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EMPLOYEE RETENTION IN PRIVATE LIFE INSURANCE COMPANIES: AN EMPIRICAL STUDY IN MANIPUR

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Abstract: *Employee retention is the "effort by the employers to encourage current employees to remain employed with the organisation". It is always better to retain the existing talent than to hire fresh hands. Different organisation has different retetion strategies to retain employee but the effectiveness of such strategy can only be known by constant feeback from the employees which will give a clear picture of what they are satisfied and not. This study tries to find out the major factors of retention in private life insurance companies in Manipur. A total of 71 employee of six private life insurance companies whose branch are located in Manipur were surveyed. Factor analysis of the variables of retention were done to find the major factors of retention in private life insurance companies. The results of factor analysis shows that Compensation package, Growth and development, Motivation and Autonomy at work are the major factors for retention in the private life insurance companies operating in Manipur.*

Keywords: Employee Retention, Retention Strategies, Factors of Retention

Introduction

India's life insurance industry comprises of 24 companies, Out of which 23 are private and Life Insurance Corporation of India (LICI) is the only public company. "India is the world's fifth largest life insurance market and growing at a rapid pace of 32-34 per cent annually" as per Life Insurance Council studies. Agrawal (2015), on the other hand, opined that employee attrition rate is higher in private life insurance companies as compared to Life insurance coperation of India. Large target and high pressure are the most important reason for the employee to leave their job. According to KMPGs annual compensation survey 2017-18 Banking and Financial Services account for 17.4% of voluntary attrition in India. The report further continued that overall employee attrition rate in India is 13.4 per cent, and at different levels i.e. Top executive 8.7 percent, senior managers 8.1 per cent, Middle Management constitute 11.2 per cent, junior management 13.7 per cent and Individual contributor is 15.1%. The reason of attrition is varied according to the level of work and position. One may leave the organisation in search of better position and pay, location, working environment etc.

Thus, with the ever increasing competition, employee retention also become a challenge for the employers. The most important factor which should be kept in mind for retention of employees are hiring the right person, empowering the employee to execute the work, creating a sense of belongingness to organiation, making employee a part of the organisation by having "faith and trust" in them, providing better "information and knoweledge" and feedback, making organisational moral high and giving recogniation to the performers and finally creating environment where employee can enjoy and have fun together. A good employer should know how to attract and retain its employees. In recent times employees retention is one of the greatest challenge faced by all the industry. Industries are today facing a challenge in identifying and recruiting the right human resource and retaining them for a fairly long period for consistent business growth. As today's organisation strives to remain competitive, they are being forced to think of the way they engage their human capital. Every organisation today faces the challenges in both recruiting skilled professionals and fully developing the talent. Mehta, Kurbetti, and Dhankhar (2014) found that employee retention is the top priority of organisations due to increasing competition. It is an efficient and productive advance towards the employee management who are considered to be 'greatest assets' to the company. To manage top talent it requires a constant balance between the human aspirations and the strategic and financial needs of the business. Employee retention is a technique adopted by businesses to maintain an effective workforce and at the same time meet operational requirements. People related issues for example-compensation and benefits, hiring, administration, organisation development, employee motivation, wellness, benefits, safety, communication, performance management, and training are dealt by it.

Literature Review

Employees retention is one of the most important challenges faced by Human resource manager. Different authors and researchers have different views on employees retention, researchers such as Rahman, Lavanya, and Devi (2018) stated that creating growth opportunity and imparting effective training to the employee should be the first priority for employee retention. While Jaiswal and Joge (2018) found "psychological empowerment" as an important aspect for retaining employees. The findings of the study by Agusramadani and Amalia (2018) suggest that greater job involvement leads to higher retention. Good quality work life reduces the rate of attrition and at the same time attract new employees (Sumathi & Velmurugan, 2017). According to Buragohain (2016) it is salary that makes the employees bind to the job and family. Jude, Kumar, and Gopinath (2016) opined that retention of young talent in the organisation is a challenge for every one. Balamurugan and Abinaya (2016) pointed out work environment, growth opportunity,and support from the senior are the three factors necessary for the retention of employee. Singh, Satpal, and Dhillon (2016) stated that physical working condition or person around the organisation play an important role in employees decision to stay or leave. They also suggested that good organistional grivences redressal mechanism is a must for retention of employees. Das and Vijayalakshmi (2015) opined that if an employee feels that there are no more steps ahead in his/her career path in the organisation then the employee start to search for alternative opportunity. Mohan and Muthuswamy (2015) in their study in BPO industry found that bulling, critising employees' at work as an important factor that negatively impact retention. Patgar and Vijayakumar (2015) suggested flexible working hour, growth opportunities, reward and recognition, job security, training and development are the factors that keeps the existing employee for a long time and attract new one to join in the organisation. A study by Sarath and Vardha (2015) found that engaged workers or employee dedicate their time and contribute their best in production and they are less reluctant to leave the organistion. According to Ramya and Raghurama (2014) Employee who are not paid at per for their performance are less motivated, they feel that their work are not recognised, the effort they have made is of no use so they start to look for other alternative. Bajpai, Prasad, and Pandey (2013) opined that if one happens to achieved the three features of work life balance i.e. the Involvement balance, Time balance and Satisfaction balance then he/she will be happy, satisfied with his/her job and proactive in all the task. Mignonac and Richebé (2013) identified supportive supervision from managers as a contributing factor to employee retention. According to Ghosh and Satyawadi (2013) in order to retain employees, organisation need to give certain degree of autonomy to their employees. Mane and Jojare (2012) in their study of retention asserted that sometime a word of praise from the boss is enough to raise the moral of employees or to keep the employees motivated. While Adebayo and Luck (2012) described job security as the possibility or probability of an individual keeping his/her job.

