Path 3

The third path of the unfolding model contains a shock that triggers an evaluation of the current job through three images; values, trajectory, and strategic images of the current job. If the information contained in the shock is not compatible with the images, the employee will then consider leaving. This path can lead to a deliberate search for

alternative jobs and involves an evaluation of at least one alternative. For example, an unexpected job offer may prompt an employee to compare the current job to the unexpected job offer (Harman, *et al.*, 2007).

2.7.2.4 Paths 4a and 4b

Path 4a and 4b do not contain shocks. The former describes a situation in which a person's job satisfaction becomes so low that he/she leaves without considering alternative jobs. Path 4b is the more traditional view of turnover in which low satisfaction leads to a deliberate search for alternative employment, an evaluation of alternative options, the intention to leave, and subsequent employee turnover (Harman, *et al.*, 2007).

2.7.3 Price's (2001) causal model of employee turnover

This model suggests that the employee turnover behaviours occur in three phases, namely (Price, 2001): (i) job satisfaction phase, (ii) intention to stay/leave, and (iii) the actual turnover. In the job satisfaction phase, Price (2001) identified several exogenous variables. These variables are evaluated by an employee for the net effect on job satisfaction. The variables produce an indirect effect on employee turnover by acting through job satisfaction. The intent to stay represents the second phase of the model. The third and the last phase is the actual turnover of the employee. Price (2001) suggests that the exogenous variables are divided into three main categories, namely:

- (i) environmental variables, for example, Kinship responsibilities and opportunity,
- (ii) individual or personal variables such as general training and
- (iii) job-related variables, for example, routinization.

Each of these variables is discussed in more detail below and the definitions of the variables are summarized in table 2. The causal model employee turnover is presented in figure 2.3 on page 32.

2.7.3.1 Environmental variables

Price (2001) identified two environmental variables, namely:

- (i) Opportunity and
- (ii) Kinship responsibility

2.7.3.1.1 Opportunity

Several researchers in the 1980s, such as Bluedorn, (1982) and Price and Muller, (1986) described job opportunity as an environmental variable. These authors stated that job opportunity refers to the availability of jobs outside the organization. This suggests that the availability of job opportunities impact directly on employee turnover. When employees believe a better job can be obtained, the propensity to leave is increased (Iverson, 1999, p. 403). This view was supported by Price (2001), who argued that an increase in the number of jobs available in the market promotes the movement of employees between organizations, thus increasing employee turnover.

2.7.3.1.2 Kinship responsibility

This refers to the individual's degree of obligation to immediate relatives in the family and community (Iverson, 1996). Mitchell, Holtom, Lee, Sablinski and Erenz (2001) suggest that kinship is an important factor when employees make decisions to leave for jobs outside the local market.

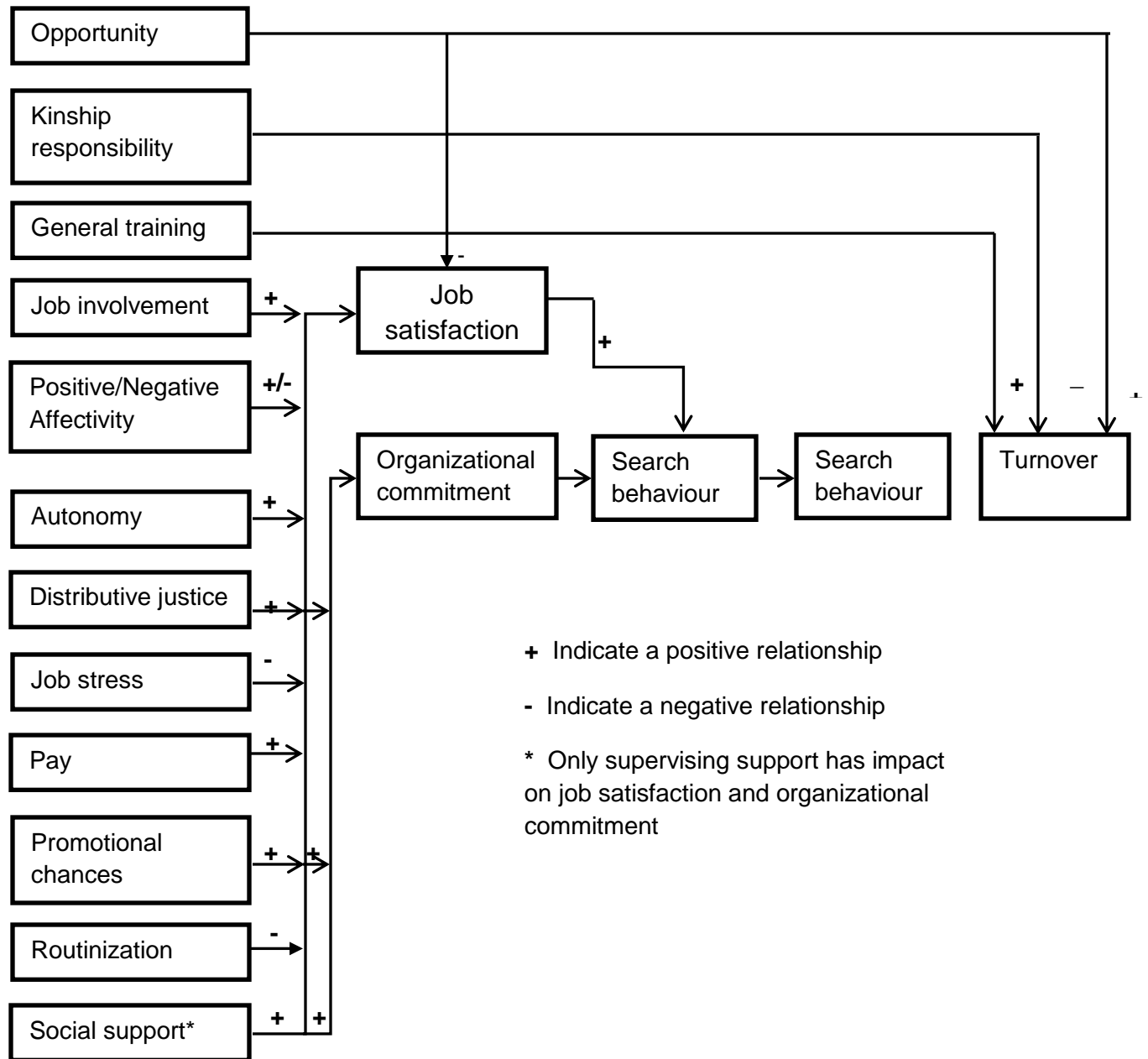


Figure 2.3 The Price (2001) causal model of employee turnover.

2.7.3.2 Individual / personal variables

These are personal attributes with which an employee enters an organization. Key individual attributes are highlighted on the following page.

2.7.3.2.1 Age

According to Iverson (1999, p.399), there is evidence to indicate inverse relationship between both age with voluntary turnover. Iverson (1999) suggest that this view is supported by Campbell & Campbell (1997) who found that the younger generation is believed to move from one job to another for a slight increase in remuneration as discussed in 2.6.2.

2.7.3.2.2 Training

Several studies highlighted that training has the potential to motivate an employee to remain in an organization (Kavitha, Geetha and Arunachalam, 2011). Allen, Bryant and Vardaman. (2010), however, warn that organizations should consider providing job-specific training, to ensure that the organization does not lose employees by making the latter more marketable.

2.7.3.3 Job-related variables

Job-related variables include: autonomy, rewards or pay, routinization, distributive justice and job stress (these variables are defined in table 2.2). Job-related variables hypothesized to influence job satisfaction which, in turn, can influence employee turnover (Iverson, 1999). Several studies (Lazear, 1998; Brown, Sturman and Simmering, 2003) revealed that an employee is more likely to leave an organization if paid an uncompetitive salary or below market rate. Salary has been found to have an indirect influence on employee turnover through its effect on satisfaction (Iverson, 1999). According to Hom and Griffeth, (1995) cited in Iverson (1999, p.402), employees performing routine work are more likely to resign than employees performing different tasks. This is possibly because employees performing routine work may find it no more challenging and tedious. Therefore a high degree of autonomy can possibly buffer against job stress and burnout which are linked to employee turnover.

Table 2.2: Definitions of the variables in Price (2001)'s causal model of employee turnover.

Variables	Definitions
Individual/personal	
Positive affectivity	The extent to which an individual feels enthusiastic over time and across situations.
Negative affectivity	The extent to which an individual experiences adverse emotional states over time and across situations
Work motivation	Normative belief in the importance of work in general
Kinship responsibility	The degree of an individual's obligation to immediate relatives in the community.
Job-related variables	
Distributive justice	This is the extent to which conformity to the norms of the organisation is followed by the distribution of positive sanctions. This is also referred to as equity
Autonomy	The degree to which an individual has influence over his/her job
Routinization	The extent to which jobs are repetitive
Role ambiguity	The extent to which role expectations are unclear
Role conflict	Inconsistent job obligations
Emotional exhaustion	The extent to which employees find their work to be emotional draining.
Job-related variables	
Co-worker support	The degree of consideration expressed by co-workers
Supervisory support	The degree of consideration expressed by an immediate supervisor for sub-ordinates.
Job hazards	The extent to which employees are exposed to harmful working conditions.

Table 2.2: Continued.

Environmental variables	
Job opportunity	The availability of alternative jobs outside the organization
Other definitions	
Job satisfaction	The overall degree to which an individual likes his/her job
Organizational commitment	The degree of loyalty to an organization
Intent to leave	The degree of behavioural attachment to organization

Source: Adapted from Iverson (1999, p. 400)

2.7.4 Mobley's (1977) Employee Turnover Decision Process Model

According to Perez (2008), Mobley's (1977) employee turnover decision process has shaped employee turnover studies for the past last few decades. This model explains an employee's decision-making process in leaving his/her job.

Perez (2008) describes the termination decision process as a sequence of cognitive stages. This process is triggered by the evaluation firstly of the existing job, followed by the employee's emotional state of satisfaction or dissatisfaction. Job satisfaction might be due to sustained intrinsic motivation while dissatisfaction may initiate thoughts of resigning. The thought of quitting might be preceded by the evaluation of expected utility of search and the cost of quitting, an example of the latter being a loss of vested benefits (Perez, 2008).

If the costs associated with resigning are deemed not to be too high and alternative jobs are available, the employee is likely to develop intentions to search for alternatives. This behavioural intention to search for alternative will be followed by an actual search. If alternative opportunities are exist, the employee will proceed to evaluate these alternatives and then compare them with the present job. Perez (2008) suggests that if this comparison favours the alternative job, then the behavioural intention to quit will be stimulated which will be followed by the final decision to leave and the actual resignation.

A schematic representation of the turnover decision process is presented on the following page in figure 2.4 on the next page.

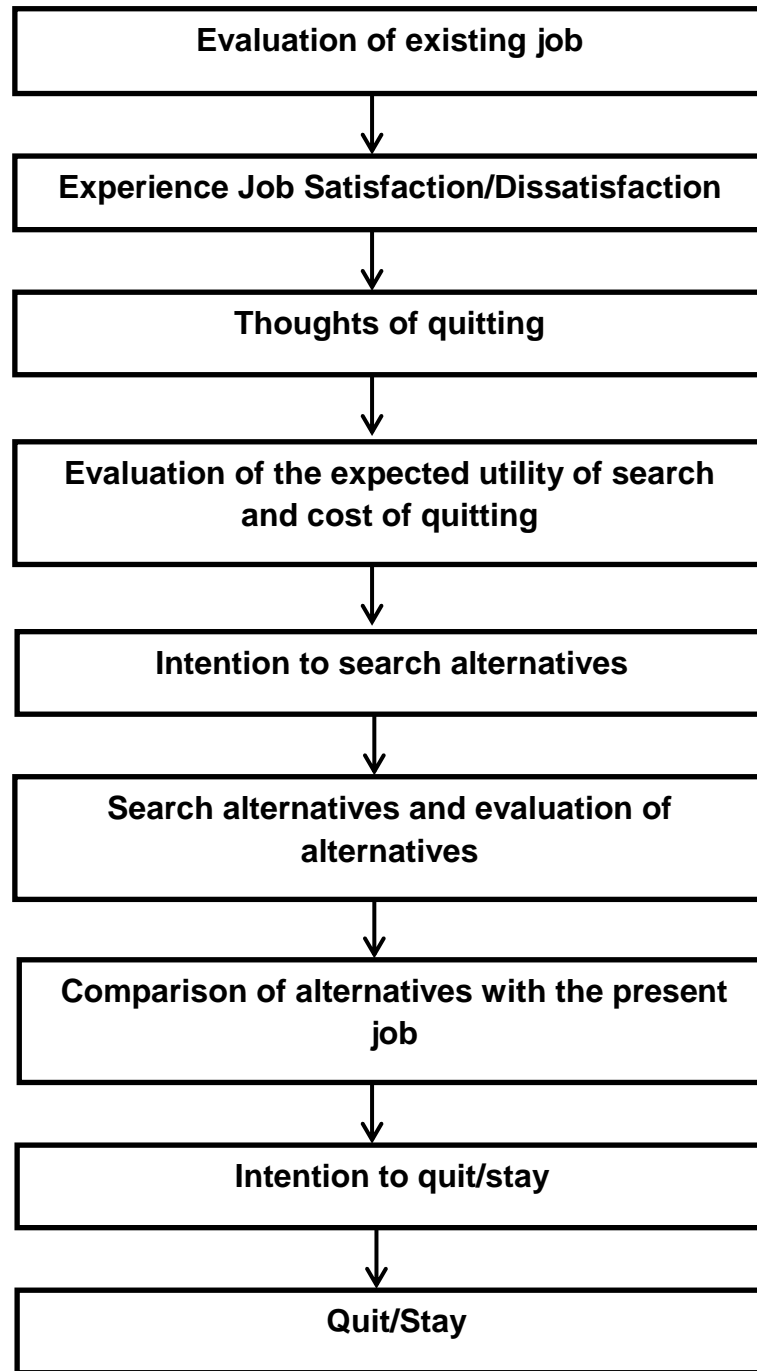


Figure 2.4: Mobley's (1977) Employee Turnover Decision Process Model (Perez, 2008).

2.8 WHY EMPLOYEES RESIGN?

Although employee turnover is a much studied phenomenon, Shaw, Delery, Jenkins, and Gupta (1998) suggest that there is no standard reason why employees leave organizations. This view was supported by Tanove and Holtom (2008, p.1554), who note that despite several studies having been undertaken on employee turnover, there is still no agreement on the factors that explain why employees leave or remain in the organization.

Many factors play a role in the employee turnover rate of a company, and these factors could stem from both the employer and the employees (Beam, 2009). Wages, company benefits, employee attendance, and job performance are all factors that could potentially play a significant role in employee turnover. Companies are usually interested in their employee turnover rate as this is a costly part of doing business (Beam, 2009).

Sutton (1985) proposes that, in order to reduce employee turnover and to obtain the highest productivity from employees, basic security needs, such as good working conditions and reasonable compensation must first be provided by the employer. Inadequate provision of measures to satisfy the basic security needs in the work environment leads to job dissatisfaction and voluntary employee turnover (Sutton, 1985).

Abassi and Hollman (2000) have identified the following reasons for employee turnover in an organization, each of which will be subsequently discussed in more detail.

