



An Empirical Study on the Causes of Employees Attrition at Selected Private Life Insurance Companies with reference to Chennai City

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Received 10th August 2015, Accepted 5th November 2015

Abstract

In the current business arena, where in the business organizations faces a constant challenges, which cannot be addressed by a single activity but can be addressed by a set of continuous activities that takes places in the organization at various levels. Even though there is a huge potential in terms of scope for private life insurance to increase their market share but still there is a huge attrition level among their employees which creates a vacuum that stops the private insurance players to expand their operations effectively and efficiently. This study throws light on the middle and lower level sales executive's employee's attrition. For this study the researcher had chosen Chennai area. This research seeks to address the gap which is unexplored by the human resources department of these private insurance companies. The Data for the study was collected via a structured generic Questionnaire from 264 individuals with in the population. The population for this study was chosen from the employees of eleven private insurance companies. The response was filled in and obtained by 7-point Likert Scale and hypothesis tested using multiple regression analysis. The research findings reveal the important reasons for higher attrition among the employees. Moreover the regression analysis revealed that employee's attrition had a significant impact on the Human Resource Practices. The findings of the study lead to a final conclusion that it is very much important for the Private insurance companies to address the needs of their employees to strengthen their motivation, satisfaction, work atmosphere, and commitment leading to minimizing the employee's turnover.

Keywords: Employee's Attrition, Motivation and Human Resource Practices.

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Introduction

In the current business arena, where in the business organizations faces a constant challenges, which cannot be addressed by a single activity but can be addressed by a set of continuous activities that takes places in the organization at various levels. The Indian insurance industry consists of 53 insurance companies out of which 24 are in life insurance business and 29 are non-life insurers. The Indian Insurance Industry is flourishing with several national and international players competing and growing at rapid rates. The success comes usually from the easing of policy regulations, and India has become more familiar with different insurance products and the period from 2010 - 2015 is projected to be the 'Golden Age' for the Indian insurance industry. India's life insurance sector is the biggest in the world with about 360 million policies which are expected to increase at a compound annual growth rate (CAGR) of 12-15 per cent over the next five years. The insurance industry plans to hike penetration levels to five per cent by 2020. The country's insurance

market is expected to quadruple in size over the next 10 years from its current size of US\$ 60 billion. During this period, the life insurance market is slated to cross US\$ 160 billion. The general insurance business in India is currently at Rs 78,000 crore (US\$ 11.7 billion) premium per annum industry and is growing at a healthy rate of 17 percent. The Indian insurance market is a huge business opportunity waiting to be harnessed. India currently accounts for less than 1.5 percent of the world's total insurance premiums and about 2 per cent of the world's life insurance premiums despite being the second most populous nation. The country is the fifteenth largest insurance market in the world in terms of premium volume, and has the potential to grow exponentially in the coming years. Even though there is a huge potential in terms of scope for private life insurance to increase their market share but still there is a huge attrition level among their employees which creates a vacuum that stops the private insurance players to expand their operations effectively and efficiently. This paper is an empirical examination on employees' attrition who is mainly employed in private life insurance companies at middle and lower level sales executives. The population for this study was chosen from the employees of eleven private insurance companies namely Reliance Life

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Insurance Co.Ltd, Bharti AXA Life Insurance Co.Ltd, ICICI Pru.Life Insurance.Co.Ltd, Birla Sun Life Insurance Co.Ltd , Aegon Religare Life Insurance Co. Ltd. Aviva Life Insurance Co. India Ltd. Bajaj Allianz Life Insurance Co. Ltd. Max Life Insurance Co. Ltd. SBI Life Insurance Co. Ltd. Tata AIA Life Insurance Co. Ltd and HDFC Standard Life Insurance Co.Ltd.

Objectives of the Study

The main objective of this study is,

1. To analyze and explore the reasons for employees' attrition, those have been employed at Private insurance companies as middle and lower level sales executives.
2. Critically examine the reasons influencing attrition among the employees.
3. To throw lights on the Human resource strategies and practices to combat attrition level in the organization.

Research Methodology

Descriptive Research Design:

The research conducted by the researcher is descriptive research for the study. Descriptive research includes surveys and fact-finding questionnaires. Descriptive research was conducted to evaluate the existing system.

Sampling Technique

The sampling technique used for the research is probability sampling technique because the population is finite. The sampling technique selected for the study is convenient sampling technique. The respondents are selected from the total population.

