



## An Empirical Study on Employee Retention with reference to Private Insurance Companies in Chennai City

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Received 18th February 2016, Accepted 10th April 2016

### Abstract

*In this modern business arena, a successful employer will not only plan to expand his business activities but also ensures that his employees and work forces are kept intact. Every successful employer knows that retaining your best employees ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning. In this research study it throws light on the retention strategies followed by private insurance companies. 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 236 individuals within 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 5-point Likert Scale and hypothesis tested using Chi-Square Test, Weighted Average Method, and Friedman Test Analysis. The research findings reveal the effectiveness level of employee retention strategies carried out by the Human resources Department by these private insurance companies. 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 level, monetary benefits, work atmosphere, and commitment leading to minimizing the employee's turnover through which they can enhance their employee retention strategies.*

**Keywords:** Employee's Retention, Work Atmosphere and Human Resource Practices.

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### Introduction

In this modern business arena, a successful employer will not only plan to expand his business activities but also ensures that his employees and work forces are kept intact. Every successful employer knows that retaining your best employees ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning. He ensures that effective employee retention practices are followed so that there involves 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. Retaining talent has never been so important in the Indian scenario; however, things have changed in recent years, as the employers have identified the importance of it. Retention of key employees and treating attrition troubles has brought into lights for the companies to be successfully in the long run. This paper is an empirical examination on employee's retention

strategies effectiveness towards the employees who are mainly employed in private life insurance companies has middle and lower level sales executives. The population for this study was 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.

### Objectives of the Study

The main objective of this study is,

1. To analyze and effectiveness of employee retention strategies carried out for the employees who have been employed at Private insurance companies as middle and lower level sales executives.
2. Critically examine the work related problems in carrying out employee's retention.
3. To throw lights on the Human resource strategies and practices to combat attrition level by increasing the employee retention rate in the organization.

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## **The 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 employee’s retention of the respondents (employees) 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 in retaining the employees 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 236 , 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**

1. **The Primary data:** The primary data are collected through questionnaire and direct personal interviews.
2. **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**

According to Osteraker (1999), the employee satisfaction and retention are considered the Cornerstone for success of organization. Past study divided it into social, mental or physical Dimension. The grouping is based on social contacts at works, characteristics of the work task or the physical and material circumstances associated with work. The retention factors of the mental dimension are work characteristics, employees are retaining by flexible tasks where they can use their knowledge and see the results of their efforts. The social dimension refers to the contact employees have with other people, both internal and external. The physical dimension consists of working conditions and pay. In order to retain employees the organization need to gain information about the dynamics that characterized the motivation to work.

Van Knippenberg (2000) suggested that employee become more loyal and stay in the organization when they identify themselves within a group and contribute to the performance as a group. This suggestion relies on work performed by Locke and the goal setting theory he developed. The goal is team performance and the individual feeling part of the group. The focus of Locke was on the goal, but in order to reach the goal one must associate oneself with the group and task.

Kehr (2004) explains that the implicit retention factors in spontaneous, expressive and pleasurable behavior and can be divided into three variables; power, achievement and affiliation. Power refers to dominance and social control. Achievement is when personal standards of excellence are to be met or exceeded and affiliation refers to social relationships which are established and intensified. Implicit and explicit retention factors relate to different aspects of the person, but both are important determinants of behavior.

According to Amar (2004) the sociological driver, value system centered on the self and family, in the past work was seen as a live hood, but now employees see it as a place of belonging. The psychological driver, in the past the focus was more on money, but now the prime positive reinforce is self. The generational driver, a new generation is entering more and more at the workplace, it consist of 70 million people and are referred to as generation Y. the knowledge work driver, science and technology have been two important variables and are expected to continue in the future. To gain competitive advantage organizations have to innovate and managers have to search for employees with useful knowledge who are motivated to use it for the benefit of the organization. The cultural driver, have been brought up due globalization in the world. The cultural differences have a special emphasis in order to understand how to retain the talented workers.

According to Silbert (2005) well skilled and

talented workers may easily find good job, position and workplace elsewhere however the effective way for retention these talented employees is to enhance friendly and close working environment and to promote leader support.

Glen (2006), describes another framework manager can use when communicating with its employees to know that the cause of retention consist of nine different predictors; organizational processes, role challenge, values, work, life balance, information, stake/leverage/recognition, management, work environment and product or service.

Freyermuth (2007), recommended that organization must groom leader to support the employees and to well build the work environment where workers want to stay. Providing opportunities test their abilities and providing level of performance can enhance employees' capabilities and want to stay in the organization.

Ihsan and Naeem (2009), indicated that Pharmaceutical sales force rated pay and fringe benefits as the most important retention factor which is supported

by the findings of past studies In addition, it indicate that pay and fringe benefits is highly valued by the sales force of all demographic Backgrounds. It's possible explanation could be that pays and fringe benefits enable salespersons to fulfill their physiological as well as esteem needs. Thus, critical review of the current incentive schemes is required to make them more effective to cater to needs of the sales in both multinational and local pharmaceutical companies to retain their talent workers.