- (i) Poor working conditions/unsafe working environment
- (ii) Hiring practices
- (iii) Managerial style or lack of supervisory support

- (iv) Insufficient recognition, and
- (v) An un- competitive compensation system

These variables can be classified further into three categories as per Price (2001) causal model of employee turnover discussed in 2.7.3: Environmental, individual and job-related variables.

2.8.1. Job related variables

These variables are within the control of the employer. Ten key job-related variables are explored below.

2.8.1.1 Poor working conditions/unsafe working environment

Abassi and Hollman (2000) have emphasized that unsafe workplace environments can be a stimulus for employee turnover within an organization. These authors also stated that safe working conditions and clear work procedures reduce stress and anxiety. According to Bagraim, Cunningham, Pieterse-Landman, Potgieter, and Viedge, (2011, pp. 86-89), managers have the responsibility to create a climate conducive to optimal employees development.

Using Maslow's hierarchy of needs, Bagraim, *et al.* (2011), have highlighted the importance of satisfying the first two needs levels: physiological and safety needs, also known as deficiency needs. This has supported the earlier research by Steers & Porter (1983, p.32), cited in Ramlall (2004, p.54), who suggested that failure to provide a climate that guarantees employees sufficient nourishment and protection from harm or safety would theoretically increase employee frustration and could result in poorer performance, lower job satisfaction, and increased withdrawal from the organization.

Bagraim, *et al.* (2011, p.89) argue that employees are motivated by the desire to achieve or maintain the various conditions in which these basic satisfactions rest and by certain more intellectual desires. It is thus important for managers to understand the needs that are important to their employees, because employees whose needs are unfulfilled at work may not function as effectively as the case if these needs were met.

2.8.1.2 Hiring practices

Many companies rely on Human Resources programs to reduce turnover. The improper selection of personnel has long been cited, for example by Laser (1980), as a key factor leading to voluntary employee turnover. This argument was supported by Yong-Pin (2002), who further highlighted the importance of selecting new employees appropriately and the role of the selection process in determining employee turnover. During the recruitment and selection process, a mismatch can occur between position and an employee (Young-Pin, 2002). The person seeking the job may be prepared to take any job for several possible reasons. These include the individual being unemployed, being willing to work closer to home or being willing to leave his/her present work. When a job is finally offered to an applicant, the fit between the applicant and the position thus needs to be carefully considered.

2.8.1.3 Poor leadership skills or lack of supervisory support

Bagraim, *et al.* (2011) have defined leadership as the social process of influencing people to work voluntarily, enthusiastically and persistently towards purposeful group or organizational goals. Similarly, Bhatti, Murta, Shaikh, Hashmi and Shaikh (2012) have defined leadership as a social influence process in which the leader seeks the voluntary participation of subordinates in efforts to reach organizational goals. The patterns of behaviors engaged in by the leader in interacting with employees are referred to as leadership styles.

There are several leadership styles that managers or leaders can use in different situations and people. The Ken Blanchard Companies (2011) suggest that there is no best leadership style, and that an optimal style depends on the situation. The selection of appropriate leadership styles for different situations is critical to continually and progressively leading and keeping employees motivated to achieve organizational goals (Bhatti, *et al.*, 2011). Debrah (1993) noted that a supervisor with poor interpersonal and leadership skills and who is also inflexible soon drives employees away. Prince (2001) has shown that good leadership and supervisory support lowers turnover intent through a positive impact on job satisfaction. Riaz and Haider (2010), meanwhile have identified leadership as one of the most significant factors involved in enhancing organizational performance.

In several organizations, leaders are expected to carry out tasks with limited resources in order to maintain a competitive edge and to sustain organization's profitability. This further highlights the importance of acquiring leadership skills so that managers and leaders can be able to motivate employees to achieve organizational objectives or to "do more with less". Researchers such as Zhu, Chew and Spangler (2005) cited in Long and Thean, (2011) have highlighted leadership as the major element in preserving and improving organizational competitive advantage.

Long and Thean (2011) have also suggested that an understanding of the impact of leadership style and job satisfaction on an employee's turnover intention is critical and an integral part of the success of an organization. It is thus imperative for leaders to understand that selection of appropriate leadership style is pivotal and will also affect employees' job satisfaction. A good understanding of leadership style is vital in supporting human capital management and is also likely to be a key factor in determining the success of both the leaders as individuals and the organization.

2.8.1.4 Insufficient recognition

Arthur (2001) suggests that employees genuinely want to do a good job. Employees want feedback on their performance from their immediate managers. He further indicates that employees want to know that their work is appreciated, with some being content with an occasional “good job, keep it up”. This applies even to the most experienced employees in an organisation. Poor recognition and appreciation can slowly drive employees away from an organization (Arthur, 2001).

2.8.1.5 Uncompetitive compensation system

Hissom (2009) suggests that the most common reason for high employee turnover is the salary scale, because employees are usually in search of jobs that pay well. This may possibly apply to pharmacists as well. Singh and Loncar (2010) support the view that pay satisfaction is a key concern for both employers and employees. Pay is important because it satisfies employees’ economic needs (Loncar, 2010).

Individuals who are desperate for a job might accept the first job that comes along, to carry them through while searching for a better paying job. Other employees tend to may leave a company because of unsatisfactory performance appraisals (Rampur, 2009) which is often linked to a salary. It is assumed that employees that are better paid employees tend to remain longer in an organization (Sousa-Poza, 2007). If employees are not satisfied with the pay received, his/her attitude towards the job may change, which may possibly affect employee behavior.

In addition to the variables discussed above, other variables that may possibly lead to employee turnover are highlighted below:

2.8.1.6. Unequal salaries and benefits

In addition to a low salary scale, Handelsman (2009) adds that an unequal wage structure is one of the causes of high employee turnover. Employees talk to one another. When employees perform similar work and have similar responsibilities, difference in pay rate can drive lower paid employees to resign. Handelsman (2009) explanation outlined above is supported by Adam's equity theory.

In his theory, Adams (1963) cited in Bagraim, *et al.* (2011, pp.100-101) states that an employee assesses his/her inputs with to a job against what he/she receives from the job, and then compares the ratio of these inputs to outputs with another employee's ratio of inputs and outputs. If the employee perceives the ratio of his or her inputs and outputs to be equal to the inputs and outputs of the employee with whom he/she has made a comparison, the employee will assess this as fair and a state of equity is said to exist. If, however, the employee feels that the ratio of inputs to outputs is unequal, the situation is assessed as unfair and a state of inequity is said to exist. In an attempt to restore equity, an employee may decide to leave an organization (Bagraim, *et al.*, 2011).

2.8.1.7 Inflexible work schedule

Arthur (2001) mentions that several companies still adhere to a strict 08H00 to 16H00 or 09H00 to 17H00, Monday to Friday work schedule. With so many work alternative work opportunities available for pharmacists, pharmacists with commitments other than work, for example family or community commitment may be likely to leave an inflexible work environment for a company that acknowledges life outside of work. Due to the current shortage of pharmacists, many pharmacists may be required to work extended hours.

2.8.1.8 Job stress

As mentioned in chapter one (1.1), there is a national shortage of pharmacists. Many organizations are operating without adequate staff compliment. The unavailability of staff leads to pharmacists working under pressure for a long period of time. The increased stress levels coupled with most employees working under these conditions are not compensated in some way, monetary or otherwise, may result in pharmacists leaving their jobs and looking for better jobs elsewhere (Arthur, 2001).

2.8.1.9 Limited opportunity for growth

Arthur (2001, p.224) further adds that young and ambitious employees are looking for companies that offer not only competitive salaries, but also opportunities for growth. Skilled employees who find themselves in positions where there is no room for progression upwards or laterally are likely to leave an organization (Arthur, 2001). This emphasizes the importance for employers offering training opportunities and career planning.

2.8.1.10 Inadequate/ substandard equipment, tools and facilities

If the environment in which an employee work negatively impacts his/her level of productivity or performance, it is likely to demotivate an employee. Lack of motivation may result in an employee leaving an organization (Arthur, 2001).

2.9 EFFECTS OF EMPLOYEE TURNOVER

2.9.1 Negative effects of employee turnover

2.9.1.1 Loss of company information

Martins and Martins (2011) suggest that the loss of knowledge poses a greater challenge to organizations that want to remain competitive. A study undertaken in 240 organizations in the United States of America revealed that the greatest impact of turnover was lost knowledge, as opposed to decreased profitability (Frank, Finnegan and Taylor, 2004). When an employee leaves an organization, he/she also takes away valuable information about an organization, customers, current projects and the past history of the organization's competitors to the new employer (Sandhya and Kumar, 2011). This is critical in the pharmaceutical industry in which research and development pharmacists are exposed to "sensitive" information about products. This information can be used by competitors in the development of alternative products such as generic drug formulations.

Voluntary turnover often results in departing employees migrating to competing firms, creating an even more critical situation, since the knowledge possessed by these employees can be used against the organization (Kransdorff, 1996). Voluntary turnover has been accelerating over the past decade. This situation requires senior management to consider the repercussions of voluntary turnover, and create contingency plans. Otherwise, senior management may be caught unprepared, if or when organization's best performers leave (Kransdorff, 1996).

2.9.1.2 High costs associated with employee turnover

Fitz-Enz (1997) cited in Ramlall (2004) stated that the average company loses approximately \$1 million with every 10 managerial and professional employees who leave the organization. Combined with direct and indirect costs, the total cost of an employee turnover is a minimum of one year's pay and benefits, or a maximum of two years' pay and benefits. There is a significant adverse economic impact to an organization if any of its critical employees are lost, particularly given the knowledge that is lost with the employee's departure (Ramlall, 2004).

2.9.1.3 Decline in the morale of employees

Morale refers to the state of mind expressed in willingness and enthusiasm that a person displays towards the achievement of individual or group goals in a given situation (Jones, 2012, p.5). When employees resign, the morale of the remaining employees may be undermined, which could result in more employees leaving?

2.9.1.4 Decreased performance

To compound the negative side-effects of turnover, some of the departing employees may be excellent performers. Dysfunctional turnover in which good performers leave and bad performers stay, can damage an organization through decreased innovation, delayed services, lethargic implementation of new programs, and loss of productivity (Abassi and Hollman, 2000).

2.9.2 Positive effects of employee turnover

Functional turnover can be beneficial to an organization as it may promote the entry of new ideas, skills and enthusiasm to the existing labour force. A certain degree of staff turnover is desirable as this creates opportunities to produce a wider experience as

new ideas are brought into the organization. It should be noted, however, that although a certain degree of turnover is desirable, excessive employee turnover can cause disruption and is potentially expensive (Waters, 2003). Grobler, *et al.* (2006, p.125) suggests, though, that whilst employee turnover is expensive, it can correct poor hiring and placement decisions that had been previously made in the organization.

2.10 COSTS OF EMPLOYEE TURNOVER

Hall (2002) acknowledges that although it is important for organizations to retain employees and keep the employee turnover rate at a minimal level, it is impossible and unrealistic to maintain a zero turnover rate. McKinney, Barlett and Mulvaney (2007) raise a concern that employees, in particular younger workers, are becoming increasingly mobile. Fewer employees have stayed in one organization throughout their careers (McKinney, *et al.* 2007). This may also be true for employees with scarce skills such as pharmacists and doctors.

Although several studies have suggested the cost of employee turnover to be high, most managers and executives underestimate, ignore or fail to accurately track and calculate the costs associated with employee turnover (Dalton, Cairns, Canavan, Downey, Fowler, Freiwald, Johnson, King and Lincoln, 1999). Dalton, *et al.* (1999) suggest that this is partly due to the failure to calculate the costs of turnover as a result of limited number of models to guide managers on how to accurately calculate employee turnover costs.

McKinney, *et al.* (2007) suggest that basic methods for estimating the cost of employee turnover focus on the replacement cost in terms of the percentage of annual salary added to costs of benefits. Using this approach, it was reported that the cost of employee turnover cost is approximately 25% of the individual salary, along with the benefits of the departing employee.

An alternative method of calculating employee turnover, proposed by Cascio (2000) focuses on a mathematical approach to analysing complicated consequences of turnover in terms of financial costs associated with the departing employee and the new employee. Cascio's (2000) model categorizes turnover costs, which enables managers to view the consequences of employee turnover at a broader level.

This allows for a detailed assessment of the turnover costs and makes it easier to quantify the impact of employee turnover on an organization. Categorizing employee turnover cost enables managers to develop relevant strategies to target specific cost categories in response to minimize the cost. Cascio's (2000) costing model of employee turnover is presented in figure 2.5 on the next page.

2.10.1 DIRECT COSTS OF EMPLOYEE TURNOVER

Direct turnover costs are those costs incurred during the separation and hiring processes and include separation costs, replacement costs and training costs for the new employee (McKinney, *et al.*, 2007). Each of these costs is discussed in greater detail below.

2.10.1.1 Separation costs

As shown in Figure 2.5, McKinney, *et al.* (2007) has divided the separation cost into three elements: (i) exit interview costs, (ii) separation costs and (iii) administrative costs. Each of these costs is discussed further below.

2.10.1.1.1 The exit interview

This interview is organised and conducted by an employer with the intention of seeking information on why an employee is leaving the organization (McKinney, *et al.*, 2007).

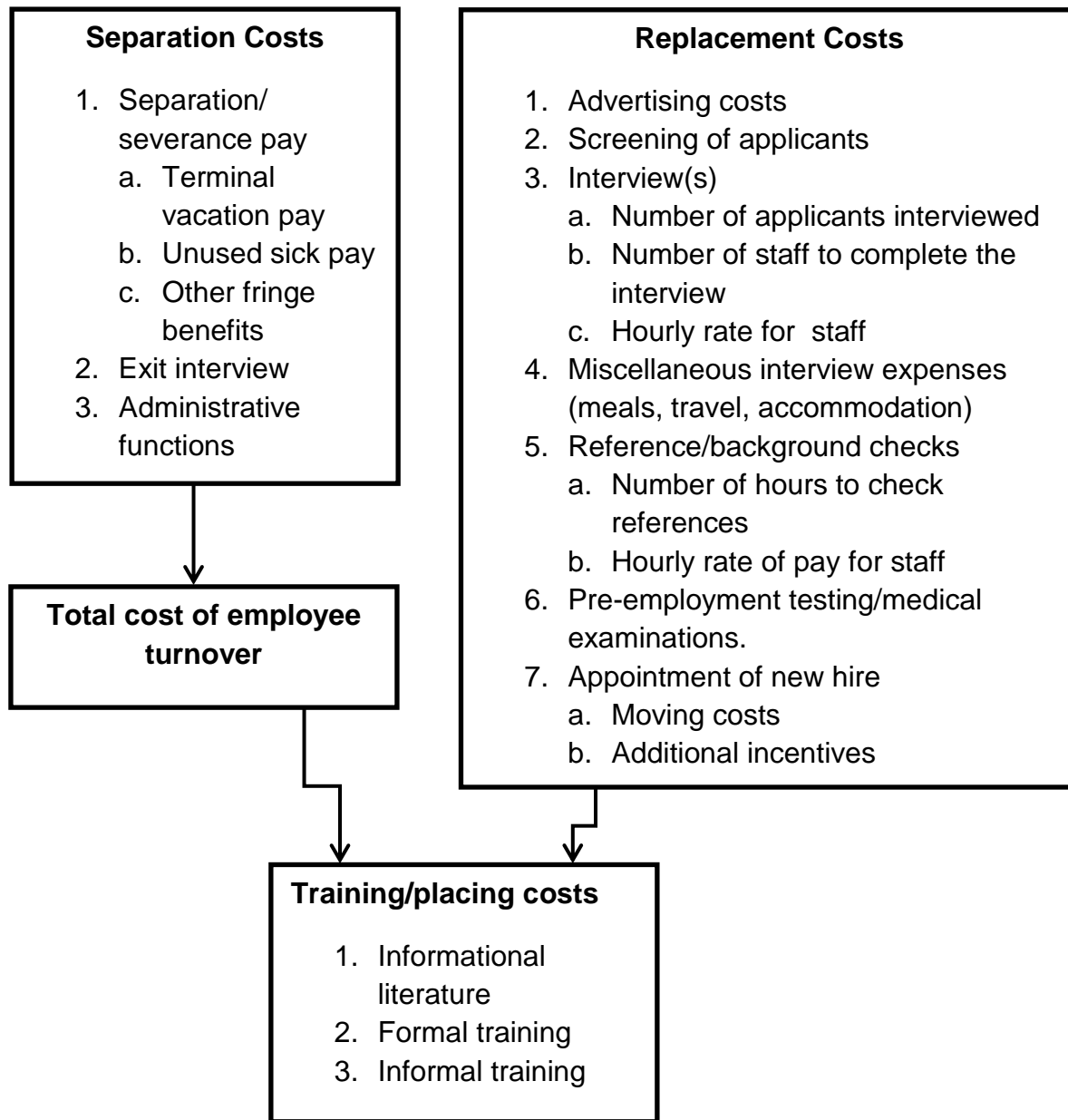


Figure 2.5: Cascio's (2000) costing model of employee turnover. Adapted from McKinney, *et al.* (2007, p. 53).

