



## EMPLOYEE TURNOVER INTENTION IN PRIVATE INSURANCE COMPANIES

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### Abstract

This research is aimed to analyse the reasons for employee turnover intention in the private insurance companies. Hence, descriptive research method is applied. Based on the literature review, the researcher has identified 40 reasons are influenced the employee turnover intention. A sample of 508 private insurance employees are approached for collecting their opinion towards turnover intention. Factor analysis is applied to find out the most important reasons for turnover intention among the private insurance employees. It is found that the 40 reasons are grouped into four groups based on the importance given by the employees. Anonymity factor is the most important factor for leaving the job in the private insurance sector employees followed by growth and advancement opportunities, personal betterment and stress from over work and work life imbalance.

**Key Words:** Reasons, Turnover Intention, Private Insurance, Employees.

### INTRODUCTION

In today's business climate, the growth of the company or product is largely depends on of creative and technological advancements. Here, human capital is one of a company's most valuable assets. Inorder to obtain a competitive advantage, companies must attract, retain and engage talented employees. However, this task is becoming increasingly difficult. Now-a-days all the companies faces a shortage of talent, smart, sophisticated business people that are technologically literate, globally astute and operationally agile across all industries. In India, insurance sectors are also experiencing a shortage of talent. As the competition for talent intensifies, organisations must rethink the ways they manage their employees.

In service-oriented industries such as insurance, people are considered among the most important assets of a firm. Forward-thinking insurance sectors are looking for ways to leverage people, along with processes and technology, to achieve their objectives. Employee expectations are changing, it is forcing organisations to place a greater emphasis on talent management strategies and practices.

Now-a-days employees are increasingly interested in having challenging and meaningful work. They are more loyal to their profession than to the organization, less accommodating of traditional structures and authority. They are more concerned about work-life balance. And, they are prepared to take ownership of their careers and development.

The changing labour market has brought about an unprecedented labour turnover. Cappelli (2000) stated that strategic poaching of competitor organisation's key employees has become an acceptable practice among employers. Aron (2001) reported that the notion of a permanent employee has become a thing of the past. In the changing world of work, Lee (2001) argued that the psychological contract between employer and employee has changed fundamentally and long term commitment to an organisation is no longer guaranteed by either party.

Retention of talented employees continues to be a big problem for a large number of employers, thereby constantly challenging Human Resource practitioners to formulate innovative strategies that will not only attract talent, but equally retain them in order for these employees to help in achieving organisational goals and objectives. Responding to these challenges makes it invariably difficult to capture both the hearts and minds of today's workforce. The cultures, the society build are crucial to attracting and retaining key talent.

Leigh Branham (2005) believed that employee turnover is not an event but a process of disengagement that can take days, weeks, months or even years until the actual decision to leave occurs. Further, it is cited that employees begin to disengage and think about leaving when one or more of four fundamental human needs are not being met.

Turnover can be defined as the rate of change in the working staff of an organisation during a defined period. Rossano (1985) defined turnover as voluntary termination of participation in employment from an organisation, excluding retirement or pressured voluntary withdrawal, by an individual who received monetary compensation from the organisation.



## **OVERVIEW OF INSURANCE INDUSTRY IN INDIA**

The insurance industry of India consists of 52 insurance companies of which 24 are in life insurance business and 28 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. Apart from that, among the non-life insurers there are six public sector insurers. In addition to these, there is sole national re-insurer, namely, General Insurance Corporation of India. Other stakeholders in Indian Insurance market include agents (individual and corporate), brokers, surveyors and third party administrators servicing health insurance claims.

Out of 28 non-life insurance companies, five private sector insurers are registered to underwrite policies exclusively in health, personal accident and travel insurance segments. They are Star Health and Allied Insurance Company Ltd, Apollo Munich Health Insurance Company Ltd, Max Bupa Health Insurance Company Ltd, Religare Health Insurance Company Ltd and Cigna TTK Health Insurance Company Ltd. There are two more specialised insurers belonging to public sector, namely, Export Credit Guarantee Corporation of India for Credit Insurance and Agriculture Insurance Company Ltd for crop insurance.

India's life insurance sector is the biggest in the world with about 36 crore 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, and could top the US\$ 1 trillion mark in the next seven years. The total market size of India's insurance sector is projected to touch US\$ 350-400 billion by 2020 from US\$ 66.4 billion in financial year 2013. The general insurance business in India is currently at Rs 77,000 crore (US\$ 12.41 billion) premium per annum industry and is growing at a healthy rate of 17 per cent. The Rs 12,606 crore (US\$ 2.03 billion) domestic health insurance business accounts for about a quarter of the total non-life insurance business in the country. Investment corpus in India's pension sector is anticipated to cross US\$ 1 trillion by 2025. Indian insurance companies are expected to spend Rs 117 billion (US\$ 1.88 billion) on IT products and services in 2014, an increase of five per cent from 2013, as per Gartner Inc. Also, insurance companies in the country could spend Rs 4.1 billion (US\$ 66.11 million) on mobile devices in 2014, a rise of 35 per cent from 2013.