### Data Analysis

Using random sampling method as sampling design, the researchers collected data from 236 respondents working in 11 different private insurance companies. Samples were drawn from two levels of organizational hierarchy - entry level and middle level sales executives. All pertinent information required for the study is collected from both primary and secondary sources. In this study the researcher has used chi- square, weighted average method and Friedman Test for analysis part.

### Socio Economic Profile of the Respondents

#### 1. Gender of the respondents

S.No	Field	No of employees	percentage
1	Male	198	83.89
2.	Female	38	16.10
Total		236	100

#### 2. Age category of the respondents

S.No	Field	No of employees	Percentage
1.	Under the age of 25 years	131	55.50
2.	25 to 30 years	98	41.52
3.	30 to 35 years	7	2.96
4	Above 35 years	Nil	Nil
Total		236	100

#### 3. Educational Qualification of the respondents

S.No	Field	No of employees	Percentage
1.	Under graduates	189	80.08
2.	Post Graduates	43	18.22
3.	Others	4	1.69
Total		236	100

#### 4. Marital Status of the respondents

S.No	Field	No of employees	Percentage
1	Married	67	29.23
2.	Unmarried	169	71.61
Total		236	100

5. Managerial level of the respondents

S.No	Field	No of employees	Percentage
1.	Management Trainee	36	15.25
2.	Executive level	167	70.76
3.	Middle or Sr. Executive level	33	13.98
Total		236	100

6. Experience of the respondents

S.No	Field	No of employees	Percentage
1.	Below 1 years	42	17.79
2.	1 years to 3 years	94	39.83
3.	3 years to 5 years	78	33.05
4.	Above 5 years	22	9.32
Total		236	100

7. 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	52	22.03
2	Two	68	28.81
3	Three	72	30.50
4	Four	34	14.40
5	Five and above	10	4.23
Total		236	100

8. Salary received by the respondents(Annually)

S.No	Field	No of employees	Percentage
1	Below 2 lakhs	140	59.32
2	2 lakhs to 4 lakhs	92	38.98
3	4 lakhs to 6 lakhs	4	1.69
4	Above 6 lakhs	Nil	0.00
Total		236	100

**Analysis of Chi-Square Test**

**Chi-Square Test**

To find out whether there is significant relationship between Age of the respondents and better carrier opportunities provided the competitors.

Null Hypothesis (H0):

There is no relationship between Age of the

respondents and better carrier opportunities provided the competitors.

Alternative hypothesis (H1):

There is a relationship between Age of the respondents and better carrier opportunities provided the competitors

Sl. No	Career Growth Opportunities provided by the Competitors	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	TOTAL
	Age of the Respondents						
1	Under the age of 25 years	12	77	24	12	6	<b>131</b>
2	25 to 30 years	7	51	11	20	9	<b>98</b>
3	30 to 35 years	2	3	1	1	0	<b>7</b>
4	Above 35 years	0	0	0	0	0	<b>0</b>
<b>TOTAL</b>		<b>21</b>	<b>131</b>	<b>36</b>	<b>33</b>	<b>15</b>	<b>236</b>

Expected Frequency:

E<sub>i</sub> =

$$E_i = \frac{\text{Row Total} \times \text{Column Total}}{\text{Grand Total}}$$

Table Calculation:

OF	EF	(O <sub>i</sub> - E <sub>i</sub> )	(O <sub>i</sub> - E <sub>i</sub> ) <sup>2</sup>	(O <sub>i</sub> - E <sub>i</sub> ) <sup>2</sup> /E
O <sub>i</sub>	E <sub>i</sub>			
5	2.96	2.03	4.13	1.39
10	5.93	4.07	16.56	25.44
2	4.40	-2.4	22.32	5.07
2	4.74	-2.74	7.50	1.58
1	1.94	-0.94	0.88	0.45
10	12.75	-2.75	7.56	0.59
25	25.50	-0.5	0.25	0.00986
30	18.94	11.06	122.32	6.45
15	20.40	-5.4	29.16	1.42
32	8.38	-2.38	5.66	0.67
13	13.79	-0.79	0.62	0.04
22	27.58	-5.58	31.13	1.12
15	20.49	-5.49	30.14	1.47
32	22.06	9.94	98.80	4.47
11	9.06	1.94	3.76	0.41
7	5.48	1.52	2.31	0.42
13	10.97	2.03	4.12	0.37
5	8.15	-3.15	9.92	1.21
7	8.77	-1.77	3.13	0.35
5	3.60	1.4	1.96	0.54
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
				<b>53.47</b>

$$\text{Chi - Square} = \sum (O_i - E_i)^2$$

E<sub>i</sub>

$$= 53.47$$

$$\begin{aligned} \text{Degree of freedom (df)} &= (r-1) (c-1) \\ &= (5-1) (5-1) \\ &= 4 \times 4 \\ &= 16 \end{aligned}$$

Level of significance = 0.05 , Tabulated Value = **26.296** , Calculated Value = **53.47**

Here, calculated value is >Tabulated value, (i.e.) Calculated value is greater than Tabulated value.