Hinkin and Tracey (2000) propose that these costs are associated with the time spent by the interviewer(s) organising and conducting the interview, and the time spent by the interviewee attending the interview. The number of hours spent by the departing employee multiplied by the employee's hourly rate gives the cost associated with the employee attending the interview. Similarly, the cost associated with the interviewer (s) can be determined. The sum of these two costs gives the total costs associated with exit interview (Cascio, 2000).

2.10.1.1.2 Separation pay

The separation pay which is often referred as a severance pay is the lump-sum payment by an employer to an employee who has resigned from his/her job. This cost includes the pay associated with any unused annual leave, bonus that has accumulated and any other pay based on the employee's years of service and or earnings (McKinney, *et al.*, 2007).

2.10.1.1.3 Administrative costs

These are costs associated with administrative functions, such as removing an employee from the payroll, the termination of benefits, and the return of company equipment (McKinney, *et al.*, 2007). All these costs are incurred by a pharmaceutical company when a pharmacist leaves.

2.10.1.2 Replacement costs

These are expenses incurred by an organization when replacing an employee who has resigned. Cascio (2000) has classified these costs into the following: (i) advertising job availability, (ii) screening applicants, (iii) conducting entrance interviews and the

associated expenses, (vi) background checks and (v) pre-employment testing or assessment procedures. Each of these costs is explained further below.

2.10.1.2.1 Advertising costs

Advertising costs for a vacant position will vary based on the type of skill required, the chosen method(s) of advertising and the targeted labour market. The advertising cost also includes the time spent on preparing the advertisement. The use of social networks such as LinkedIn, Facebook, and many more has substantially reduced the cost of advertising. The advertising cost includes the time spent on preparing the advertisement (McKinney, *et al.*, 2007).

2.10.1.2.2 Screening costs

The screening of applicants is a pre-employment administrative function performed during the initial stages of employee selection. The costs associated with this screening are based on the number of hours spent by the Human Resource Department representatives multiplied by the hourly rate of these employees (Cascio, 2000).

2.10.1.2.3 Entrance interview costs

The costs associated with interviewing candidates can be determined. Three variables are considered, namely: (i) the number of candidates interviewed, (ii) the number of hours spent by staff in the interview, and (iii) the staff hourly rate for these employees (McKinney, *et al.*, 2007). In addition to the interview costs, Cascio (2000) identified other potential costs associated with interviews, for example catering, travelling and accommodation costs incurred by employees.

2.10.1.2.4 Background checks

There has been an increase in the number of employers demanding background checks of candidates (Waxer, 2004). The cost associated with checking references can be determined by multiplying the number of hours taken to check references by the hourly rate of the employees performing this function (McKinney, *et al.*, 2007).

2.10.1.2.5 Pre-employment testing costs

In most pharmaceutical companies, employees are required to undergo several medical tests to give an indication for their health status. These tests are performed when an employee starts a new job and then periodically. Tests that are typically performed include: a lung function test, hearing test, and other tests for vital signs. Blood tests can be required for pharmacists intending to work in a pharmaceutical company that manufactures radioactive pharmaceutical products.

2.10.1.2.6 Costs to appoint a new hire

The cost to appoint a new hire may include relocation costs (McKinney, *et al.*, 2007). Some pharmaceutical companies in South Africa reimburse new employees for costs incurred when relocating from one province to another.

2.10.1.2.7 Training costs

New employees need be orientated and often trained to a standard level of competence before assuming regular duties. Most pharmaceutical companies require pharmacists to undergo “Current Good Manufacturing Practice” often referred to as c-GMP and “Good Documentation Practice” also known as GDP before commencing with manufacturing activities.

Other formal and informal trainings may also be required, depending on the type of position the pharmacist is occupying. Swanson and Holton (2000) cited in McKinney, *et al.* (2007), have found that organizations overlook the substantial expenditure and investment made in training. According to McKinney, *et al.* (2007), the training costs for a new hire can arise due to formal, and informal training.

The costs outlined in 2.10.1. represent the total direct cost incurred by an organization when replacing a departed employee.

2.10.2. THE INDIRECT COSTS OF EMPLOYEE TURNOVER

The indirect or intangible costs of employee turnover are difficult to accurately determine. In order to quantify these indirect costs, Rich and Sorensen (2007) propose that organizations must first identify the form of indirect cost the organization is experiencing and the impact of this cost on productivity and revenue. The indirect costs include the loss of productivity, morale, when a senior person leaves, knowledge and experience, and opportunities that a departed employee would have pursued on of which a new one may be aware (Rich and Sorensen, 2007). Loss of employee morale may undermine productivity of the remaining employees and possibly trigger the beginning of disengagement which could lead to further turnover (Rich and Sorensen, 2007).

Rich and Sorensen (2007) further add that a company may also have to contend with customer dissatisfaction, particularly if the employee who has resigned had a longstanding association and good rapport with a client, resulting in a possible loss of business.

In addition to the indirect costs discussed above, Karsen (2007) suggests that organizations often overlook the cost of getting a new employee the point of full

productivity. At this stage, the replacement is paid a full salary even though he/she is not immediately as productive as the former employee was. The indirect costs associated with the above include the cost of reduced productivity due to lower effectiveness of new or temporary employees. These costs often remain unaccounted for when calculating the cost of turnover (Karsen, 2007).

Sandhya and Kumar (2011) highlight that customer services are interrupted in situations in which customers and clients do business with a company in part because of specific employees. When an employee leaves an organisation, the relationships that employee built for the company may be undermined and could lead to a loss of contact with potential customer. Turnover can result in more turnover because when an employee leaves an organization, the effect is felt throughout the organization as co-workers are often required to take on an extra load (Sandhya and Kumar, 2011).

2.11. IMPACT OF EMPLOYEE TURNOVER ON TEAM PERFORMANCE

Herman (1997) suggests that a high employee turnover rate is contradictory to high performance because it indicates a lack of commitment by the workforce to an organization, which is a requirement for high performance. High committed workforce can make a difference when competing in the market (Herman, 1997). Ton and Huckman (2008) added that employee turnover can have a negative effect on the overall performance of an organization through operational disruption from employee departures.

Levine, Moreland, Argote and Carley (2005) note that employee turnover can also have profound consequences on team performance. Employee turnover represents a change in team composition because it alters both the distribution of knowledge within the team (the knowledge network) and the relations among team members (the social network). When current members leave, those who remain may need to absorb additional work

(Levine, *et al.*, 2005). This can possibly result in a decline of employee morale if the remaining employees are not compensated for the extra work.

2.12. JOB SATISFACTION AND EMPLOYEE TURNOVER

Job satisfaction is a positive emotional response to a job situation that results in the employee attaining what he/she wants from and value in his/her job (Vidal, Valle and Isabel, 2007). Parvin and Kabir (2011) describe job satisfaction as how content an individual is with his/her job. These authors have identified several factors that may influence a person's level of job satisfaction, for example, the perceived fairness of the promotion system, level of pay and benefits, leadership and social relationships (Parvin and Kabir, 2011).

The relationship between job satisfaction and turnover is one of the most thoroughly investigated topics in turnover literature. Many studies report a consistent and negative relationship between job satisfaction and turnover (Mobley, 1982; Price, 1977). Dissatisfied employees are thus more likely to leave an organization than satisfied ones.

Job satisfaction is the outcome of the expectancy theory model of motivation (Porter and Lowler, 1968 cited in Bagraim, *et al.*, 2011), which seems to imply that job satisfaction is equivalent to motivation. This highlights the importance of managers being able to create a climate in which employees feel motivated, to ensure job satisfaction. It is also necessary for managers to understand the goals and needs of employees (see 2.8.1.1) and align these with organisational imperatives.

Dictor, Roznowski, and Harrison (1996) have concluded that most studies of employee turnover have identified job satisfaction as the key psychological construct leading to turnover.

2.13. IMPORTANCE OF EMPLOYEE RETENTION

Gayathri, Sivaraman and Kamalambal (2012) have defined employee retention as the process in which employees are encouraged to remain with the organization for the maximum period possible. Chaminade (2007) cited in Chhabra and Mishra (2008) suggests that employee retention is a voluntary move by an organization to create an environment that engages employees for a long-term period. Employee retention is a critical issue for organizations and managers because of the direct and indirect costs associated with employee turnover (see 2.10).

Allen, Bryant and Varaman (2010) agree that retention is of key importance and warn that high rates of employee turnover can have several adverse effects on organizations. These include the costs incurred as a result of high employee turnover as well as a decline in organizational performance due to disruptions caused by turnover. In addition, employee turnover is disruptive and may cause decline in organizational performance. Employee turnover may also undermine a company's competitiveness as losing employees may represent a loss of knowledge, experience, capital and skills (Gayathri, *et al.*, 2012).

2.14. STRATEGIES TO REDUCE EMPLOYEE TURNOVER

Replacing existing employees is costly to organizations and may impede service delivery. It is therefore imperative for management to reduce, to the minimum, the frequency at which employees, particularly those that are crucial to its operations, leave.

The main purpose of retention is to prevent the loss of competent employees from the organization as this could have adverse effects on productivity and service delivery (Chhabra and Mishra, 2008). However, the retention of high performing employees

has become more challenging for managers as these of employees may frequently move from one job to another being attracted by more than one organization at a time (Chaminade, 2007 cited in Chhabra and Mishra, 2008).

According to Drake International NA (2012), the first step to reducing employee turnover is to recognize that the organization has a high employee turnover problem. Managers and or organizations must first investigate the underlying causes when seeking to resolve this problem.

The following strategies to reduce employee turnover are proposed, each of which will be subsequently discussed in more detail.

2.14.1 Reducing voluntary turnover through selection

According to Barrick and Zimmerman (2005), there is little research on whether employers can reduce employee turnover at the selection. Marx (1995) maintains that the effort to retain knowledge or best employees starts at the recruiting and selection stage, and that attracting and retaining employees are not two different processes, but is rather the same. Employers should be honest with potential recruits about the beliefs, expectations, organizational culture and demands of the organization, as well as the employee's opportunities for growth and career advancement.

By representing the organization realistically, the Human Resource Department may be more likely to attract those who will be content with the environment and the culture of the organization (Marx, 1995). This view was supported by Lynn (1997), who recommended that organizations be candid about the employee's working conditions, responsibilities and opportunities in order to decrease the risk of making incorrect hiring decisions.

Griffeth, Hom and Gaetner (2000) suggest that biodata inventories are a good predictor of employee turnover. Biodata refers to information regarding an individual's education and work history especially in the context of the candidate selection process for employment. Barrick and Zimmerman (2005), however, have pointed out several disadvantages of using bio data, such as possible discrimination and lawsuits against the employer.

Barrick and Zimmerman (2005) suggest that applicants with more contacts within an organization may be more likely to have a better understanding of the organization and the nature of the job. This may lower employee's expectations thereby preventing dissatisfaction and turnover. Current employees may also less likely to refer applicants who are deemed less capable or who may not be likely to have an optimal fit with the organization's culture (Breaugh and Starke, 2000).

Employees who are referred have higher levels of job involvement, job satisfaction and organizational commitment than employees who responded to a newspaper advertisement about the job. Earlier research by Breaugh and Dossert (1989) also support the above view that having friends or family within the organization prior to hire is likely to strengthen the employee's commitment to the organization and reduce the likelihood that he/she will leave.

Tenure in prior job(s) can be used as an indicator whether or not an applicant is likely to stay in a new job based on the theory that past behaviours is the best predictor of future behaviors (Mathieu and Zajac, 1990 cited in Barrick and Zimmerman, 2005, p.160). Short tenure in previous jobs may reflect a lower work ethic, which is correlated with organizational commitment and turnover. An employee who has a habit of seeking out other jobs is likely to repeat it (Mathieu and Zajac, 1990 cited in Barrick and Zimmerman, 2005, p.160).

2.14.2 Re-recruiting top performers

Chhabra and Mishra (2008) suggest that managers must re-recruit top performers before these employees receive offers from other companies. This is especially true if these employees have scarce skill, as is the case with pharmacists. Managers should remind top performers of their value in the organization and give recognition for good performance. Many organizations are reactive instead of proactive, by only promising employees better salaries and benefits after employees have been offered better salaries elsewhere (Chhabra and Mishra, 2008). Retaining valued staff involves managers being proactive, and discussing future opportunities with top performers before the latter are poached by other organizations (Chhabra and Mishra, 2008).

2.14.3 Offering rewards that are meaningful to employees

Fudge and Schlacter (1999) suggest that different employees value certain rewards differently. The type of rewards that an employee values depends partly on the employee's particular needs at that time. Fudge and Schlacter (1999) found that employees value rewards such as, salaries, bonuses, recognition, and promotions. The more an employee values a reward that he/she receives for his/her effort, the more motivated the employee will be to receive the reward. The high levels of valence for the rewards received may lead to high satisfaction levels. Satisfied employees are more likely to remain in an organization (Fudge and Schlacter, 1999)

2.14.4 Offering training and development

According to Allen, Bryant and Vardaman (2010), offering training and development opportunities generally decreases the desire to leave. In support of this view, Kavitha, Geetha and Arunachalam (2011) emphasized that offering training to employees is a way of showing them that they are respected and valued, and that the organization

wants them to grow. Training can help to motivate employees and increases employee loyalty and, in turn, employee retention.

Offering good training and opportunities to study further to employees may de-emphasize the need for high salaries and benefits (Lynn, 1997). Organizations should consider providing job-specific training to ensure that the organization does not lose employees by making them more marketable. Employee turnover can also be decreased by linking learning and development opportunities to tenure (Allen, *et al.*, 2010). Organizations that fail to offer growth opportunities or room for advancement may find it difficult to retain skilled employees (Taylor, 1997).