Scope of The Study

This study mainly focuses on the retention of employees of private life insurance companies. The study is carried out to identify the main retention mechanism employed in the private life insurance companies operating in the Manipur. Manipur is a tiny state located in north-eastern part of India having about 22,327 sq. km, with Imphal as capital; it is surrounded by the three Indian states namely Nagaland in the north, Mizoram in the south, Assam on the west and on the East by Myanmar. The study is carried out in six private Insurance life insurance companies whose office are located in Manipur.

Objectives of the Paper

The following are the main objectives of the paper:

- To identify the major factors of retention in private life insurance companies; and
- To offer suggestions to insurance companies for retention of employees.

Research Design

Employees of private life insurance companies whose branch offices are operating in Manipur were the target population of the study. There are six private life insurance companies having its office in Manipur viz., Bajaz Allianz, Birla Sunlife, ICICI Life, HDFC Standard life, SBI Life and TATA AIA life. Survey method was used to collect the data from the selected employees of these companies.

Census survey of all the employees of six private life insurance companies was carried out for the study. Altogether, 71 respondents were included in the present study and data were collected from them though a pretested questionnaire. For this a pilot study was conducted by including at least 3 employees from each selected companies.

Results and Discussion

The objective of the study was to identify the factors of retention in private life insurance companies. In order to identify and evaluate the factors for retention of employees based on primary data, the respondents were asked to rate the 14 variables that would make them sustain in the same organization. These variables were identified after exhaustive exploratory literature review and interviews with the employees and were put on a 5 point Likert scale ranging from 1 (highly dissatisfied) to 5 (highly satisfied).

Data reliability or internal consistency of data is given by reliability statistic Cronbach's Alpha while KMO and Bartlett's Test is carried out to find the suitability of data for factor analysis (Table 1).

Table 1: Reliability, KMO and Bartlett's Test

Reliability Statistics		
Cronbach's Alpha		**No. of Items**
0.831		14
KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.737
Bartlett's Test of Sphericity	Approx. Chi-Square	461.242
	df	91
	Sig.	0.000

Source: Field Survey

KMO value less than 0.6 indicates that the sample is not adequate and remedial action should be taken Since the KMO value is 0.737 (and in the range of 0.7-0.79 middling) which is closed to 1, it fulfil one of the assumption of KMO i.e. samples are adequate again the value of Bartlett's test of sphericity is less than 0.05, it indicates that factor analysis can be carried out for the data.

Table 2 comes up with the factor analysis with their respective Eigen values. The variance is divided among the 14 possible factors. Four factors have Eigen values greater than 1.0, which is a common criterion for a factor to be useful. So, the four factors are retained.

The Component Matrix or Factor Matrix extracted 4 factors. These are all coefficients used to express a standardized variable in terms of the factors. These coefficients are called factor loadings, since they indicate how much weight is assigned to each factor. The factor loadings of rotated factor matrix after the suppression of value less than 0.5 is given in Table 2 where each factor identifies itself with a few set of variables.

Table 2: Sorted Variables with Their Factors

Variables of retention	factor loadings	Factor	Eigen values	% of variance	Cumulative %
Incentives for achieving targets are good as compare to others company	0.901.				
Company give good salary	0.871	I	4.585	32.753	32.753
Good Pension and retirement plan	0.840				
Health insurance scheme	0.579				
Support for higher education is given by the company	0.879				
Performance appraisal system is good.	0.799	II	2.499	17.852	50.605
Provide good training and development program.	0.723				
Promotion opportunities are high in the company	0.673				
Flexible working hour	0.837				
Participation in decision making	0.832	III	1.885	13.463	64.069
Freedom to express view for the development of the organization	0.534				
Good work done is appreciated.	0.821				
Employees are given recognition for their work	0.747	IV	1.557	11.120	75.188
Job is secure as compared to other companies.	0.773				

Source: *Field Survey*

Note: I: Compensation package II: Growth and development III: Autonomy and involvement IV: Motivation.