**Result:**

Calculated Value (53.47) < Tabulated Value (26.296)

**Inference**

Since the calculated value is Greater than Tabulated value, so **H<sub>0</sub>** is rejected and **H<sub>1</sub>** is accepted. Hence it shows that there a relationship between Age of the respondents and better carrier opportunities provided the competitors.

**Analysis of Weighted Average Method**

Weighted Average analysis is carried out for the factors contributing towards the causes employees turn over, so that the HR department can address on the important factors to maintain employee's retention.

Sl. No	EXPERIENCE	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied
	FACTORS					
1	Job Security	7	51	63	87	28
2	Relationship with Managers	10	45	40	96	45
3	Work Place Atmosphere	15	38	44	108	31
4	Remuneration / Salary	43	89	21	56	27
5	Target Fixation & Recognition	7	37	21	128	43

**Calculation:**

1. Job Security
 
$$= (7 \times 5) + (51 \times 4) + (63 \times 3) + (87 \times 2) + (28 \times 1)$$

$$= 35 + 204 + 189 + 28$$

$$= 456/15$$

$$= 30.4$$
2. Relationship with Managers
 
$$= (10 \times 5) + (45 \times 4) + (40 \times 3) + (96 \times 2) + (45 \times 1)$$

$$= 50 + 180 + 120 + 192 + 45$$

$$= 587/15$$

$$= 39.13$$
3. Work Place Atmosphere
 
$$= (15 \times 5) + (38 \times 4) + (44 \times 3) + (108 \times 2) + (31 \times 1)$$

$$= 75 + 152 + 132 + 216 + 31$$

$$= 606/15$$

$$= 40.4$$
4. Remuneration / Salary
 
$$= (43 \times 5) + (89 \times 4) + (21 \times 3) + (56 \times 2) + (27 \times 1)$$

$$= 215 + 356 + 63 + 112 + 27$$

$$= 773/15$$

$$= 51.53$$
5. Target Fixation & Recognition
 
$$= (7 \times 5) + (37 \times 4) + (21 \times 3) + (128 \times 2) + (43 \times 1)$$

$$= 35 + 148 + 63 + 256 + 43$$

$$= 545/15$$

$$= 36.33$$

**Inference**

Majority of the respondents are not satisfied with the all the above variables but to some extent they are satisfied with Salary provided by these private insurance players. Form the above calculation part we can infer that the sense of Job Security and Target Fixation for the employees of lower and middle sales executives plays an important role for the human resource department in retention of its employees.

**Friedman Test Analysis**

**Friedman Test for job related factors Group and Employer**

Null hypothesis (H0): There is no significant difference between various job related factors in employees turn over.

Alternative hypothesis (H1): There is a significant difference between various job related factors in employees turn over.

Friedman Test Analysis		
Sl.no	Variables	Mean Rank
1	Target pressure	4.46
2	No role clarity	4.5
3	Monotonous Role of work	3.69
4	Non Adjustability of managers in work	5.38
5	Recognition of work done	3.52
6	Salary	3.62
7	Work place Atmosphere	7.06
8	Dissatisfaction with peers	3.76

Test Statistics	
N	236
Chi – Square df	88.506
Asymp.Sig	.000

**Inference & Interpretation:**

Since significance < 5%, the null hypothesis is rejected. There is a significant difference between various job related factors in employees turn over.

**Some of the Findings of the Study**

1. 46.19% of the respondents strongly disagree that organization encourage the employee to voice your opinions without fear,37.71% of the respondents disagree,3.39% agree the statement and12.71% of the respondents has commented nothing to the statement.
2. 32.62% peoples felt that they are highly dissatisfied with their working hours and find it difficult to balance between work and personal life, 29.25% of the respondents felt that they are dissatisfied with their working hours and find it difficult to balance

between work and personal life, 13.79% felt it neutral, 17.34% of the respondents felt that they are satisfied with their working hours and able to balance between work and personal life, 7% felt that it was highly satisfied.

3. 33.47% of the respondents strongly agree the grievances/complaints are quickly settled by the HR department. 37.72% of the respondents agree, 28.81% of the respondents had opted for neutral for this statement.
4. 37.71% of the respondents strongly disagree the team bondage promoted in the organization, 50% of the respondents disagree, and 12.29% of the respondents had opted for neutral for this statement.

**Conclusions**

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 becomes a powerful recruitment tool. From the study it was inferred that there are many grey spots that the human resource department needs to address. From this study it can be concluded that the employees are somewhat not satisfied with the certain aspects of their job. Hence it's a red alert call for the Human Resource Department to modify or to completely change in their current retention strategy so that they can ensure their productive employees are retained.

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