2.14.5 Offering better career visibility

Current employees need a clear vision of their career potential. Branch (2011) suggests that managers should share career path knowledge with interns, associates and other potential employees during recruitment. Employment interviews provide an opportunity to make candidates aware that advancement is possible within the organization. Regular performance appraisal meetings between the managers and employees, as part of a structured performance management and development system also provide an important opportunity for managers and employees to discuss available opportunities for growth and career development. Recent studies (AICPA Private Companies Practice Section Top Talent study, 2006 cited in the Journal of Accountancy, 2007) have shown that approximately 80% of the young professionals surveyed have indicated that growth opportunities are the main reason why they join an organization.

2.14.6 Flexible work schedules

Branch (2011) mentions that employees have different priorities in their professional and personal lives. These priorities changes during the course of their careers. While

some employees may work better during different hours of the day, others may have family obligations during standard working hours. Flexible schedules may enable employees to attain a better work/life balance. This makes employees more likely to stay with the organization.

According to a report from the Australia's Department of Labour (2011), studies have indicated that introducing flexible work practices has a number of advantages for employers, such as an improved ability to attract new employees. In South Africa, some pharmacists may also prefer working flexible hours. The Department of Labour, Australia (2011) has identified several benefits to an organization of adopting flexible work practices. These include that following:

- (i) Recognition as an employer of choice
- (ii) Reduced absenteeism and staff turnover
- (iii) A decrease in stress levels and improved morale, and
- (iv) The potential for improved occupational health and safety records

Where possible, it is necessary for managers and organizations to provide employees with technological capabilities such as laptops that can allow employees to work from the comfort of their homes when necessary (Australia's Department of Labour, 2012). This may possibly make employees want to remain in the organization.

2.14.7. Competitive compensation and incentive programme

Drake International NA (2012) suggests that organizations can use competitive compensation and benefit packages, including salary, bonuses, stock options, health insurance and retirement packages, to help keep employees in the organization. This body further indicates that employee salary increases should be structured to remain

competitive within the market sector and geographical position in which the business operates (Drake International NA, 2012).

Ramlall (2003) reported that salary was one of the main reasons why people left organizations. Competitive packages are imperative and employers need to be aware of compensation packages for similar positions at other organization in similar markets (Gering and Conner, 2002).

Finally, Mendonsa (1998) argues that although compensation and benefits may a key factor in the final decision-making process, a shortage of money is not always what causes employees to search for other employment opportunities. Other factors such as the need for career advancement, inflexible work schedules may contribute to employee making a decision to leave an organization. Money may just be the reason cited when employees resign. Branch (1998) cited in Kavitha (2011) supports this view by saying that money alone cannot keep employees in an organization. A retention strategy based solely on compensation is not likely to succeed for a long-term (Gering and Corner, 2002). These authors have suggested that a successful strategy should combine a work environment that is motivating to the employees (motivating climate) and market-rate compensation (Gering and Corner, 2002).

2.14.8 Communication

One of the keys to employee retention is communication (Carney, 1998). Communication between the manager and a new recruit should start immediately after employment. This is aimed at building a good relationship between an employee and the manager and ensuring that the values of the organization and business unit are communicated to an employee, in order to increase employee motivation and participation (Taylor and Consenza, 1997 cited in Kavitha, 2011). Communication helps

to ensure that the vision of the organization is shared with the employee and that role that the employee plays in fulfilling the vision is clearly defined (Kavitha, 2011).

Employers or managers should create an environment in which employees can freely express their opinions. Managers or employers should also be willing to the feedback by employees and take corrective actions, where necessary (Kavitha, 2011).

2.14.9 Recognition and rewards

Rewards and recognition can be powerful tools for employee motivation and performance improvement. Although many rewards, such as car allowances, may have a direct costs associated with them, non-financial recognition and rewards can also be effective (Branch, 2011). Verbal praise from supervisor has been cited as one of a form of recognition that employee needs (Branch, 2011).

Branch (2011) further suggests that managers should publicize events that are important to employees such as employees' birthdays. It is important for managers also to publicize congratulatory messages on excellent performance to motivate employees. Employees want more than to be told that they are valued by employers; they want to be shown evidence of this. This recognition could be in the form of compensation and benefits, not just their base pay (Robb, 2007).

2.14.10 Employee retention by motivation

Bagraim, *et al.* (2011) has defined motivation as the force within individuals that arouses, directs and sustains behaviour. In the mid-eighties, Sutton (1985, p.21) suggested that if managers wish to manage employee turnover, it is necessary to identify all the factors that help to create a motivating climate or a favourable working environment. Sandhya and Kumar (2011) indicated that employee motivation is one of

the key factors that managers can use to improve employee commitment, job satisfaction and organizational performance. Although there are several strategies (see 2.14) to retain employees in their current organization, motivational strategies boost employees on a day to day basis.

Recent studies, such as by Gayathri, Sivaraman and Kamalambal (2012) have shown that a lack of motivation compels employees to seek for a change. Kaye and Evans (2000) cited in Sandhya and Kumar (2011) argue that although money and perks are important in retaining employees, employees are interested in challenging and meaningful work, good managers, and opportunities for learning and development.

Several researchers have studied motivation and developed theories that could assist managers and organizations to motivate or keep employees motivated. These theories fall into two categories (Bagraim, et al., 2011):

- (i) Content theories which focus on what motivates an individual and
- (ii) Process theories which attempt to describe and analyse how people are motivated.

2.14.10.1 Content theories

2.14.10.1.1 Maslow's (1970) hierarchy of needs theory

Maslow (1970) cited in Bagraim, *et al.* (2011), described the five basic needs for any human being. These needs were described as physiological, safety, love, esteem and self-actualization needs, as illustrated in figure 2.6 below. Ramlall (2004) suggests that employees are motivated to achieve or to maintain the conditions upon which these needs are met. According to this theory, the physiological needs are satisfied first, and then followed by safety, love, esteem and self-actualization.

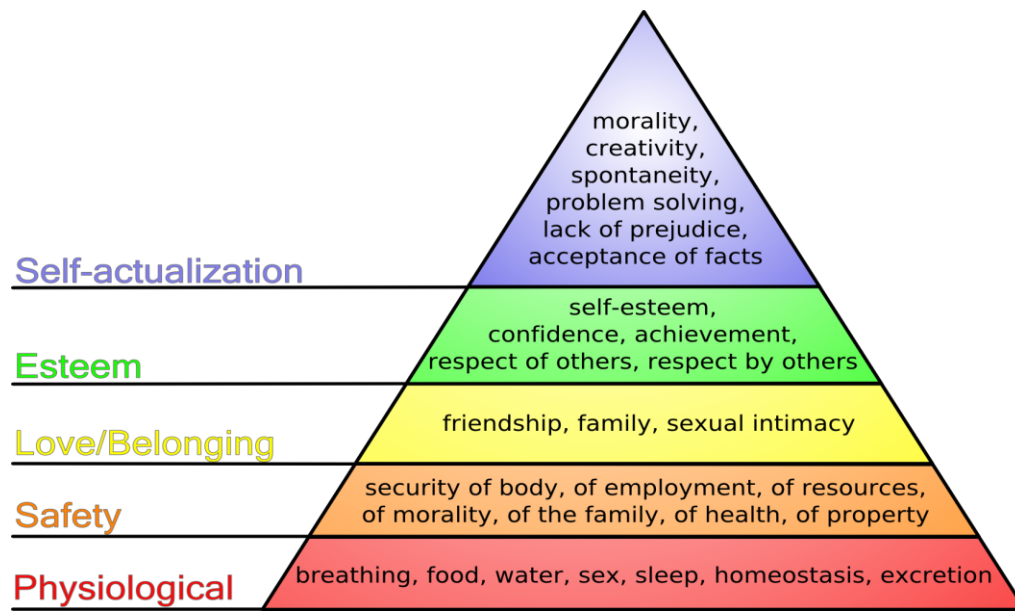


Figure 2.6: Maslow (1970) hierarchy of needs theory (Green, 2000).

According to Bagraim, *et al.* (2011), humans perpetually wanting group. As each need from the starting from the bottom of the hierarchy is satisfied, it ceases to motivate an employee and the next level of needs becomes dominant. It is important for managers and organizations to find ways to satisfy emerging needs of the employees. When the needs of employees are met, they can work at their full potential. Failure to meet physiological, safety and social needs can increase employee frustration and could result in poor performance, increased stress, lower job satisfaction and possible increased withdrawal from the company.

2.14.10.1.2 Alderfer's ERG theory

Alderfer (1972) modified Maslow (1970) hierarchy of needs theory to arrive at three categories of basic human needs, namely: existence, relatedness and growth needs, abbreviated as ERG. There is an overlap with Maslow (1970) hierarchy of needs. For an

example, existence needs are equivalent to the physiological and safety needs in Maslow's hierarchy of needs (Bagraim, *et al.*, 2011).

Alderfer's (1972) cited in Bagraim, *et al.* (2011) described two movements in the hierarchy, namely:

- (i) Satisfaction-progression, which reflects movement up the hierarchy according to Maslow's theory and
- (ii) Frustration-regression, describes movement down the hierarchy.

When the fulfilment of the need is frustrated at a higher level, it leads to movement down the hierarchy and dissatisfaction of the employee, which may result in poorer employee performance and possibly an employee resigning from the organization (Bagraim, *et al.*, 2011).

2.14.10.1.3 McClelland's learnt needs theory

This theory describes three categories of needs that are often referred to as learned needs: (i) the need for achievement, (ii) the need for power and (iii) the need for affiliation. The need that is strong will motivate an individual to behave in a manner that leads to the satisfaction of this need (Bagraim, *et al.*, 2011).

2.14.10.1.4 Herzberg's two-factor theory

Herzberg's (1987) research cited in Bagraim, *et al.* (2011) led to the development of a two-factor theory, also known as the motivation-hygiene theory. According to Herzberg's theory, factors that made employees feel negatively about their jobs were different from the factors that made employees feel positively about their jobs. The hygiene factors have to be in place to avoid employee dissatisfaction although these

factors do not lead to job dissatisfaction. Example is a company policy. Motivating factors on the other hand lead to job satisfaction and include opportunities for growth (Bagraim, *et al.*, 2011).

Bagraim, *et al.* (2011) further highlighted the importance of managers eliminating factors in the work environment that lead to job dissatisfaction. Identification of these factors by managers may possibly reduce unwanted employee turnover. Managers must focus on factors that employees find intrinsically rewarding and lead to high level of motivation.

2.14.10.2 Process theories

Process theories answer the question of how an employee is motivated. These theories include, (i) equity and expectancy theories (Bagraim, *et al.*, 2011).

2.14.10.2.1 Equity theory

Employees are concerned with the amount of rewards received for the effort expended as well as the amount of rewards others receive for the same effort (Bagraim, *et al.*, 2011). According to Ramlall (2004), an employee will compare his/her inputs, such as effort, competence, education, experience, to the outcomes such as salary. The employee will also compare the ratio of inputs to outputs with another employee's ratio of inputs to outputs. If an imbalance is perceived in the employees' outcome-input ratio relative to others, tension is created and a state of inequity is said to exist. According to The employee will be motivated to address this disparity and restore equity (Bagraim, *et al.*, 2011).

These authors suggest that there are several ways in which an employee can restore equity. For example, an employee may reduce his/her input by directly restricting work output, or decrease the outcomes of a comparison until the ratio of that employee's

outcome to inputs is relatively equal (Bagraim, *et al.*, 2011). In addition to the above options, an employee may restore equity by resigning from the organization. This means that an employee may decide to leave the situation as is (Bagraim, *et al.*, 2011).

This theory highlights the importance of equity within an organization and how inequity can result in voluntary employee turnover. Maintaining working environments that employees perceive as fair may reduce such turnover.

2.14.10.2.2 Expectancy theory

The expectancy theory has been well researched and is regarded as the most advanced theory of motivation (Bagraim, *et al.*, 2011). Liao, Liu and Pi (2011) suggest that an employee will expend effort based on the expected outcomes or rewards and the value placed on these outcomes. The expectancy theory has identified the following three beliefs that influence the effort expended by an employee:

- Effort will result in performance
- Performance will result in a reward being given to the employee, and
- The reward will enable an employee to achieve his/her personal goals.

The relationship between effort, performance and reward is illustrated in the figure below.

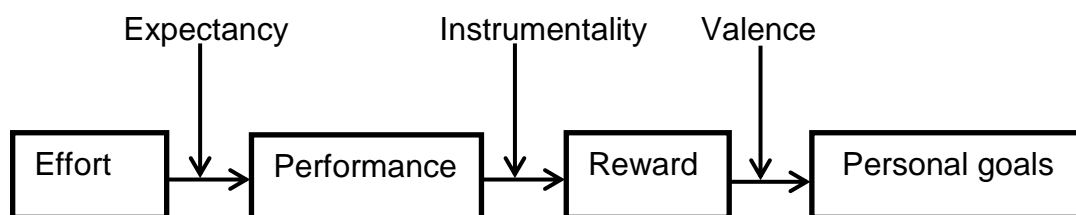


Figure 2.7: Three relationships in expectancy theory (Adapted from Bagraim, *et al.*, 2011, p.103)

Bagraim, *et al.* (2011) proposed that managers and organizations should promote the expectancy that effort will lead to performance. In order for employees to perform as expected, employees should be trained or competent to perform the required task. Secondly, there should be a clear link between performance and rewards. This means that organizations should promote the belief that performance will be rewarded. Thirdly, the rewards given to employees should be meaningful to them. Rewards should thus be relevant to the needs of employees or should enable them to reach their personal objectives (Bagraim, *et al.*, 2011).

The expectancy theory of motivation by Porter and Lawler is illustrated in figure 2.8 on the following page. This comprehensive model of motivation summarizes the content and process theories of motivation. This model proposes that the employee's belief that his/her efforts will result in performance and the perceived value of rewards determine the effort exerted by the employee (Bagraim, *et al.*, 2011). Porter-Lawler theory has also shown that employee's performance is affected by his/her ability to do the job and the understanding of how to perform the job also known as role perception. Performance is often linked to rewards and the equity of the rewards received is based on performance. The level of perceived equity determines the level of employee satisfaction (Bagraim, *et al.* 2011).

