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Retention of Employees in Life Insurance Companies with Special Reference to Chennai City, India

G. K. Aarthi¹, G. Venkatesan²

¹Human Resource Department, Sona College of Technology, Salem-636005, TamilNadu, India

²Department of Business Administration, Muthayammal College of Arts and Science Rasipuram, Namakkal-637408, TamilNadu, India

Abstract: Life Insurance industry face crisis on the various retention and attrition strategies of talented workers. It is extremely critical for the success of a business organization in the present scenario especially in the Life Insurance Sector. Human resource department has to play a vital role in designing the policies, practices and strategies, which can enable an organisation to retain the human resources contributing significantly to the business. The present study examines the phenomenon of employee retention in the Life Insurance sector which can help the organizations in the sector to retain their valuable talented employees; the major objectives of the research are to study the in Life Insurance Sector in Chennai city. Correlation test, chi square test and “t” test is used for evaluation of the data.

Keywords: Employee Retention, Job Satisfaction, Employee attrition, Life Insurance sector, T-test, Chi square test.

I. INTRODUCTION

In a globalized market place and 24/7 job function, Life Insurance is a wealth and job creating industry. The Life Insurance Sector has gained prominence since 1990. How do global organizations manage their people by employing millions of professionals worldwide? Both executives and academics believe that human resource management and investment is essential to the competitiveness of firms, Employee retention is one of the challenges facing many business organizations today. For many organizations, strategic staffing has become a concern because the ability to hold on to higher talented employees can be crucial to future survival. This study examined the current human resource management practice of Life Insurance Sector in the retention of employees with special reference to Chennai city, India. In particular, the research identified core elements of HRM practices, which strongly influence the decision for Life Insurance Industry employees to stay [1-3]. This study highlights the major themes of HR functions itself. The study looks into the key findings from the areas of HR practices, employee relations, HR functional excellence and knowledge management within the HR community. The study will conclude how HR practice and process including staffing, performance management, reward, development and career management, HR delivery and knowledge and learning teamwork, relationship, culture policies and intention to stay in their respective organizations.

II. REVIEW OF LITERATURE

Managing high-performing employees can also be stressful at times. There is no single definition of employee retention that fits all circumstances. “Excellence results from dedication to daily progress. “Making something a little bit better every day.” – Robert Hall. “It is commitment, not authority that produces results.” – William I Gore. The concept of employee retention developed as a response to increasing voluntary employee turnover. Initially, employee retention dealt mostly with employee “hygiene factors”, primarily compensation and benefits. Employee retention strategies help organizations provide effective employee communication to improve commitment and enhance workforce support for key corporate initiatives. These strategies also provide full support to the marketing-communication efforts by helping the organization build customer loyalty by distinguishing and positioning the organization’s unique products and services in today’s crowded marketplace [4]. To develop a thorough understanding of the conceptual constructs and empirical research for the present study, extensive review of literature was undertaken. This has not only helped in identification of the gaps in the existing body of knowledge but has also enabled to establish a relationship of the present

study with what already exists. Effective employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed, by having policies and practices in place that address their diverse needs. A strong retention strategy, therefore, becomes a powerful recruitment tool [5-7]. The method of calculating employee turnover is number of the employees at the beginning of year divided by the number of employees at the closing of year multiplied by 100, i.e. Employee turnover = $\frac{\text{No. of employees at beginning of year}}{\text{No. of employees at the end of year}} \times 100$. After implementing various initiatives that the company has so far, the attrition rate has come down [8-10].

III. RESEARCH METHODOLOGY

Research methodology is a design or plan as a guide for conducting research and to systematically solve the research problem. It includes research design, sampling procedures, data collection method and analysis procedure. Following research methodology was adopted for the present study.

In order to ascertain the various aspects of retention strategies in Life Insurance Sector, two sets of questionnaires were designed with a mix of open and closed ended questions.

The idea behind was to gauge the designing of and consequent repercussions of retention strategies of Life Insurance Industry. As such one set was involved a Delphi procedure, with participants on the expert panel responding to a series of questionnaires to the HR Managers.

Research design is a blue print or framework which specifies the details of the procedures necessary for obtaining the information needed to structure or solve research problems.

The Delphi Technique was chosen as a suitable preliminary research method because the results will offer a better information look at the current and potential status of retention. Descriptive Research Design has been employed in the present study to define the answers to what, why and how of the different dimensions of the employee retention in the Life Insurance Industry in the City of Chennai. Both primary and secondary data has been collected and analyzed to present a comprehensive analysis of the phenomenon of employee retention in the Life Insurance Industry. To arrive at pertinent analysis, the collected data was put to plan and rigorous statistical analysis.