Research Hypothesis

The research hypothesis formulated by the researchers is: "The variables of employees attrition of the respondents that have significant relation to core HR practices" that are practiced by the private insurance companies. Employees Attrition is an independent variable, while the core HR practices are the dependent variables. The core HR practices include training, staffing, performance appraisal, remuneration, benefits and working conditions.

Questionnaire Design

The instrument used to collect the information's from the respondents is a structured questionnaire. In this questionnaire it is structured in such a way that it uses open ended, closed ended, multiple choice, ranking questions to extract the information from the respondents.

Sample Size

The sample size for the study is 264 , this is chosen from the employees of eleven private insurance companies namely Reliance Life Insurance Co.Ltd, Bharti AXA Life Insurance Co.Ltd, ICICI Pru.Life

Insurance.Co.Ltd, Birla Sun Life Insurance Co.Ltd , Aegon Religare Life Insurance Co. Ltd. Aviva Life Insurance Co. India Ltd. Bajaj Allianz Life Insurance Co. Ltd. Max Life Insurance Co. Ltd. SBI Life Insurance Co. Ltd. Tata AIA Life Insurance Co. Ltd and HDFC Standard Life Insurance Co.Ltd.

Research Duration

The study was conducted for a period of 6 months.

Data Collection Method

The Primary data: The primary data are collected through questionnaire and direct personal interviews.

The Secondary data: The secondary data are collected through books, college websites, and journals. Effort has also been made to gather information from doctoral works on this area of Employee Attrition.

Review of Literature

Dess & Shaw (2001) conducted a study on "Voluntary turnover, social capital and organizational performance", this treatise draws upon the work of Dalton, Todor, and Krackhardt (1982) to further the notion that turnover is not always a "problem" for the organization. The authors expound on the idea the general indicator quit rate is not adequate to explain the impact of turnover on firm performance. Specifically, it is proposed that losses of individuals with large amounts of social capital may be more damaging to firm performance than quitting by low capital employees.

Batt (2002) conducted a study on "Managing Customer Services: Human Resource Practices, Quit Rates, and Sales Growth", this study examines relationships between highinvolvement HR practices, quit rates, and sales growth. A sample of call centers across the United States yielded a mean quit rate of 14%. Notably, high-involvement HR practices were significantly negatively correlated with quit rate ($r = -.28$), and quit rate was negatively correlated with sales growth, with a pair wise correlation of $-.10$. The results of the article suggest that HR practices that emphasize an investment in human capital reduce turnover and thus increase firm performance. Key among the findings is the confirmation of the tie between quit rates and performance.

Chandramohan & Vasanthikumari (2006) conducted a study on "Attrition: A Predicament for ITES in India" and found out that high attrition rate is a major challenge for the HR manager as many individuals (mostly fresh graduates) take it as a time-pass job. Once they join the sector and understand the requirement, they start leaving the organization because many are not able to take the pressure of work. Again high percentage of females in the workforce adds to the high attrition rate. There are various costs which incurred due to attrition like recruitment costs, training costs, lost productivity costs, lost sales costs and hiring costs. They suggested that pay checks alone are not enough to motivate the

employees. Apart from salaries, ITES Company should also focus on smart people, management tools and strategies to keep their people happy. They should also focus on how to hold on to their people by anti-poaching agreements, better perks, flexible working hours, higher compensation levels, good career plans to retain employees, better recruitment methods to filter right people for right places and balance between performance expectations and growth aspiration.

According to Srikant & Tyagi (2007) an average Indian call center employee works with a company for 11 months, whereas an average UK call center employee stays in a company for three years, due to high stress level at the job, monotonous nature of the job, loss of identity, demand-supply disparity, vague values and vision, lack of positive direction, wrong hiring policies, mismatched measures and rewards, overwork and burnout. They found that most people join a BPO not for quick money but for a luxurious lifestyle at a young age and a career that requires no particular educational background. Exit from a BPO happens because of certain reasons like lack of growth avenues, mismatch of expectations, dissatisfaction with the organizational policies and the quest for a better job profile. It is not the night shift, monotony of work and lack of salary hikes that contribute to the attrition rate as the case.

Abdul Rahman et al. (2008) conducted a study on “Measuring Turnover Intention: A Study of IT Professionals in Pakistan” they studied IT firms in Pakistan have witnessed high turnover during the past years, but no serious efforts have been made to find out the factors causing this. The focus of this study was on three independent variables namely job satisfaction, organizational commitment and perceived alternative job opportunities, which are thought to be associated with turnover intentions. The finding revealed that job satisfaction and organizational commitment had negative effect on turnover intentions, whereas perceived alternative job opportunities had significant positive

correlation with turnover intentions and is the major factor associated with turnover intention among IT Professionals in Pakistan.