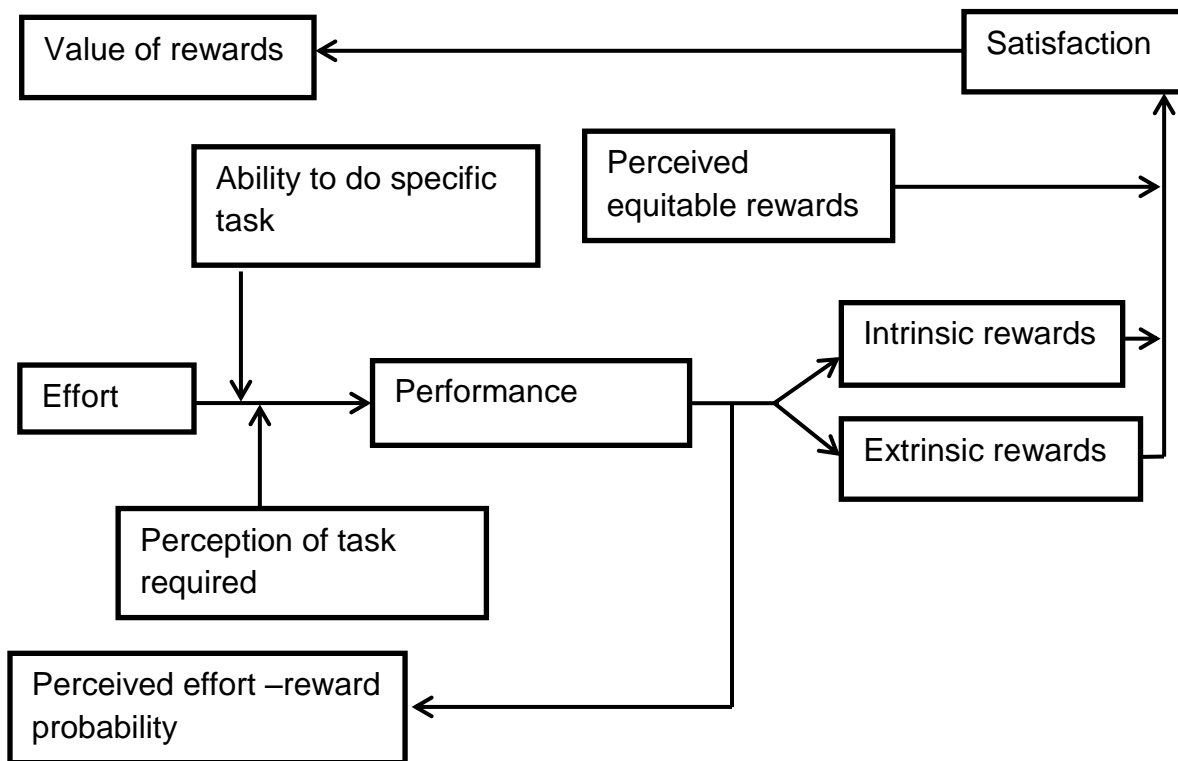


Figure 2.8: The Porter-Lawler model of motivation (Expectancy theory). Adopted from Bagraim, et al. (2011, p.100).

2.15. CONCLUSION

Although a vast amount of research has been undertaken on employee turnover, there is still no universal agreement on the specific factors that explain why some employees decide to an organization (Tanove and Holtom 2008, p.1554). Employee turnover continues to plague many organizations since there is no clear resolution to the problem. The South African pharmaceutical industry seems to be challenged with the same problem, particularly with regard to the retention of pharmacists.

The findings of several studies suggest an inverse relationship between job satisfaction and employee turnover. Factors contributing to job satisfaction include salary,

recognition, opportunities for advancement and good leadership. Job satisfaction is proposed to be a good predictor for employee turnover. Labour shortage and resulting employee attitudes have been said to be the two of the most important factors causing high employee turnover (Debrah, 1993). This view was supported by Price (2001), who suggested that the increased availability of jobs in the market, makes it easier for employees to move around between organizations, thus increasing employee turnover. The shortage of pharmacists in South Africa may possibly increase the rate of pharmacists' turnover across different sectors of pharmacy.

Several strategies have been recommended to reduce employee turnover, including offering competitive salaries, creating opportunities for career growth, and recognising and rewarding employees for good performance.

The following chapter describes the research design and methodology employed in the current study.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

The literature review conducted in chapter two was aimed at identifying and exploring factors contributing to employee turnover. These factors include environmental, job-related and individual factors. These factors are suggested to produce an indirect effect on employee turnover by causing dissatisfaction (Price, 2001). Strategies to minimize employee turnover were also suggested.

Chapter three focusses on the research design and methodology used in the present study. According to Welman, Kauger and Mitchell (2005, p.2), research is a process that involves obtaining scientific knowledge by means of various objectives and procedures. Leedy and Ormrod (2001, p.4) describe research as a systemic process of collecting and analysing data in order to increase understanding of the subject of interest. This chapter end with the description of the statistical tools used to analyse the data.

3.2 RESEARCH DESIGN

Research design is described by Zikmund (2003, p.65) as a master plan for conducting research. It specifies the methods and procedures for collecting and analysing the required data. Burns and Grove (2001, p.223) note that the research design provides guidance to the researcher when planning and implementing a study in a way that is likely to achieve the desired goals or results.

Ingham-Broomfield (2008, p.2) posits that research is often categorized as qualitative or quantitative. Qualitative research strives to understand some type of social phenomenon through the perspective of the individual involved (Ingham-Broomfield, 2008). The interactive methods used in qualitative research are subjectively interpretive, reflecting the values, experiences and biases of the researcher (Rossman and Rallis, 1998 cited in Szyjka, 2012, p. 2). Qualitative research produces findings not arrived at by means of statistical procedures. Qualitative research uses unstructured interviewing and detailed observation processes to gain information about the views of the subject (Welman, et al., 2005, p.9).

Szyjka (2012, p.4) suggests that a major assumption in quantitative research is the belief that social facts have an objective reality outside the subjective perspective of the individual researcher. Szyjka (2012, p.4) furthermore argues that generalization of research results typically occurs when findings hold strong dependencies on the random choice within and across similar populations being investigated. Quantitative research focuses more on reliability, that is, the consistent and stable measurement of data (Welman, *et al.*, 2005, p.9). When following the quantitative approach, statistical analysis is conducted to organise data and to assess relationships between different variables or categories of data.

Creswell and Plano-Clark (2007) cited in Szyjka (2012, p.4) have compared qualitative and quantitative research methods as follows:

- I. Qualitative research typically asks open-ended questions, although close-ended questions can be included in certain circumstances, whereas quantitative research asks close-ended questions that test specific questions, and
- II. The basis for qualitative research is phenomenology while for quantitative research is based on positivism.

Quantitative and qualitative research methods can be combined to study complex concepts of interest in greater depth, according to Ingham-Broomfield (2008, p.103). This is termed a mixed methods approach, or methodological triangulation. The current study follows a quantitative, exploratory and descriptive method to address the main problem and sub-problems described below in 3.2.1 and 3.2.2.

Addressing the sub-problems will assist in providing answers to the main research problem outlined below:

3.2.1 Main problem

What are the factors contributing to high turnover rates of pharmacists in South Africa?

3.2.2 Sub-problems

The sub-problems that needed to be addressed are presented below:

3.2.2.1 Sub-problem one

What is the satisfaction level of pharmacists in the South African Pharmaceutical industry?

3.2.2.2 Sub-problem two

Does a relationship exist between leadership and pharmacist turnover in the South African pharmaceutical industry?

3.2.2.3 Sub-problem three

Is salary the main contributing factor for the high turnover rates of the pharmacists in the pharmaceutical industry?

3.2.2.4 Sub-problem four

Do pharmaceutical companies in South Africa make efforts to retain pharmacists?

3.2.2.5 Actions taken to address sub-problems one to four.

These sub-problems were addressed using the empirical study. Based on the literature review conducted in chapter two, questions were constructed to address these sub-problems.

3.2.2.6 Sub-problem five

What strategies can pharmaceutical companies use to reduce pharmacists turnover rate?

3.2.2.7 Actions taken to address sub-problems five

This sub-problem was addressed in chapter two (literature review) by identifying strategies to reduce employee turnover. After identifying factors contributing to employee turnover in the pharmaceutical industry through the empirical study, relevant strategies to reduce employee turnover were proposed.

3.3 DATA COLLECTION

Data can be collected as primary or secondary data. According to Welman, *et al.* (2005, p.149), primary data refers to original data collected by the researcher for the purposes of his/her own study. Secondary data, on the other hand constitutes internal publications provided by participants to the researchers and publicly available data relevant to the topic being studied (Welman, *et al.*, 2005). Primary data was collected for this study using a survey questionnaire.

According to Ingham-Broomfield (2008, p.106), questionnaires tend to be less costly and require less time and energy to administer. Questionnaires offer the possibility of complete anonymity and may avoid any interviewer bias unless if the questions are constructed in the manner that may be bias (Ingham-Broomfield, 2008). Sampling using a questionnaire was the most appropriate and convenient method because it minimized the travelling required and ultimately the cost of conducting the survey. A survey questionnaire and covering letter were sent to the HR/Senior Managers in the selected companies. After permission to conduct the survey was obtained, the questionnaire and the covering letter were e-mailed to respondents by the researcher and respondents were requested to return the completed questionnaires directly to the researcher by e-mail, fax or hand.

3.4 THE QUESTIONNAIRE AS A TOOL FOR DATA COLLECTION

Zikmund (2003, p.331) suggests that questions in the questionnaire should be relevant, so that the information collected is appropriate in solving the research problem. After a comprehensive review of the literature, a questionnaire was developed by the researcher as a tool for collecting data. Welman, *et al.* (2005, p.153) recommends that when compiling a questionnaire, the eyesight and literacy level of the intended respondents should be taken into consideration. He further indicates that the intended

respondents should be able to read, write and to follow the instructions (Welman, *et al.*, 2005). The target population in this study consisted of qualified pharmacists who were able to read, write and follow the instructions in the questionnaire as tested in a pilot study.

In addition to the above, Welman, *et al.* (2005) and Leedy and Ormrod (2001) have provided the following guidelines on developing questionnaires:

- (i) Take the respondents' level of literacy into consideration. When formulating questions, the researcher should use the concepts and words with which the researcher expects respondents to be familiar in order to obtain accurate information.
- (ii) Keep the questions brief and the questionnaire as short as possible.
- (iii) Maintain neutrality. The questions should not be formulated in a way that encourages respondents to answer in a particular way
- (iv) Provide clear instructions. Specify exactly how you want respondents to answer the questions.
- (v) Be careful not to offend, that is, avoid using technical terms and terms that may offend respondents.
- (vi) The questionnaire should look professional.

The above guidelines were considered and a questionnaire developed by the researcher. The questionnaire was divided into five sections: Sections A to E. These sections are discussed in more details on the following page.

Section A

Section A of the questionnaire was designed to collect the biographical data of the research population, for example, the respondents' age group and educational qualifications.

Section B

This section assessed the level of job satisfaction of pharmacists in the pharmaceutical industry. According to Smith (2002, p.44), factors contributing to job satisfaction are complex and the relative importance of these factors varies among different people, therefore a set consisting of 15 questions was used.

Section C

Section C focused on job-related factors that may contribute to employee turnover. This includes leadership, salary and benefits, opportunities for advancement, recognition and stress.

Sections D and E

Section D and E focused on the employee's intention to stay/leave and retention strategies respectively.

Closed-ended questions were used in the questionnaire. Welman, et al. (2005) advises that it is easier to compare respondents' responses when using close-ended questions and that the questionnaires may be easier to complete than with open-ended questions. A five point rating scale used ranged from "Strongly agree" to 'Strongly disagree". According to Green, Tull and Albaum (1988, p.249), the success of a research depends

on the accuracy of the measuring instrument used. A comprehensive literature review on the construction of a questionnaire was undertaken. The reliability and validity of the questionnaire that was developed were also tested as described in 3.4.2 and 3.4.3.

3.4.1 Pilot studies in the development of the questionnaire

Welman, *et al.* (2005, p.148) suggest that when a new measurement instrument is developed, it is important to “test it out” before it is administered to the sample group. This entails administering the instrument to a limited number of participants from the same population as that from which sampling is intended. The pilot study is intended to detect possible flaws in the measuring instrument, such as ambiguous instructions (Welman, *et al.*, 2005).

In the present study, a pilot study was conducted on five pharmacists working in the pharmaceutical industry. All five pharmacists indicated that the questionnaire was easy to complete and that completion took approximately 15 minutes.

3.4.2 Reliability of the measuring instrument

Reliability is concerned with the findings of the research and relates to the credibility of the findings (Welman, *et al.* 2005, p.145). If a measuring instrument is considered reliable, comparable results should be obtained for the same individual irrespective of who is administering the measuring instrument and when it is administered (Welman, *et al.* 2005, p.145).

The “test-retest reliability” involves administering the measuring instrument on at least two occasions to the same sample and then correlating the two sets of scores using a correlation coefficient. In this study, “the test-retest reliability” was performed using three of the five pharmacists who took part in the pilot study where the same questionnaire

was administered on two occasions and the scores were compared and found to be similar. Two of the pharmacists who took part in the pilot study did not agree to complete the questionnaire twice, citing time constraints.

3.4.3 Validity of the measuring instrument

Welman, *et al.* (2005, p.142) define validity as the extent to which research findings accurately represent what is happening in the real situation. In this study, the questions in the questionnaire were developed based on the theoretical content of the constructs that were measured. A comprehensive literature review was performed prior to constructing the measuring instrument and both the literature review and the measuring instrument were reviewed by the research supervisor who is an expert in the field.

3.5 ANONYMITY AND CONFIDENTIALITY

The questionnaires did not require the personal details of the respondents. Although the completed questionnaires were returned by e-mail, there was no indication of who completed the questionnaire after this was printed out. To ensure that the respondents were as honest as possible, it was specified on the covering letter that responses would be kept anonymous or confidential. The companies that took part in the survey requested to remain anonymous citing confidential reasons as stated under 5.3 (limitations of the study). Therefore these companies may be referred to as Companies X, Y and Z. Company X is based in the Eastern Cape, company Y is one of the top and biggest pharmaceutical company in South Africa based in Gauteng. Company Z, is one of the top South African pharmaceutical companies although smaller than Company Y.

3.6 ETHICAL CONSIDERATION

Burns and Grove (2001) cited in Ingham-Broofield (2008, p.106) highlight that the researcher is obliged to consider the implications of proposed research for the participating subjects. Application for ethics clearance for the current study was submitted to the Nelson Mandela Metropolitan University Business School Ethics Committee and permission was granted to conduct this study.

3.7 EMPIRICAL STUDY

3.7.1 Population

Target population is defined as the study object and consists of individuals, groups, organizations, human products and events or the conditions to which these are exposed (Welman, *et al.* 2005, p.52). According to Burns and Grove (2001, p.83), a population is a group of people who share common traits and attributes of interest to the researcher.

The target population in this study consisted of qualified and registered pharmacists employed in the pharmaceutical industry. Based on the fact that approximately 80% of registered pharmaceutical companies in South Africa were based in Gauteng (The South African Pharmacy Council, 2012), 80% of the questionnaires (i.e.40) were distributed to pharmacists working for the two pharmaceutical companies based in Gauteng that formed part of the study. The remaining questionnaires (i.e.10) were distributed to pharmacists working for the one pharmaceutical company in the Eastern Cape that was included in this study. This was done to make the sample group a more representative of the target population.

3.7.1.1 Exclusion criteria

Pharmacists working in other sectors of pharmacy such as retail, hospital, academia, medical aid schemes, and regulatory authorities were excluded in the study. Only pharmacists working in the pharmaceutical industry participated in the study.

3.7.2 Sampling

Welman, et al. (2005, p.73) suggest that a perfectly representative sample is one that represents the population from which it is taken. There are two approaches to sampling, namely, (i) probability sampling and (ii) non-probability sampling. According to Welman, *et al.* (2005, p.56), probability sampling determines the probability that any member of the population will be included in the sample whereas in non-probability sampling, this probability cannot be specified. Examples of probability sampling includes: simple random sampling, stratified sampling, systematic sampling and cluster sampling. Examples of non-probability sampling, meanwhile include convenience sampling, self-selection sampling, purposive sampling and quota samples (Welman, *et al.* 2005).