For this purpose, following statistical tools: Descriptive statistics chi-square test, t-test, Karl Pearson's Coefficient of Correlation, were employed to test the drafted hypotheses and statistically validating the analysis. Averages, percentage, ratios were also used to analyses and present the data in a clear and understandable manner.

IV. FINDINGS AND ANALYSIS

To conduct the present study, the twelve organizations in the Life Insurance Industry were examined to know their HR practices. Which affect the Employee Retention in Life Insurance Sector have been examined in the present study. The findings from these organizations would enable a comprehensive analysis of the employee retention phenomenon in the Life Insurance Sector. The HR managers of the selected Life Insurance organizations were enquired to outline the various employee retention strategies that were being currently implemented in their organizations. The primary data in the selected Life Insurance Sector was put to hypothesis testing process by applying one-tailed T-Test to know whether there exists a significant relationship between the two select variables.

The test statistics are as following:

A. Significance of Relationship between Age and Employee Retention. (By Applying T-Test)

In order to statistically examine the significance of relationship between Age and Employee Retention amongst the respondents, the following hypotheses was developed.

Ho: There exists an insignificant relationship between Age and Employee Retention and both are independent of one another. (Ho: $X_s = 4$)

1) H1: There exists a significant relationship between Age and Employee Retention and both are dependent on one another. (H1: $X_s > 4$)

The findings of the statistical test of hypotheses are presented as following:

- N 12 12 12 12
- Level of Confidence (LOC) 95% 95% 95% 95%
- Level of Significance (LOS) 5% 5% 5% 5%
- One/Two-Tailed Test

One-Tailed Ttest.

One-Tailed Ttest.

One-Tailed Ttest.

One-Tailed T-test.

e) Degree of freedom (n-1) 11 11 11 11

f) Sample mean(\bar{X}_s)= $\frac{\sum fx}{f}$ 4 4.42 4 4

g) Standard Deviation ($\sqrt{\frac{\sum 0.89}{n} - \frac{(\sum 0.89)^2}{n}}$) $\sqrt{\frac{\sum fx^2}{n} - \frac{(\sum fx/n)^2}{n}}$ 0.08 0.08 0.08 0.08

h) Standard Error= $\frac{\sum}{\sqrt{n-1}}$ 0 5.25 0 0

i) $t_c = \frac{|\bar{X}_s - 4|}{\text{Standard Error}}$ t 0.05 1.65 1.65 1.65 1.65

a) Result: $t_c < t$ 0.05.

b) *Statistical Inference:* The value of t calculated is less than standard table value. Therefore, H1 is rejected and Ho is accepted. Thus, we can statistically conclude with 95% confidence level that there exists statistically an insignificant relationship between Age and Employee Retention and both are independent of one another.

B. Significance of Relationship between Experience in the Job and Employee Retention. (Applying T-Test)

In order to statistically examine the significance of relationship between Experience in the Job and Employee Retention, the following hypotheses were developed.

1) H0: There exists an insignificant relationship between Experience in the Job and Employee Retention and both are independent of one another. (H0: $\bar{X}_s = 4$)

2) H1: There exists a significant relationship between and Experience in the Job and Employee Retention and both are dependent on one another. (H1: $\bar{X}_s > 4$)

The findings of the statistical test of hypotheses are presented as following:

Statistical Inference: The value of t calculated is more than standard table value. Therefore, H0 is rejected and H1 is accepted. Thus, we can statistically conclude with 95% confidence level that there exists statistically a significant relationship between Experience in the Job and Employee Retention and both are independent of one another.

C. Significance of Relationship between Educational Qualification and Employee Retention.

(Applying T-Test)

In order to statistically examine the significance of relationship between Educational Qualification and Employee Retention, the following hypotheses were developed.

1) Ho: There exists an insignificant relationship between Educational Qualification and Employee Retention and both are independent of one another. (Ho: $\bar{X}_s = 4$)

2) H1: There exists an insignificant relationship between Educational Qualification and Employee Retention and both are dependent on one another. (H1: $\bar{X}_s > 4$)

The findings of the statistical test of hypotheses are presented as following:

Statistical Inference: The value of 't' calculated is less than standard table value. Therefore, H1 is rejected and Ho is accepted. Thus, we can statistically conclude with 95% confidence level that, there exists statistically an insignificant relationship between Educational Qualification and Employee Retention and both are independent of one another.

D. Employee Retention and Organizational Factors

The HR managers of the select Life Insurance Industry were enquired to report the significance of factors related with organization that have an impact on Employee Retention. Respondents Reporting Level of Significance of Factors with respect to Organization Affecting Employee Retention. As per the observations mentioned it can be inferred that the provision of Fair and Competitive salaries and performance related Incentives emerged as the leading factors of Employee Retention in the present study.