Factor I is consisting of four variables such as incentives, good salary, pension and retirement plan and health insurance scheme having factors loading of 0.901, 0.871, 0.840 and 0.579 respectively.

On the other hand, Factor II consisted of four variables, namely, support for higher education, good performance appraisal system, good training and development program and promotion opportunities having factor loadings of 0.879 0.799, 0.723, and 0.673 respectively.

Similarly, factor III consists of three variables i.e. flexible working hour, participation in decision making and freedom to express which are having factor loadings of 0.837, 0.832 and 0.534 respectively.

Further, factor IV consisted of three variables i.e. appreciation, recognition and job security having 0.821, 0.747 and 0.773 respectively as factor lodgings. Further, these factors are elaborated below:

Factor I: Compensation Package

According to Adewale, Anthonia, and Olubusayo (2014)" compensation is direct and indirect wages. Direct compensation includes wages, salaries, bonuses, or commission etc. while indirect compensation is paid as medical benefits, utility allowance, incentives bonuses etc." moreover Fogleman and McCorkle (2013) stated that "indirect compensation include social security to health insurance, retirement programs, paid leaves, child care or moving expenses". Thus the four variables under Factor I was given under the name 'compensation package'.

Factor II: Growth and Development Factor

According to American Psychological Associations Center for Organizational Excellence (2017), employee growth and development include "Continuing education courses, Career development or counseling services Skills training provided in-house or through outside training centers Opportunities for promotion and internal career advancement coaching, mentoring, and leadership development programs".

Toppo and Prusty (2012) concluded that the performance appraisal is means of assessing the level of individual and team performance in order to make appropriate development plans. Hence the four variables support for higher education, performance appraisal, training, and development program and promotion opportunities are named 'growth and development factor'.

Factor III: Autonomy and Involvement Factor

The three variables named in accordance with the following finding i.e. self-managed work teams, employee committees or task forces, continuous improvement teams, participative decision making, employee suggestion, and monthly meetings are meaningful ways to involve employees in the organization (American Psychological Associations Center for Organizational Excellence, 2017). At the same time, Possenriede and Plantenga (2011) stated that flexible work time increases the set of resources and therefore the autonomy.

Factor IV: Motivation

According to Herzberg's Motivation-Hygiene Theory or the Two Factor Theory Achievement, recognition, work itself, responsibility, advancement, and growth are the motivating factors.

According to Andy (2017), "the top ten factors that affect employee motivation included: (a) interesting work, (b) good wages, (c) full appreciation of work done, (d) job security, (e) good working conditions, (f) promotions and growth in the organization, (g) feeling of being in on things, (h) personal loyalty to employees, (i) tactful discipline and (j) sympathetic help with personal problems.

Conclusion/Implication and Suggestions

With increasing competition, retention has always been a challenging task for human resource department, mainly in the private sector. The reason for why retention is challenging is varied and different from sector to sector and location. In this study, main focus was on private life insurance companies in Manipur and through factor analysis; it has found four main retention factors viz., compensation package, growth and development, autonomy and involvement and motivation.

Thus this study suggest that policy makers and management should

i. give and offer an attractive compensation package to retain as well as to attract new talent.

ii. Offer a well defined carrier path in order to retain the employees.

iii. Give certain degree of freedom to the employees.

iv. try to keep employees involved and motivated.

Besides the above four factors and respective variables, there are some other important variables of retention that organization should give no less importance such as:

- Organization need to paid emphasis on work culture – an environment for the employees comprising of openness in communication, freedom of innovation and creativity, enjoy work accomplishment, work with dignity and respect etc.
- Frustration, boredom and anger are common to employees working in the insurance sector; so the employee should not be given over work and the organization should strictly observed the number of working hours laid by the government.
- Large sales target and high pressure is one of the reasons that negatively affect retention; so private companies should reduce their target and give less pressure.
- Employees' grievances should be redressed as soon as possible.
- Organisation should encourage seniors to guide their juniors and reward those who are successful in guiding the new employees.

Future Scope of the Study

The present study can be widened by taking all the employees in life insurance companies in both public and private sectors. Factors of retention other than the finding in this study can be identified. Moreover the retention factors according to place, customs, and culture of the societies can be identify. While an attempt may also be made to develop a common retention strategy applicable to all the life insurance companies.

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