Convenience sampling was used for this study. This is a non-probability method of sampling and involves selecting haphazardly, at the convenience of the researcher, those cases that are easiest to obtain for the sample (Welman, et al. 2005, p.68). Although this method of sampling is widely used, one of the disadvantages of this method is that it can be prone to bias since cases that appear in the sample may be mostly those that were the easiest to obtain (Welman, et al. 2005). In an attempt to overcome this problem, three different pharmaceutical companies (XYZ) based in different locations were surveyed. This method was the most appropriate for this study due to time constraints. Again it also minimized the cost as well as the resources required to conduct the survey.

3.8 SURVEY ANALYSIS

The completed questionnaires were sent a statistician for analysis. A coding system was used to identify each research question in the questionnaire. Statistical tools (Epi info, version 12 and stata) were used to analyse the data. Epi info and Stata are statistical softwares used to analyse data. The data was loaded directly from the questionnaires to the Epi info and analysed.

3.9 CONCLUSION

Chapter 3 described and justified the research design and methodology used in this empirical study. A questionnaire was used as a measuring instrument. Convenience sampling method was used for data collection. This sampling method was chosen because due to time constraints and to minimize the cost of the survey. However, three pharmaceutical companies based in different locations were surveyed. The results obtained from the study are presented and discussed in chapter four.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND DISCUSSION OF RESEARCH RESULTS

4.1 INTRODUCTION

Chapter three described the research design and methodology followed during the collection of data. A questionnaire was used as a tool for data collection and was divided into five sections: A to E. Section A was designed to collect biographical information while the other sections (Sections B to E) were intended to address the sub-problems identified in chapter one.

Chapter four focusses on the presentation, analysis and discussion of the data collected using the questionnaire.

4.2 PRESENTATION, ANALYSIS AND DISCUSSION OF THE RESULTS

4.2.1 THE OVERALL RESPONSE RATE

Welman, *et al.* (2005, p.73) suggest that, although non-responses are likely to occur, researchers should pay careful attention to the methods used to collect data to ensure a good response. According to De Vos, *et al.* (2002, p.172), a 60% response rate is regarded as good, while 70% and above is regarded as excellent. An overall response rate of 62 % was obtained in this study. This is a good response rate, as suggested by De Vos, *et al.* (2002, p.172). The overall response rate to the questionnaire used in this study is illustrated in Table 4.1 on the next page.

Table 4.1: The overall response rate to the questionnaire

Questionnaires	Responses	Percentage of respondents
Returns	31	62 %
Non-returns	19	38 %
Total	50	100 %

Source: Survey questionnaire, Section A

The non-returns were due to several reasons, for example, pharmacists not being available at work at the time of the research. Six more questionnaires were returned after the statistical analysis was performed and were not included in this study.

4.2.2 BIOGRAPHICAL INFORMATION

4.2.2.1 Age categories of the respondents

The respondents were between the ages of 20 to 39 years, with slightly more than half (51.6%) over the age of 30 years. This may suggest that this industry is dominated by youth. The age categories of the respondents are illustrated in table 4.2 below page.

Table 4.2: Age category of the respondents to the questionnaire

Age category	Number of respondents	Percentage
Less than 20 years	0	0 %
20 to 29 years	15	48.39 %
30 to 39 years	16	51.61 %
40 to 49 years	0	0 %
50+ years	0	0 %
Total	31	100 %

4.2.2.2 Genders of the respondents

Most of the respondents were female as shown in table 4.3 below.

Table 4.3: Genders of the respondents to the questionnaire

Questionnaires	Number of respondents	Percentage of respondents
Male	14	45.16 %
Female	17	54.84 %
Total	31	100 %

Source: Survey questionnaire, Section A

4.2.2.3 Racial groups of the respondents

The majority of respondents were African, followed by Indians, Whites and Coloured, as indicated in Table 4.4 below and Figure 4.1 on the next page.

Table 4.4: Racial groups of the respondents to the questionnaire

Race	Number of respondents	Percentage of the respondents
Africans	15	48.39 %
Coloured	3	9.68 %
Indian	9	29.03%
White	4	12.90 %
Total	31	100 %

Source: Survey questionnaire, Section A

The race of the respondents is graphically shown in figure 4.1 below.

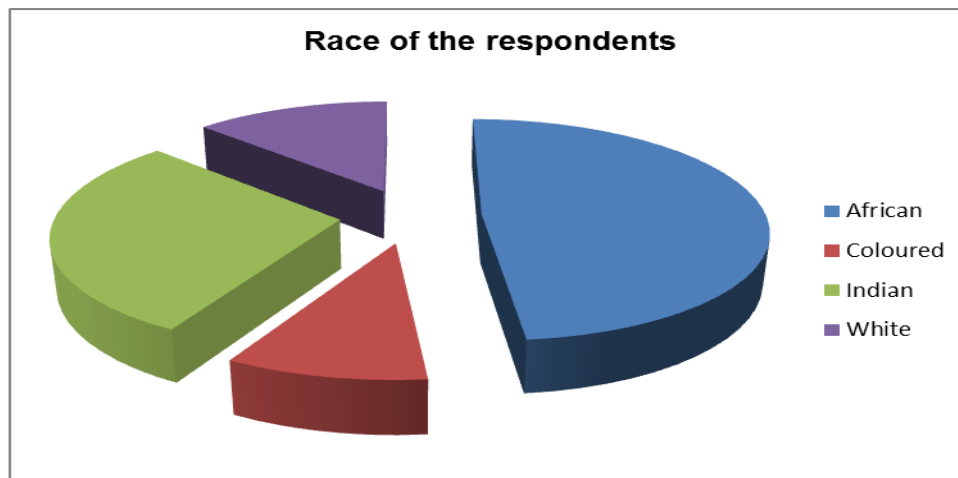


Figure 4.1 Pie graph showing the racial groups of the respondents to the questionnaire (Survey questionnaire, Section A)

4.2.2.4 Job level of the respondents

Table 4.5: Job levels of the respondents to the questionnaire

Job level	Number of respondents	Percentages of the respondents
Line manager pharmacist	3	9,68 %
Production pharmacist	12	38,71 %
Quality Assurance pharmacist	3	9,68 %
Regulatory Assurance pharmacists	8	25,81 %
Senior Manager pharmacist	1	3,23 %
Technical support pharmacist	1	3,23 %
Other	3	9,68 %
Total	31	100 %

Source: Survey questionnaire, Section A

The job level of respondents is illustrated graphically in Figure 4.2 below.

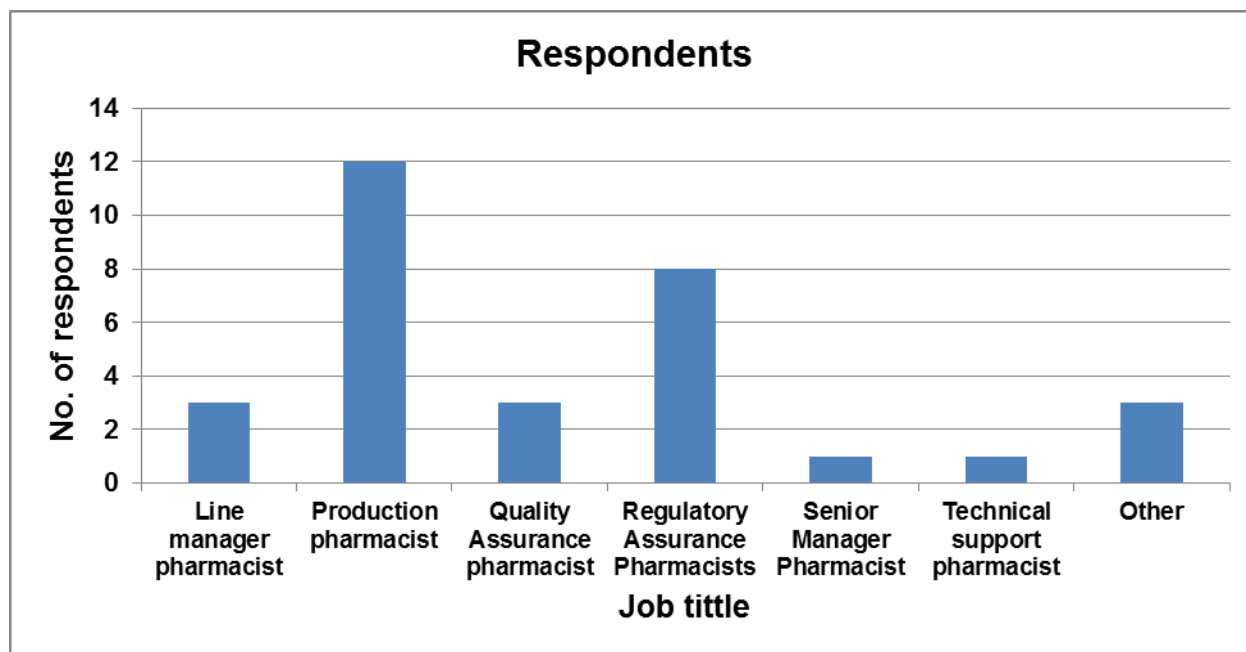


Figure 4.2: Bar graph showing the various job levels of the respondents to the questionnaire (Survey questionnaire, Section A)

As shown in Figure 4.2, most of the respondents (38.71%) were production pharmacists, followed by regulatory affairs pharmacists (25.81%). In the “Other category” of pharmacists was Quality Management System pharmacist (3.23%) and Distribution pharmacists (6.45%).

4.2.2.5 Level of qualification of the respondents

Most respondents (70.97%) hold a Bachelor’s degree in Pharmacy. Slightly over one quarter (25.8%) of respondents hold a Master’s degree and there is one PhD as shown in Table 4.6 on the next page.

Table 4.6: Level of qualification of the respondents to the questionnaire

Job level	Number of respondents	Percentages
Bachelor's degree	22	70,97 %
Master's degree	8	25,80 %
Doctorate	1	3,23 %
Other	0	0 %
Total	31	100 %

Source: Survey questionnaire, Section A

4.2.2.6 Length of service (years of practice as a pharmacist) of the respondents

The majority of respondents have worked as qualified pharmacists and registered with the South African Pharmacy Council for 3 to 10 years. The length of service for the respondents is shown below in table 4.7.

Table 4.7: Length of service (years of practice as a pharmacist) of the respondents

Number of years	Number of respondents	Percentages
Less than 3 years	3	9,68 %
3 to 5 years	13	41,94 %
6 to 10 years	14	45,16 %
11 to 20 years	1	3,23 %
20+ years	0	0 %
Total	31	100 %

Source: Survey questionnaire, Section A

4.2.2.7 Length of service in the current organization

Table 4.8 Length of service in the current organization

Number of years in the current organization	Number of respondents	Percentages
Less than 3 years	19	61,29 %
3 to 5 years	8	25,81 %
6 to 10 years	4	12,90 %
11 to 20 years	0	0 %
20+ years	0	0 %
Total	31	100 %

Source: Survey questionnaire, Section A

As illustrated in Table 4.8 above, more than half of the respondents (61.29%) have worked in the current organization for less than three years. A quarter of the respondents (25.81%) have worked for the current organization for 3 to 5 years. No respondents have worked in the current organizations for 11 or more years.

4.2.2.8 The number of organizations for which respondents have worked

More than half of the respondents (54.84%) have worked for three or more organizations. Slightly more than one fifth of respondents (22.58%) have worked for one organization. The number of organizations for which respondents have worked is illustrated in Table 4.9 on the following page.

Table 4.9: The number of organizations for which the respondents have worked.

Number of organizations	Number of respondents	Percentages
One organization	7	22,58 %
Two organizations	7	22,58 %
Three organizations	7	22,58 %
More than three organizations	10	32,26 %
Total	31	100 %

Source: Survey questionnaire, Section A

4.2.2.9 Length of service versus the number of organizations for which respondents have worked.

The results in Table 4.10 below show that 53.8% (7 in 13) of pharmacists, who worked for 3 to 5 years, have worked in three or more organizations. Furthermore, majority (9 in 14 or 64.3%) of pharmacists who worked for 6 to 10 years, have worked in three or more organizations.

Table 4.10: Length of service versus the number of organizations served

Length of service in general	Number of respondents				
	One organization	Two organization	Three organizations	Three + organizations	Total
Less than 3 years	1	2	0	0	3
3 to 5 years	4	2	5	2	13
6 to 10 years	2	3	2	7	14
11 to 20 years	0	0	0	1	1

Source: Survey questionnaire, Section A.

Many pharmacists have possibly changed their jobs just after serving a year in an organization. This is another indication that pharmacist turnover rate is high in the pharmaceutical industry and needs to be addressed.

4.2.2.10 Reasons for leaving previous organizations

Most (38.71%) of the respondents have cited “Lack of career growth” as the reason for leaving previous employment, as indicated in Table 4.11 below. Similarly, a study undertaken in 2006 (AICPAs Private Companies Practice Section Top Talent study, 2006 cited in the Journal of Accountancy, 2007) cited a lack of career advancement as the main reason for employee turnover. Financial reasons were cited by a quarter of the respondents as the main reason for resignations.

“Other category” included relocation, promotion, a change in career direction, or the end of contract and shift work. The results of this study show that over 60% of respondents have left their previous jobs due to financial issues and insufficient career advancement opportunities. This is similar to other studies reported in the literature. Hissom (2009), for example, suggests that one of the most common reasons for high employee turnover is the salary scale because employees are usually in search of jobs offering good remuneration.

Table 4.11 Reasons cited by respondents for leaving previous organization(s)

Reasons for leaving previous organizations	Number of respondents	Percentages of respondents
Lack of career growth	12	38,71 %
Money issues	8	25,81 %
Other	11	35,48 %
Total	31	100 %

4.2.3 FACTORS CONTRIBUTING TO HIGH TURNOVER RATE OF PHARMACISTS IN THE PHARMACEUTICAL INDUSTRY (SECTIONS B AND C)

4.2.3.1 Sub-problem one- What is the Job satisfaction level of pharmacists in the South African pharmaceutical industry?

Section B was designed to measure the level of job satisfaction of pharmacists in the pharmaceutical industry. The results are presented in Table 4.12 below.