1) *Statistical Analysis:* The relationship amongst Employee Retention and Job satisfaction was examined on the basis of Fair and Competitive Compensation and Nature of Supervision to determine the statistical significance of the relationship amongst them. The relationship between the select variables of the primary data was put to statistical testing process by applying Karl Pearson's Coefficient of Correlation to know whether there exists a significant relationship between them.

The findings of the statistical analysis are presented as following:

E. Significance of Relationship between Employee Retention and Job Satisfaction on the Basis of Fair-Competitive Salaries as a Constituent of Employee Retention and Fair Compensation as a Constituent of Work Environment. (Using Karl Pearson's Coefficient of Correlation)

In order to statistically examine the significance of relationship between Employee Retention and Job Satisfaction on the basis of Fair-Competitive Salaries as a constituent of Employee Retention and Fair Compensation as a constituent of Work Environment, Karl Pearson's Coefficient of Correlation was calculated. The findings are presented below:

Karl Pearson's Coefficient of Correlation: $r=0.047$ Statistical Inference: The Karl Pearson's Coefficient of Correlation calculated above indicates that there is a very low degree of positive correlation between Employee Retention and Job Satisfaction on the basis of fair-Competitive Salaries and Compensation.

F. Significance of Relationship between Employee Retention and Job Satisfaction on the Basis of Nature of Supervision as a Constituent of Employee Retention as well as Work Environment. (Using Karl Pearson's Coefficient of Correlation)

In order to statistically examine the significance of relationship between Employee Retention and Job Satisfaction on the basis of Nature of Supervision as a constituent of Employee Retention as well as Work Environment, Karl Pearson's Coefficient of Correlation was calculated. The findings of the same are presented below: Karl Pearson's Coefficient of Correlation, $r = - 0.023$

Statistical Inference: The Karl Pearson's coefficient of Correlation calculated above indicates that there is a very low degree of negative correlation between Employee Retention and Job Satisfaction and the basis of Nature of Supervision as a constituent of Employee Retention as well as Work Environment.

G. Perceived Relationship between Employee Retention and Job Satisfaction

An attempt has been made to determine the extent to which employee retention and job satisfaction were perceived by select HR managers to be related to one another by enquiring their response on a five point scale. As per the frequencies tabulated it can be said that two-third of the respondents perceive the Employee Retention and Job Satisfaction to be highly related and the other one-third perceive it to be somewhat related. Thus, we can conclude that the select HR managers believe that these two factors of HR management are related to a great extent with one another.

1) *Statistical Analysis:* The perceived relationship among Employee Retention and Job Satisfaction was examined to determine the statistical significance of the relationship among them. The primary data was put to hypothesis testing process by applying one-tailed T-Test to know whether there exists a significant relationship between the two select variables. The findings of the statistical test are presented as following:

H. Significance of Perceived Relatedness between Job Satisfaction and Employee Retention.

(Applying T-Test)

In order to statistically examine the significance of relatedness between Job Satisfaction and Employee Retention, the following hypotheses were developed.

1) H_0 : There exists an insignificant relationship between Job Satisfaction and Employee Retention and both are independent of one another. ($H_0: X_s \leq 4$)

2) H_1 : There exists a significant relationship between and Job Satisfaction and Employee Retention and both are independent of one another. ($H_1: X_s > 4$)

Statistical Inference: The value of t calculated is less than standard table value. Therefore, H_1 is rejected and H_0 is accepted. Thus, we can statistically conclude with 95% confidence level that there exists statistically an insignificant relationship between Job Satisfaction and Employee Retention and both are independent of one another.

I. Extent of Employee Attrition in Select Life Insurance Companies

The HR managers of the respondent organization were asked to provide the percentage of the employee attrition for Tech Support employees. As per the observations it can be inferred that the percentage of Employee Attrition in the select Life Insurance Industry varies between 25% to 70%. Thus, we can say that the percentage of Employee Attrition varies considerably across select Automobile industry which could be the result of the different Employee Retention strategies followed by these organizations.

J. Level of Employee Attrition in Select Life Insurance Companies

The HR managers of the select Life Insurance Industry were interviewed to know about their perception regarding the level of employee attrition in their organizations. As per the responses of the HR managers, it can be said that the perception of the HR

managers across the select Life Insurance Industry level of Employee Attrition varies considerably as around 43.4% of them perceive that the level of Employee Attrition is Less than Industry Average, other 40% think that it is Same as Industry Average and only 16.6% believe that the level of Employee Attrition is More than the Industry Average. These findings are based on the perceptions of the HR managers of the respondent organizations and are not based on any factual data collected by the researcher.