## **STATEMENT OF THE PROBLEM**

Turnover has both positive and negative consequence on individuals, work group and organization. The most negative effects are increased administrative costs related to turnover. Turnover typically results in enhanced expenses for human resource management, namely for recruitment, selection, training and development. Hence, these negative consequences have accelerated a search for more information about factors influencing turnover, in the hope that better understanding would guide development of programs causing effective management of turnover in organizations. Researcher has been interested in investigating the factors affecting turnover intention behaviour. Employee's responses to their employment are substantially attitudinal and may or may not have behavioural demonstration in the work setting.

## **OBJECTIVE OF THE STUDY**

- To analyse the reasons for turnover intention of private insurance companies employees in Chennai city.

## **RESEARCH METHODOLOGY**

The purpose of this research is to examine the employee turnover intention in private insurance companies, Chennai, Tamilnadu. Descriptive research as a methodology is particularly suited to explore questions regarding turnover intention of employees. The reasons for turnover intention questionnaire is developed by the researcher which is consisted 40 reasons. All the reasons are measured with the five point likerts scale where the five states for strongly agree and one states for strongly disagree. Based on the market share, private life insurance companies are selected. Here, the top five private life insurance companies are identified, which are the top five position in the financial year 2013-14. There are, namely ICICI prudential, HDFC Standard life, Reliance life insurance, SBI Life insurance, Birla sun life. These companies are considered for this study. Employees who are all working in these companies are considered as sample respondents. A sample of 508 respondents are participated in this survey. Purposive sampling technique is applied as a sampling technique for this research. Further, factor analysis is applied. Because, it is identified that 40 reasons are influencing the employee turnover intention. These 40 reasons are grouped into some categories based on the employee perception. Hence, factor analysis is applied to sort the 40 reasons into certain group.



**RESULTS AND DISCUSSION**

**Table 1: Reasons for Turnover Intention**

Reasons	Factor 1	Factor 2	Factor 3	Factor 4
Easily attached to another organization	0.902			
Frequent thoughts of quitting job	0.900			
Disappointed with review meetings	0.888			
Insufficient Welfare measures	0.887			
Delay in promotion	0.886			
Inadequate training programmes	0.881			
Poor relationship with colleagues	0.880			
Poor relationship with customers	0.877			
Expectations are mismatch with job role	0.875			
New job provides more Non financial rewards	0.873			
No team work	0.873			
No opportunity to handle the team	0.869			
Lack of clarity in role as a sales person	0.867			
Opportunity to stay with spouse or family	0.862			
Unable to achieve higher sales target	0.860			
Lack of support from reporting manager	0.859			
Don't have independence at workplace		0.858		
Insufficient Insurance facilities		0.828		
More career development opportunities		0.857		
Opportunity for more shared responsibility		0.856		
Availability of non sourcing job		0.847		
Targets putting higher pressure		0.843		
Spend large amount of time and my energy to search the customers' address		0.839		
Lack of humour and fun at work place		0.827		
Salary is not sufficient to meet expenses		0.812		
Inadequate incentives		0.800		
Recognition for output, not for the effort			0.792	
Work in holidays			0.788	
Bad working conditions			0.787	
Friends joined in another company			0.786	
Job insecurity			0.783	
Opportunity for more employments			0.777	
Politics at work place			0.773	
Dissatisfied with job			0.772	
Like to do creative job			0.769	
Feel stressed at my work				0.767
Working hours are unpredictable				0.765
Work under pressure				0.752



Travel around the city by bike				0.752
No bonus for special occasions				0.708
Initial Eigen values	27.66	2.69	1.13	1.02
Percentage of variance	69.17	6.73	2.84	2.55
Cumulative percentage	69.17	75.9	78.75	81.3
KMO Value = 0.956				
Barlett's Test Chi Square 3.417; p<0.001*				

Table 1 shows attributes on employee turnover intention. The respondents are asked to rate their expected values towards 40 reasons for turnover intention. Further the researcher applied the factor analysis. To ensure orthogonality among the turnover intention attributes, a principle component factor analysis with varimax rotation was performed on the total set of turnover intention attributes.