Table 4.12 Job satisfaction level of pharmacists in the pharmaceutical industry

B	Questions	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
B1	I am happy with the working conditions.	12.90%	58.06%	16.13%	6.45%	6.45%
B2	I have the materials and equipment that I need to perform my job function.	12.90%	51.61%	19.35%	9.68%	12.90%
B3	My values fit with the organizational values.	12.90%	45.16%	29.03%	6.45%	6.45%
B4	I know what is expected of me at work.	25.81%	48.38%	6.45%	6.45%	12.90%
B5	My supervisor/manager is supportive.	22.58%	32.26%	19.35%	12.90%	12.90%
B6	My superior and I discuss my training and development needs on a regular basis.	12.90%	22.58%	25.81%	32.26%	6.45%
B7	I have an opportunity to learn what I want to learn.	12.90%	41.94%	22.58%	16.13%	6.45%

Table 4.12 continues from page 94

B	Questions	Strongly Agree	Agree	Uncertain	Disagree	Strongly disagree
B8	I have a good relationship with my colleagues.	32.26%	64.52%	3.23%	0%	0%
B9	I feel respected at work.	29.03%	35.48%	19.35%	16.13%	0%
B10	I enjoy working for the current organization.	41.94%	22.58%	22.58%	6.45%	6.45%
B11	I am happy with my current salary and benefits.	9.68%	16.13%	12.90%	38.71%	22.58%
B12	Good performance is well rewarded.	0%	6.45%	35.48%	32.26%	25.81%
B13	There are opportunities for advancement.	9.68%	22.58%	16.13%	41.94%	9.68%
B14	I cope well with my workload.	12.90%	48.39%	22.58%	9.68%	6.45%
B15	I am motivated to do my job.	12.90%	45.16%	25.81%	6.45%	9.68%

Source: Survey questionnaire, Section B

There are various factors that contribute to job satisfaction. Smith (2002, p.44) states that the importance attached to these factors varies among different people. This highlights the importance of managers understanding employees and the needs that are significant to employees. Providing for certain needs of the employees that managers feel are important and neglecting what employees regard as important may result in employee dissatisfaction and thus employee turnover. Employees may possibly search for alternatives in order to satisfy the needs that they feel are most important as described by Maslow (1970) cited in Bagraim, *et al.* (2011), discussed in 2.14.10.1.

The results presented in Table 4.12 show that the majority (70.96%)¹ of pharmacists surveyed are happy with their working conditions and have the required materials and equipment to carry out their duties. The results also indicate that the pharmacists who responded to the questionnaire have good relationships with colleagues and enjoy working for the current organization.

On the other hand, although the majority of pharmacists indicated that they were happy with their jobs and working environment, 61.29%² of the pharmacists stated that they were not happy with their current salary and benefits. According to Rampur (2009) cited in Hissom (2009, p.6), the most common reason for a high employee turnover rate is an organization's salary scale. This is because employees are usually in search of jobs that pay well (Hissom, 2009, p.6). Low pay does not only result in a high rate of employee turnover, but can also influence employees' performance (Hissom, 2009, p.6).

Approximately (58.07%)³ of respondents felt that good performance is not well rewarded, and slightly more than half (51.62%)⁴ of the respondents suggested that there were no opportunities for growth in their organizations. Hissom (2009, p.6) suggests that limited opportunities for advancement could cause a high turnover rate of employees in any organization.

As reflected in Table 4.12, approximately 60% of respondents indicated that they cope well with the work load. This suggests that the current workload of employees is manageable. Overloading staff with work could result in additional stress which may

¹ Refer to Table 4.12, B1 [Strongly agree (12.90%) + Agree (58.06%)= 70.96%]

² Refer to Table 4.12, B11 [Disagree (38.71%) + Strongly disagree (22.58%)= 61.29%]

³ Refer to Table 4.12, B13 [Disagree (32.26%) + Strongly disagree (25.81%)= .58.07%]

⁴ Refer to Table 4.12, B13 [Disagree (41.94%) + Strongly disagree (9.68%)= .51.62%]

lead to employee turnover (Karimi and Alipour, 2011, p.3).

In conclusion, although most of the pharmacists are happy with their working conditions and have a good relationship with their colleagues, the dissatisfaction with salaries and benefits and limited opportunities for career advancement within their organizations could potentially motivate employees to resign. Since majority of the pharmacists surveyed regard money and career advancement as important, it could be concluded that pharmacists surveyed are not satisfied with their jobs.

4.2.3.2 Sub-problem two- Does a relationship between leadership and employee turnover in the South African pharmaceutical industry?

Poor leadership may be responsible for up to 30% of employees' resignations (Witt, 2011). This view was supported by Ken Blanchard Companies (2011, p.2) which indicated that at least 9 to 32% of an organization's voluntary employee turnover could be avoided through better leadership skills.

Statements C1 to C5 in Section C of the questionnaire used in the current study were designed to assess if there was a relationship between leadership and employee turnover in the pharmaceutical industry. Although the majority of the respondents seem to have a good relationship with their managers as seen in 4.2.3.1, most (41.93%)⁵ pharmacists indicated that they have challenges with issues relating to equity. 22.58% of the employees were uncertain when asked a question relating to equity. This means that employees are treated differently and different rules are applied to different people. The results are presented in Table 4.13 on the following page.

⁵ Refer to Table 4.13, C3 [Disagree (22.58%) + Strongly disagree (19.35%)= .41.93%]

Table 4.13. Job-related factors contributing to employee turnover, Section C, C1 to C5

C	Statements probing job-related factors	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Leadership						
C1	My manager and senior managers are trustworthy and reliable.	12.90%	38.71%	35.48%	6.45%	6.45%
C2	My immediate manager listens to my concerns and ideas.	19.35%	45.16%	22.58%	12.90%	0%
C3	The same rules and regulations are applied to all employees.	9.68%	25.81%	22.58%	22.58%	19.35%
C4	My manager reviews my progress and offers assistance where necessary.	9.68%	38.71%	25.81%	16.13%	9.68%
C5	I am involved in decision making that affects my department.	9.68%	64.52%	12.90%	6.45%	6.45%

Source: Survey questionnaire, Section C

As suggested by Abram's equity theory cited in Bagraim, *et al.* (2011, p.101), discussed in 2.14.10.2, one of ways in which employees attempt to restore equity is by leaving the job, that is, leaving the situation as it is. Managers thus need to be careful with issues relating to perceived inequity, as these may have a major impact on the rate of employee turnover.

It may be concluded that there might possibly be a relationship between leadership and employee turnover in the pharmaceutical industry due to issues relating to perceived

inequity. Treating employees equally could potentially not only reduce employee turnover, may enhance employee morale and productivity.

4.2.3.3 Sub-problem three- Is salary the main contributing factor to high employee turnover in pharmaceutical industry?

In an attempt to answer this question, four questions (C6 to C9) were formulated. The results are presented below.

Table 4.14. Job-related factors contributing to employee turnover, Section C, C6 to C9

C	Statements probing job-related factors	Strongly Agree	Agree	Uncertain	Disagree	Strongly disagree
Salary and benefits						
C6	Salary is the most important factor that I consider before accepting or declining a job offer.	9.68%	25.81%	16.13%	45.16%	3.23%
C7	I am happy with my current salary and benefits.	3.23%	22.58%	6.45%	51.61%	16.13%
C8	My current salary is competitive.	0%	19.35%	38.71%	22.58%	19.35%
C9	The benefits that I receive from my employer are valuable and relevant to my needs.	0%	29.03%	16.13%	32.26%	22.58%

Source: Survey questionnaire, Section C

As evidenced in Table 4.14, Section C6-C9, more than one third (35.49%)⁶ of respondents indicated that they consider salary first before accepting or declining a job offer. Similarly, when respondents were asked to specify the reason why they left their previous job, most (38.71%) of the respondents cited a lack of career advancement. Salary was the second reason why respondents left their previous jobs, cited by 25.81% of respondents. The remaining 35.48% of respondents cited other factors, including non-job related factors such as relocation as a result of getting married (see Table 4.11).

Over 65% and 50% of the respondents (Table 4.13, Section C, C6 to C9) indicated that they are not happy with their current salaries and that the benefits they receive from their employers are not valuable or relevant to their needs, respectively. The possibility exists that if this problem is not addressed soon enough, over 50% of the pharmacists may leave the current organizations.

Rampur (2009) cited in Hissom (2009, p.6) suggests that the most common reason for a high employee turnover rate is the salary scale, as employees are often in search of well-paying jobs. This view is supported by Citron (2006, p.21) who states that compensation and salary issues are the most common reasons employee turnover. Although salary was the second reason after “lack of career advancement” for the turnover of pharmacists (see Table 4.11, Reasons cited by respondents for leaving previous organizations), it is one of the most common reasons why employees leave organizations. This suggests that managers should consider salaries when developing strategies to retain pharmacists.

⁶ Refer to Table 4.13, C6 [Agree (25.81%) + Strongly agree (%)= .9.68%]

4.2.3.4 Other job-related factors contributing to employee turnover

Other job-related factors contributing to employee turnover include limited opportunities for advancement, insufficient recognition for good performance and stress (see 2.8. Why employees leave). These factors were probed in statements C10 to C21 in Section C of the questionnaire, as shown in Table 4.15 below.

Table 4.15 Job-related factors contributing to employee turnover, Section C, C10 to C21

C	Statements probing job-related factors	Strongly Agree	Agree	Uncertain	Disagree	Strongly disagree
Opportunity for advancement						
C10	There are opportunities for growth in the company.	25,81%	38,7%	19,35%	9,68%	6,45%
C11	The company often encourages internal promotions.	12,90%	22,5%	25,81%	16,1%	22,5%
C12	My manager encourages my development and career advancement.	9,68%	35,4%	29,03%	19,3%	6,45%
C13	I am employed in a dead-end job.	9,68%	6,45%	9,68%	51,6%	22,58 %

Table 4.15 Continues

C	Statements probing job-related factors	Strongly Agree	Agree	Uncertain	Disagree	Strongly disagree
Recognition						
C14	Our organization has recognition programs for employees.	3,23%	22,58%	19,35%	38,71%	16,13%
C15	Management often recognizes employees for a job well done.	3,23%	12,90%	48,39%	22,58%	12,90%
C16	Recognition programs are fair to all employees.	0 %	16,13%	41,94%	25,81%	16,13%
C17	I feel recognised and appreciated at work.	3,23%	29,03%	35,48%	22,58%	9,68%
Stress						
C18	I am often overloaded with work.	19,35%	25,81%	25,81%	29,03%	0%
C19	I do not have the necessary support to complete my tasks.	12,90%	19,35%	29,03%	38,71%	0%
C20	I often receive conflicting requests from different departments.	19,35%	22,58%	38,71%	16,13%	3,23%
C21	My responsibilities are not clear.	6,45%	29,03%	12,90%	48,39%	3,23%

Source: Survey questionnaire, Section C

4.2.3.4.1 Career advancement

Over 60% of respondents indicated that there are opportunities for growth in their organizations (see Table 4.15). While 25.81% of respondents are uncertain, more than one third (38.6%)⁷ of respondents indicated that their organizations do not encourage internal promotion (see Table 4.15). In cases where there may be opportunities for growth within organizations, employees may have to compete with external candidates for these positions.

4.2.3.4.2 Recognition

Slightly over half of respondents (54.84%) have reported that their organizations do not have recognition programmes and that employees are not recognized for a job well done (see Table 4.15, C14). Manchester Metropolitan University (n.d., p.4) suggests that the most successful managers are those who recognise their team's efforts. Recognition not only improves performance, but can also build trust and strengthen loyalty (Manchester Metropolitan University, n.d., p.4).

4.2.3.4.3 Stress

Most respondents (51.62%) have indicated that they understand their roles or what is expected from them (Table 4.15, C21). Karimi and Alipour (2011, p.3), suggest that, setting clear objectives minimizes role ambiguity and role conflict, which may be sources of employee stress. With 25.81% uncertain, 45.16% (Table 4.15, C18) of respondents surveyed felt that they are often overloaded with work. Working in the pharmaceutical industry as a pharmacist involves making important decisions, of which incorrect decision may either lead to product recall, batch failures, or even undesired effects in patients. This situation is made worst by the shortage of pharmacists. The results further show that most respondents felt that they received conflicting requests

⁷ Refer to Table 4.15, C6 [Disagree (16.10%) + Strongly disagree (22.50%)= .38.60%]

from different departments (see Table 4.15, C18 to C21). This may further increase the stress levels resulting in resignations.

4.2.3.5 Intention to stay / leave

This section of the questionnaire was aimed at determining whether pharmacists intended to remain with the current organizations or move to other organizations. In general, pharmacists seemed satisfied with the environment and conditions in which they were working. The majority of respondents nevertheless revealed that they often search for other available jobs (see Table 4.16).

Employees may search for higher paying jobs, career advancement and recognition. 38.71% (see Table 4.16, D12) of respondents indicated that they will leave their current organizations within a year from the time of this survey. Slightly less than one third (32.26%) of pharmacists were not certain while only 29.03% stated that they would remain with their current organizations. This is a cause for a concern since pharmaceutical companies depend on pharmacists to remain operational. It also raises questions about the existence and effectiveness of the retention strategies used by pharmaceutical companies. The results are presented in Table 4.16 below.

Table 4.16 Intention of the respondents to stay/leave

D	Intention to stay/leave	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
D1	I find my workplace motivating.	9,68%	38,71%	19,35%	25,81%	6,45%
D2	I look forward to going to work on Monday morning.	9,68%	35,48%	22,58%	19,35%	12,90%
D3	I am very satisfied with my job in the current organization.	9,68%	32,26%	22,58%	25,81%	9,68%

Table 4.16 Continues from page 104.

D	Intention to stay/leave	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
D4	I am no longer enthusiastic about my job in this company.	0%	22,58%	22,58%	38,71%	16,13%
D5	I sometimes search for available job opportunities.	16,13%	51,61%	9,68%	16,13%	6,45%
D6	I may leave for a better paying job.	22,58%	45,16%	12,90%	16,13%	3,23%
D7	I may leave because there is no career growth.	22,58%	25,81%	6,45%	41,94%	3,23%
D8	I may leave because of lack of recognition.	22,58%	29,03%	19,35%	29,03	0%
D9	I may leave because I am consistently working under pressure.	6.45%	22.58%	19.35%	45.16%	6.45%
D10	I may leave because of inflexible work schedule.	6.45%	29.03%	12.90%	35.48%	16.13%
D11	I may leave because my work is monotonous (routine work)	6,45%	16,13%	12,90%	45,16%	19,35%
D12	I may leave within a year from now.	25.81%	12.90%	32.26%	19.35%	9.68%

Source: Survey questionnaire, Section D

4.2.3.6 Sub-problem four- Do the researched pharmaceutical companies make efforts to retain pharmacists?

The majority (61.29%, see Table 4.17, E1)⁸ of the respondents reported that they felt that their organizations do not attempt to retain employees. Over three quarters (77.42%, see Table 4.17, E2) of respondents stated that they do not receive a retention bonus from their organizations. Furthermore, although 35.48% (see Table 4.17) of respondents were uncertain, 45.16% (see Table 4.17, E4) indicated that their organizations do not recognize employees for remaining with the company. The results suggest that most pharmaceutical companies are not perceived by employees as making noticeable efforts to retain pharmacists. The results presented in Table 4.17 on the following page.

The high demand for pharmacists in South Africa makes it more challenging to retain these professionals. This heightens competition for pharmacists and may require management to identify factors contributing to the turnover of pharmacists and develop strategies relevant to those factors (discussed in 4.2.3).

Based on the results from this empirical study as discussed in 4.2.3.6, most of the pharmaceutical companies are not perceived by employees as making efforts to retain pharmacists or the strategies employed are deemed not affective in retaining these scarce skill professionals.

⁸ The percentages were obtained by adding percentages obtained for Strongly Agree and Agree; strongly disagree and disagree. The percentages for uncertain were taken as it is from the tables as specified.

Table 4.17 Retention strategies

E	Retention Strategies	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Retention Strategies						
E1	Our organization makes efforts to retain employees.	9,68%	6,45%	22,58%	35,48%	25,81%
E2	I receive a retention bonus from the organization.	6,45%	6,45%	9,68%	41,94%	35,48%
E3	Promotion is in part linked to tenure.	3,23%	6,45%	51,61%	12,90%	25,81%
E4	The organization often recognizes people for remaining with the company.	6,45%	12,90%	35,48%	16,13%	29,03%

Source: Survey questionnaire, Section E

4.2.3.7 Sub-problem five- What strategies can pharmaceutical companies use to reduce pharmacists turnover rate?

The strategies to reduce the turnover rate of pharmacists are discussed in chapter five (5.3) under recommendations”.