K. Exit Interviews in Respondent Organizations

The HR managers were surveyed in the present study to report whether their respective organizations conduct exit interviews or not. As per the responses, it is evident that all the select Life Insurance Sector conducting the Exit Interviews. Thus, it can be inferred that Exit Interviews is a highly effective tool for improving the level of Employee Retention.

L. Role of Exit Interviews in Improving Employee Retention

In order to determine the role of Exit Interviews, the HR managers of the select Life Insurance Sector were asked to describe the extent to which exit interviews are beneficial in reducing the employee attrition and improving employee retention in their respective organizations. It can be inferred that around 40% of the respondent organizations reported that the Exit Interviews were highly advantageous in reducing the level of Employee Attrition and improving the level of Employee Retention. This response was closely followed by other one-third of the respondents who briefed that the Exit Interviews were somewhat advantageous in improving Employee Retention. Thus, it can be said that around three-fourth of the respondents believe in the utility of Exit Interviews as a tool to reduce Employee Attrition and improve Employee Retention.

M. Recommendations

- 1) Different organizations had taken their steps to retain their employees which are differing from one organization to another.
- 2) Three fourth percentage of organizations are employing the financial strategies such as Performance based Incentives, Awards and Rewards, addition and bonus in their Salary; pioneering in issuing non-economic practices are also being implemented to keep hold of the manpower.
- 3) HR practices like Job Rotation, Job Enrichment, Exit Interviews, Participation in Management, Public Recognition of Achievements, Immediate motivation or incentive etc.
- 4) The Timely survey conducted in the organisation to find out whether the people are happy with the company they are working in respondent organizations were observed to be closely monitoring and tracking the performance of the new employees.
- 5) Employee gains more and more experience of working in this sector, the probability of his attrition rises significantly. On the basis of the frequency distribution, Age and Educational Qualifications were also reported to be relatively significant factors affecting the employee retention in this industry. Contrary to the prevalent belief, Marital Status was reported to be highly insignificant factor by one-third of the respondents.
- 6) The Employees given due recognition for the work being done provision of Fair and Competitive salaries and Performance related Incentives emerged as the leading factors of Employee Retention.
- 7) Reasonable and Competitive Salaries as well as Performance Related Incentives have been reported as highly significant factors of employee retention to create an environment which is friendly instead of pressurizing them to give the output as fast as possible the select Life Insurance Industry should also conduct Exit Interviews.
- 8) The Employee Attrition is relatively higher, Periodical review of the strategies being implemented must be done so as to find out the loopholes in its working employee gains significant work experience.
- 9) Proper mentoring is given to the employees and focused and goal-oriented toward their career when it comes to completion of assignments.
- 10) The Life Insurance Industry gives chances to fresher's that are well qualified when it comes to their area of interest and application .As no single factor can be considered detrimental for attaining high rate of employee retention.
- 11) Organizations should implement a well-defined Talent Management System according to their business environment so as to acquire, develop and retain the required level of talent for their overall long-term growth and success.
- 12) The organizations should employ the Women Related HR Practices to attain the female workforce.
- 13) It is suggested that the organizations should incorporate certain fun - related activities, get together, and stress relieving games and other such activities so as to reduce the monotony of the work associated with the Life Insurance jobs.
- 14) Treat your employees like you treat your most valuable clients.

- 15) Get your employees to "fall in love" with your organization. Capture the hearts of your workforce with: Compelling vision/balance/celebration-fun.
- 16) Management can change in a positive way with less harm, anger, resistance, and fear.
- 17) Squeeze status barriers/open the books/pay for performance, share the "bad" times and the "good" times.
- 18) "Guarantee Employability," Encourage Life Long Learning. Loyalty comes from trusting your employees to develop their skills for the good of the company and for their needs for personal growth and satisfaction.
- 19) Liberate Action, Freedom to Fail, reduce bureaucracy, and challenge the "status quo." Breathe life into your organization. Do not let your employees stagnate.
- 20) Strong retention strategies become strong recruiting advantages. Retention is much more effective when you put the right person into the right job. Know the job. Know the employee and their motivations.
- 21) Leadership must be deeply invested in retention. Recognition, in various forms, is a powerful retention strategy. It does not have to cost a lot. Research shows 46% of people leave their jobs because they feel unappreciated.

V. CONCLUSIONS

Retention programs often fail because managers do not know and, therefore, do not act on the most important areas affecting an employee's intention to leave. Across the organizations, individual development and career advancement stand out as both frequent and critical key drivers of any employee's intent to leave. While the general conclusions across organizations may appear similar, at a more micro level, the composition and ordering of specific retention key drivers is unique to each company. In addition, the meaning attached to specific drivers (e.g., opportunities for personal growth and development) and, therefore, the actions to be taken may vary by organization. Before implementing targeted solutions to improve retention, managers need to determine which factor to be concentrated more to be analyzed.

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