In the analysis, the items are grouped into four factors. In order to check the validity of the factor analysis, KMO (Kaiser-Meyer-Olkin) test has been applied. The KMO value is found to be 0.956 and the corresponding value is 0.001 which is significant at one percent level. The KMO value is found to be more than 0.7 and also significant. Hence, it is more suitable for all the reasons under four categories.

The factor one is explained by the reasons namely easily attached to another organization (0.902), frequent thoughts of quitting job (0.900), disappointed with review meetings (0.888), insufficient welfare measures (0.887), delay in promotion (0.886), inadequate training programmes (0.881), poor relationship with colleagues (0.880), poor relationship with customers (0.877), expectations are mismatch with job role (0.875), new job provides more non financial rewards (0.873), no team work (0.873), no opportunity to handle the team (0.869), lack of clarity in role as a sales person (0.867), opportunity to stay with spouse or family (0.862), unable to achieve higher sales target (0.860) and lack of support from reporting manager (0.859). These reasons are influenced by 69.17 percent on the turnover intention of the private sector insurance employees and the eigen value is found to be 27.66. Factor one is named as anonymity.

Factor two is explained by the reasons namely don't have independence at workplace (0.858), insufficient insurance facilities (0.828), with more career development opportunities (0.857), opportunity for more shared responsibility (0.856), availability of non sourcing job (0.847), targets putting higher pressure (0.843), spend large amount of time and my energy to search the customers' address (0.839), lack of humour and fun at work place (0.827), salary is not sufficient to meet expenses (0.812) and Inadequate incentives (0.800). The factor variance is 6.73 and the eigen value is found to be 2.69. Factor two is named as growth and advancement opportunities.

Factor three is explained that the organization recognized the employee for output, not for the effort (0.792), work in holidays (0.788), bad working conditions (0.787), friends joined in another company (0.786), job insecurity (0.783), opportunity for more employments (0.777), politics at work place (0.773), dissatisfied with job (0.772) and like to do creative job (0.769). The factors are influenced by 2.84 and the eigen value is 1.13. Factor three is named as personal betterment.

Factor four is explained by the items namely feel stressed at my work (0.767), working hours are unpredictable (0.765), work under pressure (0.752), travel around the city by bike (0.752) and No bonus for special occasions (0.708). The factors are influenced by 2.55 and the eigen value is 1.02. Factor four is named as stress from over work and work life imbalance. From the factor analysis results, it is found that the 40 reasons are grouped into four groups based on the employees agreement level about the reasons for leave the organization or job.

Employee are strongly agree that they are able to attached in the another job. They are having frequent thought about leave job. They are disappointed with review progress meetings and unable to achieve the target given by the employees. Hence they are having intention to leave job. These reasons are named as anonymity. Because, employees can't feel good about their jobs if they feel unknown to management. Employees need to believe that the company cares about them. Otherwise, they feel anonymous and invisible. When they do, invariably they are unhappy at work.



Secondly, there is no independence at work place, job insecurity, salary and incentives are not adequate and also opportunities for better job also the reason for leaving. These reasons are named as growth and advancement opportunities. The employees felt stuck and believed that their jobs lacked future potential.

Thirdly, the intention to leave job among the employee is due to the company is recognized the employees output not for their effort, no holidays, bad working condition, job insecurity and unable to do the creative job. These reasons are name as personal betterment. If the employee is able to find another job that is better in all respects when compared with his present job, he may leave.

Work stress, unpredictable working hours, work pressure, round the clock travelling are the last level of reason for leave the job. These reasons are named as stress from over work and work life imbalance. The jobs require too much time away from home, or created so much tension that work interfered with the employees personal lives, or their physical or mental health and well being.

### CONCLUSION

This research is aimed to analyse the private insurance sector employee's perception towards their intention to leave their job. In this regard 508 sample respondents are approached. There are 40 reasons are identified by the researcher related to turnover intention. Using the factor analysis, the 40 reasons are grouped into four important reasons for turnover intention among the private insurance sector employees, namely anonymity, growth and advancement opportunities, personal betterment and stress from over work and work life imbalance. Here, it is found that anonymity factors are influenced at 69.17 percent on the intention to leave the job among private insurance sector employees followed by growth and advancement opportunities is influenced at 6.73 percent level, personal betterment is influenced at 2.84 percent level and stress from over work and work life imbalance is influenced at 2.55 percent level. Hence, it is noticed that these 40 reasons are influenced at 8.13 percent level on the turnover intention of private insurance sector employees. There is another 19.7 percent some other factors are influencing the turnover intention rate. Apart from the above said 40 reasons, another reasons yet to be identify in this private insurance sector. Anonymity factor is highly influenced the turnover intention rate in the private insurance sector. Hence, management should rectify the anonymity factors and retain the talented employees in the growth of private insurance sector.

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