4.3 CONCLUSION

The results obtained from the empirical study were presented, analysed and interpreted. The main factors contributing to employee turnover in the pharmaceutical industry were identified. These include: remuneration and benefits perceived as inadequate, and a lack of career advancement, and recognition. Perceived inequality was also found to be a concern.

The next chapter summarises the findings of this study. Summary of the recommendations on how to reduce the turnover of pharmacists is also presented.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter summarizes the findings of the empirical study and highlights problems encountered when conducting the study. Recommendations based on the findings are also suggested, as well as possible areas for further research.

5.2 SUMMARY OF FINDINGS AND CONCLUSIONS

The current study was aimed at identifying and exploring factors contributing to the high turnover rates of pharmacists in South Africa, with a special focus on the pharmaceutical industry.

In order to bring more light to the problem, the following sub-problems were identified and addressed, as summarised below:

5.2.1 What is the level of satisfaction of pharmacists in the South African pharmaceutical industry?

Factors contributing to job satisfaction are complex and the relative importance of these varies among different people (Smith, 2002, p.44). According to Citron (2006, p.21), the most common reason for employees leaving their jobs is job dissatisfaction, and this is often due to perceived low financial compensation..

The results obtained from this empirical study indicated that most employees were satisfied with their working conditions. However, the respondents were not satisfied

with the salary and benefits received. Slightly over half (54.84%, see Table 4.15, C15) of respondents also indicated that good performance was not recognized and that there were limited opportunities for advancement.

The biographical information obtained revealed that most pharmacists leave their jobs because of a lack of career advancement opportunities and salary issues (see Table 4.11). This suggests that salary and career advancement are important to these employees. Since most of the employees in this study were not satisfied with the salary and benefits that they were receiving at the time of the study, and perceived there to be a lack of career advancement opportunities, it can be concluded that the majority of the pharmacists in this survey were not satisfied with their current jobs. When respondents were asked about their intention to stay/leave, most respondents reported that they may leave for better salaries and career advancement (see Table 16).

In conclusion, a review of the literature shows that job dissatisfaction is a common cause of employee turnover (Citron, 2006, p.21). The findings of this study suggest that salary issues and a lack of career advancement opportunities which can be considered as the causes of job dissatisfaction may be some of the major causes of high turnover rate of pharmacists in the pharmaceutical companies in South Africa.

5.2.2 Does a relationship exist between leadership and the turnover rate of pharmacists in the pharmaceutical industry?

Poor leadership is suggested to be responsible for up to 30% of the resignations (Witt, 2011). The current study has found that, although there seemed to be a good relationship between managers and most employees, majority of the employees felt that they were not treated equally which is a reflection of poor leadership. This could possibly lead to employee turnover. It can thus be concluded that there is a relationship

between leadership and the turnover of pharmacists in the pharmaceutical companies studied.

5.2.3 Is salary the main contributing factor for the high turnover rate of the pharmacists in the pharmaceutical industry?

The results of this study suggest that the search for higher paying jobs is one of the key factors contributing to the high turnover rate of pharmacists in the pharmaceutical industry. Two thirds of respondents (67.74%, see Table 4.14) indicated that they were not happy with their current salary. Furthermore, when the respondents were asked about their intention to stay/leave, majority (67.74%, see Table 4.16) indicated that they may leave for a better paying job. Again, the main reasons why the respondents left the previous organizations were salary issues and lack of career advancement opportunities. Salary has also been found to be the most common reason for employee turnover in literature (Citron, 2006; Sousa-Poza, 2007; Sing and Loncar, 2010). Uncompetitive salary package is one of the key factors contributing to high turnover rate of pharmacists in the South African Pharmaceutical companies.

5.2.4 Do pharmaceutical companies in South Africa make efforts to retain pharmacists?

The current study revealed that the surveyed pharmaceutical companies are perceived not to be attempting to retain employees. More than three quarters (77.42%, see Table 4.17) of respondents reported that they do not receive a retention bonus. Most of the respondents reported that their employers do not offer any form of compensation for remaining with the company. It can thus be concluded that pharmaceutical companies are perceived as not attempting to retain employees or the strategies used may not be effective.

5.2.5 Main-Problem- what are factors contributing to high turnover rate of pharmacist in the pharmaceutical industry?

The following factors were found to be key factors contributing to employee turnover in the pharmaceutical industry:

- (i) Lack of career advancement opportunities
- (ii) Uncompetitive salary packages
- (iii) Perceived inequity reflecting leadership challenges
- (iv) Insufficient recognition for good performance
- (v) Stress
- (vi) Insufficient retention strategies

5.3 RECOMMENDATIONS

5.3.1 Strategies to reduce employee turnover

Addressing each of these key factors identified in 5.2.5 above, that may contribute to the turnover of pharmacists may assist in reducing turnover rate of pharmacists.

5.3.1.1 Salary issues

Pharmaceutical companies wishing to reduce the turnover of pharmacists should offer competitive salary packages as part of their retention strategies. When the respondents were asked about their intention to stay/leave, 67.74% of respondents (see Table 4.16, D16) stated that they may leave for better salaries. Several studies (such as Drake International NA, 2012; Hissom, 2009; Ramlall, 2003; Medonsa, 1998) have also cited low salaries as one of the main reasons for a high rate of employee turnover.

Employees, especially those with scarce skills may often move from one job to another in search for higher paying jobs.

Although this retention strategy may seem costly for organizations, the benefits of retaining pharmacists may far exceed the cost of competitive salaries. The cost of a high turnover rate of pharmacists may far exceed the cost of retaining these employees. It is important to note, however, that retention strategy based solely on offering competitive or higher salaries may be unlikely to succeed in the long-term. This is because money alone cannot keep pharmacists in an organization as these professionals have other needs as described by Maslow (see chapter 2), for example, the need for self-actualisation. Therefore a successful retention strategy should thus address the other factors above (in 4.2.3.7) that were identified as possibly contributing to the high turnover rate of pharmacists in the pharmaceutical industry.

5.3.1.2 Lack of career advancement opportunities

This study found that lack of career advancement opportunities was the main reason why employees left their previous organizations (see Table 4.11, page 93). Pharmaceutical companies should create learning and training opportunities for pharmacists. This is a stepping stone for career advancement. When new positions become available, employees should be encouraged to apply and preference should first be given to internal employees. Promotions should in part be linked to tenure in the company.

5.3.1.3 Lack of recognition

The majority of employees who participated in the survey reported that their organizations do not have recognition programmes and that employees are not recognized for a job well done (see Table 4.15, C14). Recognition motivates employees

and can contribute to enhancing employee retention. It is thus recommended that managers should show appreciation to their employees for good performance and should convey that employees are important to the company. Verbal praise, such as “well done”, and having “Employee of the Month” award are examples of ways in which recognition can be given to employees.

5.3.1.4 Perceived inequity

Employees talk to one another, when two or more employees perform similar work and have similar responsibilities, differences in pay rate can drive lower paid employees to quit (Hissom, 2009). This is not only applicable to pay, but also to the way managers treat employees in general. Managers should treat and be seen to be treating all employees equally and should be included in a company policy.

5.3.1.5 Stress

Almost half of respondents (45.16%, see Table 4.15) reported that they were overloaded with work, 25.81% were uncertain. The shortage of pharmacists could be a key factor to pharmacists being overloaded with work. This could possibly lead to these professionals working under pressure which may possibly result in stress. The stress could possibly lead to employees looking for alternative jobs. Managers should support and communicate with their employees so that they know how the employees feel on a regular basis.

From the above recommendations, it is suggested that a retention strategy that combines competitive salary packages, opportunities for learning and career advancement, recognition and equity, support structures (to deal with stress) should be used in the pharmaceutical industry. This will assist in creating a motivating climate, which is a pre-requisite for job satisfaction and, in turn, employee retention.

5.4 THE LIMITATIONS OF THE STUDY

5.4.1 The questionnaires were distributed to the respondents via e-mail. The respondents were requested to respond by return e-mail. Therefore responses were not anonymous. E-mail was the most convenient and a cost effective method of distributing and collecting questionnaires since the surveyed companies were not located at the same area. To ensure that the respondents were as honest as possible, a covering letter accompanying the questionnaires specified that the responses will remain confidential. Other methods of conducting a survey, such as on-line survey could not be pursued due to cost and expertise involved in creating a website.

5.4.2 The questionnaire used as a measuring instrument consisted of a list of statements with a five point likert scale. The questionnaire did not give respondents an opportunity to add additional information.

5.4.3. A non-probability convenience sampling method was used when distributing the questionnaires to the respondents. The questionnaire was sent to the respective managers in the surveyed pharmaceutical companies who forwarded it to the respondents who were available at the time. This suggests that not all pharmacists were given an opportunity to participate in the survey.

5.4.4 The pharmaceutical companies that participated in the survey requested to remain anonymous citing confidential reasons. Therefore the names of the participating companies could not be disclosed.

5.5 AREAS FOR FUTURE STUDIES

This research could be extended to include other sectors of pharmacy such as the hospital/institutional and retail sectors, as well as, regulatory authorities and medical aid schemes.

5.6 CONCLUSION

Although previous studies have identified factors that contribute to employee turnover in general, this study was aimed at identifying factors that may contribute to the turnover pharmacists in the pharmaceutical industry by undermining job satisfaction. These factors were identified as: self-perceived low salaries, a lack of career advancement opportunities and insufficient recognition, stress and perceived inequity, strategies that managers and organizations can use to retain pharmacists by addressing each of the above mentioned factors have also been proposed in study.

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ANNEXURE A

September 2012

Dear Colleague

AN INVESTIGATION INTO THE HIGH TURNOVER RATE OF PHARMACISTS IN SOUTH AFRICA.

I am currently studying towards a Masters Degree in Business Administration at the Nelson Mandela Metropolitan University in Port Elizabeth.

In partial fulfilment of the requirements for this degree, I am conducting research on “ An investigation into the high turnover rate of pharmacists in South Africa”.

I would appreciate it if you could complete the attached questionnaire to assist me with my research. It should not take you longer than 15 minutes to complete the questionnaire. Please return it to me before the 28th September 2012. Should anything be unclear to you, please do not hesitate to contact me.

I would like to assure you that your responses will be kept anonymous.

Thank you for taking time to participate in the survey.

Mr. S Rivombo
Researcher

e-mail: rivombos@yahoo.com

Tel No. 011 494 60208/ 011 039 1133

Cell No. 076 466 0091/ 073 958 8393

ANNEXURE B: SURVEY QUESTIONNAIRE

Instructions:

1. Please answer all the questions.
2. Indicate your choice by means of an X.

Section A: Biographical details

A1. Which of the following is your age category?

Under 20 years	20-29 years	30-39 years	40-49 years	50-59 years	60 years +
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A2. What is your gender?

Male	Female
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A3. What is your race?

African	Indian	Coloured	White	Other
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A4. What is your current position/job level?

Production Pharmacist	
Quality Assurance Pharmacist	
Regulatory Affairs Pharmacist	
Formulation Pharmacist	
Technology Transfer/Technical Support Pharmacist	
Line Manager (Pharmacist)	
Senior Manager (Pharmacist)	
Other-please specify	

A5. What is your highest qualification in pharmacy?

Bachelor's degree	Master's degree	Doctorate	Other
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A6. How long have you been working as a pharmacist?

Less than 3 years	3 to 5 years	6 to 10 years	11 to 20 years	21 years +
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A7. How long have you been working for the current organization?

Less than 3 years	3 to 5 years	6 to 10 years	11 to 20 years	21 years +
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A8. How many organizations have you worked for in your career as a pharmacist (excluding Internship and Community service)?

1 Organization	2 Organizations	3 Organizations	3 Organizations +
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A9. What was your reason for leaving your previous job?

Money/Salary issues	
Lack of career growth	
Job stress	
Conflict with the manager or colleagues	
Lack of recognition	
Other, please specify	

Section B: Job Satisfaction Level

Please indicate with an X the degree to which you agree or disagree with the following statements.

B	Job Satisfaction	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
B1	I am happy with the working conditions.					
B2	I have the materials and equipment that I need to perform my job function.					
B3	My values fit with the organizational values.					
B4	I know what is expected of me at work.					
B5	My supervisor/manager is supportive.					
B6	My superior and I discuss my training and development needs on a regular basis.					
B7	I have an opportunity to learn what I want to learn.					
B8	I have a good relationship with my colleagues.					
B9	I feel respected at work.					
B10	I enjoy working for the current organization.					
B11	I am happy with my current salary and benefits.					
B12	Good performance is well rewarded.					
B13	There are opportunities for advancement.					
B14	I cope well with my workload.					
B15	I am motivated to do my job.					

Section C: Job Related Factors

Please indicate with an X the degree to which you agree or disagree with the following:

C	Job Related Factors	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Leadership						
C1	My manager and senior managers are trustworthy and reliable.					
C2	My immediate manager listens to my concerns and ideas.					
C3	The same rules and regulations are applied to all the employees.					
C4	My manager reviews my progress and offers assistance where necessary.					
C5	I am involved in decision making that affects my department.					
Salary and benefits						
C6	Salary is the most important factor that I consider before accepting or declining a job offer.					
C7	I am happy with my current salary and benefits.					
C8	My current salary is competitive.					
C9	The benefits that I receive from my employer are valuable and relevant to my needs.					
Opportunity for advancement						
C10	There are opportunities for growth in the company.					
C11	The company often encourages internal promotions.					
C12	My manager encourages my development and career advancement.					
C13	I am employed in a dead-end job.					

C	Job Related Factors	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Recognition						
C14	Our organization has recognition programs for employees.					
C15	Management often recognizes employees for a job well done.					
C16	Recognition programs are fair to all employees.					
C17	I feel recognised and appreciated at work.					
Stress						
C18	I am often overloaded with work.					
C19	I do not have the necessary support to complete my tasks.					
C20	I often receive conflicting requests from different departments.					
C21	My responsibilities are not clear.					

Section D: Intent to Stay / Leave

D	Intent to Stay / Leave	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
D1	I find my workplace motivating.					
D2	I look forward to going to work on Monday morning.					
D3	I am very satisfied with my job at the current organization.					

D	Intent to Stay / Leave	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
D4	I am no longer enthusiastic about my job in this company.					
D5	I sometimes search for available job opportunities.					
D6	I may leave for a better paying job.					
D7	I may leave because there is no career growth.					
D8	I may leave because of lack of recognition.					
D9	I may leave because I am consistently working under pressure.					
D10	I may leave because of inflexible work schedule.					
D11	I may leave because my work is monotonous (routine work)					
D12	I may leave within a year from now.					

Section E: Retention strategies

Please indicate with an X the degree to which you agree or disagree with the following statements.

E	Retention Strategies	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Job Search Behaviour						
E1	Our organization makes efforts to retain employees.					
E2	I receive a retention bonus from the organization.					
E3	Promotion is in part linked to tenure.					
E4	The organization often recognizes people for remaining with the company.					

Thank you for taking time to complete the questionnaire.