Caramollah Daneshfard & Kokab Elsadat Ekvaniyan (2012) conducted a study with the main purpose of analyzing the comparison job satisfaction and organizational commitment in employees, managers and members of the delegation in Islamic Azad University of Kogiluyeh & Boyer Ahmad province. Directors, employees, faculties are scientific. The nature of this research is survey methodology. The statistical population is all of employees (including managers, staffs and faculties), student areas, education, research, financial and administrative branches at the University of Kogiluyeh & Boyer Ahmad total of three Branches (Gachsaran - Dehdasht - Yasuj). Based on a regional classification into three Universities were randomly selected. Then, the affordable number of samples was randomly selected in terms of frequency of employees at the IAU. The estimated size samples were 223, when the Cochran formulas of calculating size samples were used. The results show that faculty's job satisfaction is more than employees, employee's job satisfaction is as same as managers, and organizational commitment of all three groups is same.

Data Analysis

Using random sampling method as sampling design, the researchers collected data from 264 respondents working in 11 different private insurance companies. Samples were drawn from two levels of organizational hierarchy - entry level, middle level and top level. All pertinent information required for the study is collected from both primary and secondary sources.

To uncover patterns and trends in data set statistical techniques such as ANOVA, Karl Pearson's correlation coefficient, regression, mean and standard deviation were used and computed using SSPS software tool. The outputs of this analysis has been further interpreted and explained by the researchers.

Socio Economic Profile of the Respondents

Table I. Gender of the respondents

S.No	Field	No of employees	percentage
1	Male	170	64.4
2.	Female	94	35.6
Total		264	100

Table II. Age category of the respondents

S.No	Field	No of employees	Percentage
1.	Under the age of 25 years	148	56.1
2.	25 to 35 years	107	40.5
3.	35 to 45 years	9	3.4
4	Above 45 years	Nil	Nil
Total		264	100

Table III. Educational Qualification of the respondents

S.No	Field	No of employees	Percentage
1.	Under graduates	189	71.6
2.	Post Graduates	71	25.9
3.	Others	4	1.5
Total		264	100

Table IV. Marital Status of the respondents

S.No	Field	No of employees	Percentage
1	Married	156	59.09
2.	Unmarried	108	41.01
Total		264	100

Table V. Managerial level of the respondents

S.No	Field	No of employees	Percentage
1.	Entry or Executive level	168	63.63
2.	Middle or Sr. Executive level	71	26.89
3.	Manager level	25	9.46
Total		264	100

Table VI. Experience of the respondents

S.No	Field	No of employees	Percentage
1.	Below 2 years	119	45.07
2.	2 years to 5 years	67	25.37
3.	5 years to 8 years	45	17.04
4	8 years to 12 years	26	9.84
5	Above 12 years	7	2.65
Total		264	100

Table VII. Number of companies worked for in for the past 5 years by the respondents

S.No	Field	No of employees	Percentage
1	Only One company	160	60.6
2	Two	60	22.7
3	Three	31	11.7
4	Four	13	4.9
5	Five and above	7	2.7
Total		264	100

Table VIII. Salary received by the respondents (Annually)

S.No	Field	No of employees	Percentage
1	Below 2 lakhs	79	29.94
2	2 lakhs to 4 lakhs	112	42.42
3	4 lakhs to 6 lakhs	49	18.56
4	Above 6 lakhs	24	9.09
Total		264	100

Inference from the Socio- Economic factors

In this study it was found that in terms of Gender, the larger percentage was Male category which dominated the segment with 64.4% while the Female

who were only 35.5%. It was found that 56.1% of the respondents are below the age of 25 years, about 40.5% of the respondents fall under the age of 25 to 35 years and only 3.4% of the respondents fall under the age

group of 35 to 45 years. It was found that majority of 7.6% of the respondents hold under graduation degree, followed by 25.9% respondents hold post graduation degree and 1.5% of the respondents hold other type of educational qualifications. About 59.09% of the respondents are married and 41.1% of the respondents are unmarried. In the study it was found that 63.63% of the respondents fall under the executive category, where as 26.89 % of the respondents are middle level or Sr.Executive category and only 9.46 % of the respondents fall under the manager level. In terms of experience about 45.07% of the respondents have experience below 2years, 25.37% of the respondents have the work experience of 2 years to 6 years, about 17.04% of the respondents have the experience of 5 to 8years, 9.84% of the respondents holds experience of 8 to 12 years of experience and only 2.65% of the respondents hold experience above 12 years. In this study it was found that about 60.6% of the respondents

have worked for only one company for the past five years, 22.7% of the respondents have worked for two companies for the past five years, 11.7% of the respondents have worked for 3 companies for the past 5 years, about 4.9% of the respondents have worked for four companies for the past five years and 2.7% of the respondents have worked for five and above companies for the past five years. In terms of salary drawn annually about 29.94% of the respondents draws below 2 lakhs , 42.42% of the respondents draws about 2 lakhs to 4 lakhs , 18.56 % of the respondents draws about 4 lakhs to 6 lakhs and only 9.09% of the respondents draws salary above 6 lahks annually.

Results and Discussions

Attrition level of employees of the respondents based on the Gender who are employed at Private Life insurance companies (Chennai city).

Table IX. Displaying the analysis of factors contributing to Attrition

S.No	Factors	Gender	No of Respondents	Mean	Std. Deviation	Median	Mean %	Z	p>0.05	
1	Less Recognition for the work done	Male	170	5.78	1.085	6.00	82.61			
		Female	94	5.73	1.119	6.00	81.91			
	Total		264	5.77	1.095	6.00	82.36	0.263	0.793	NS
2.	Healthy relationship with peer group members	Male	170	5.82	1.462	6.00	83.11			
		Female	94	5.64	1.473	6.00	80.55			
	Total		264	5.75	1.466	6.00	82.20	1.537	0.124	NS
3	Companies Reputation(Employees feel good about working in the company)	Male	170	5.74	1.233	6.00	81.93			
		Female	94	5.61	1.594	6.00	80.09			
	Total		264	5.69	1.371	6.00	81.28	0.229	0.819	NS
4	Job Security is not at par with other sector	Male	170	5.76	1.080	6.00	82.27			
		Female	94	5.52	1.350	6.00	78.88			
	Total		264	5.67	1.186	6.00	81.06	1.420	0.156	NS
5.	Management concerned Over Employees in their job	Male	170	5.00	1.488	5.00	71.43			
		Female	94	5.09	1.449	5.00	72.64			
	Total		264	5.03	1.472	5.00	71.86	0.312	0.755	NS
6	Type of work carried out has impact in their Health	Male	170	5.72	1.329	6.00	81.68			
		Female	94	5.62	1.594	6.00	81.24			
	Total		264	5.68	1.427	6.00	81.17	0.016	0.987	NS
7	Relationship with managers and work place atmosphere	Male	170	5.87	1.229	6.00	83.87			
		Female	94	5.69	1.328	6.00	81.31			

	Total		264	5.81	1.265	6.00	82.95	1.234	0.217	NS
8	Remuneration is not at par with others	Male	170	5.44	1.104	6.00	77.73			
		Female	94	5.40	1.331	6.00	77.20			
	Total		264	5.43	1.187	6.00	77.54	0.365	0.715	NS

- It was observed that the level of satisfaction to the Factor “Less Recognition for the work done” among the Male and Female workers of private insurance companies employees was said to be 82.36 % (S.D = 1.095), which constitutes to be “Moderately Agree” on our scale. Mann-Whitney Test Z value = 0.263 and the calculated $p=0.793>0.05$ which clearly indicate that there is no significant difference in satisfaction level for the recognition among the respondents of Male respondents (82.61%) and female respondents (81.91%).
- It was observed that on “Healthy relationship with peer group members” both the gender respondents showed 82.20% (S.D =1.466) where it constitutes “Moderately Agree” on the scale. Mann-Whitney Test, Z value = 1.537 and the calculated value $p=0.124>0.05$, where in it clearly indicate that there is no significant difference in satisfaction level for healthy relationship with peer group of the respondents.
- On the Agreement with the statement” Companies Reputation - Employees feel good about working in the company” of the respondents of both the genders was 81.28% (S.D=1.371), which constitutes “Moderately Agree” on the scale. Mann-Whitney Test, Z value = 0.229 and the calculated value $p=0.819>0.05$, which clearly indicates there is no significant difference in the opinion with both the genders of the respondents.
- It is observed that in terms of “Job Security is not at par with other sector” both the gender of the respondents level of agreement towards the statement was 81.06% (S.D=1.086), which constitutes “Moderately agree” on our scale. Mann-Whitney Test Z value = 1.420 and calculated $p=0.156 > .05$ clearly indicate that there is no significant difference in agreement with job security among the respondents.
- It is observed that in terms of ” Management concerned Over Employees in their job” both the gender of the respondents level of agreement towards the statement was 71.86% (S.D=1.472), this constitutes “Slightly agree” on our scale. Mann-Whitney Test Z value = 0.312 and calculated $p=0.755 > .05$ clearly indicate that there is no significant difference in agreement with management’s care and concern for them among the respondents.
- It is observed that in terms of” Type of work carried out has impact in their Health” both the gender of the respondents level of agreement towards the statement was 81.17% (S.D=1.427), this constitutes “Moderately agree” on our scale. Mann-Whitney Test Z value = 0.016 and calculated $p=0.987 > .05$ clearly indicate that there is no significant difference in agreement with work being good for their health among the respondents.
- It is observed that in terms of” Relationship with managers and work place atmosphere” both the gender of the respondents level of agreement towards the statement was 82.95% (S.D=1.265), this constitutes “Moderately agree” on our scale. Mann-Whitney Test Z value = 1.234 and calculated $p=0.217 > .05$ clearly indicates that there is no significant difference in agreement with getting along with their manager at work among the respondents.
- It is observed that in terms of” Remuneration is not at par with others” both the gender of the respondents level of agreement towards the statement was 77.54 % (S.D=1.187), which constitutes “Moderately agree” on our scale. Mann-Whitney Test Z value = 0.365 and calculated $p=0.715 > .05$ clearly indicates that there is no significant difference in agreement with remuneration for work is not at par with other sectors compared to the respondents.

Factors Influencing Attrition among the Respondents in the Work Place

To identify the variables influencing the employees attrition in the work place towards the Human resources practices of the selected Private Insurance companies under study regression analysis (Table 10) was used. The result of the regression analysis shows that the variables of Human Resources practices in training ($p = .0000$) and working conditions ($p = .000$) are significantly influencing the satisfaction of the respondents towards Human Resources practices, performance appraisal ($p = .417$), remuneration ($p = .070$), have emerged as insignificant variables. The variables of HR practice of training (Standardized Beta Coefficient = .809), Performance appraisal (Standardized Beta Coefficient = .064), remuneration (Standardized Beta Coefficient = .112) and working conditions (Standardized Beta Coefficient = .221) are positively associated with employees attrition level. However, all the variables collectively account for 74.3 per cent of the Job satisfaction (higher the satisfaction lower the Attrition level) of the respondents towards basic HR practices.

Table X. Displaying the factors influencing Attrition level of the respondents in the work place

S.No	Influencing Factors	Un Standardized Coefficients		Standardized Coefficient	t	p
		B	Std.Error	Beta		
	Constant	5.569	0.035		159.026	0.000
1	Performance Appraisal	0.898	0.066	0.809	13.580	0.000
2	Job training	0.071	0.087	0.064	0.813	0.417
3	Working conditions	0.124	0.068	0.112	1.822	0.070
4	Remuneration	0.245	0.067	0.221	3.682	0.000

Table XI. Indicating the Correlation between the Attrition and HR practices

S.No	Attrition level	HR Practices	Karl Pearson Correlation r value	p value	Significance
1.	Attrition Element	Remuneration	0.850	0.000	Sig
2.	Attrition Element	Performance Appraisal	0.722	0.000	Sig
3	Attrition Element	Training	0.637	0.000	Sig
4	Attrition Element	Working conditions	0.637	0.000	Sig
5	Attrition Element	HR Practices	0.773	0.000	Sig

Hypothesis Testing

Multiple regression analysis was used to test the hypothesis and the results are reported in Table 10. As discussed in the previous paragraph, the regression analysis shows that two of the four variables (performance appraisal and remuneration) of HR practices have significant influence on Employees Attrition level in the work place and the remaining two variables (training and working conditions) have a less significant impact on Employees Attrition level in the work place and hence, the hypothesis being considered by the researchers is accepted.

Conclusion

Employee Attrition is an issue which every organization should give due concern and consideration in order that they retain employees and who could be influential in bringing stability, growth and foster organization development and thereby help realize organizations vision. As the growth trends firm up in job market, India is set to witness highest attrition rate in the world. Human Resource is the most important resource and mounting rate of attrition is a biggest challenge particularly in private life insurance companies. The findings of this study have also pointed out that the key items in HR practices (performance appraisal and remuneration) have higher impact on employees attrition level in the work place. As high attrition level has a great impact on the companies resources negatively the

organizations must take necessary steps and to provide better career opportunities and a suitable work environment to reduce and retain their potential employees.

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