



EMPLOYEE ATTRITION AND RETENTION IN LIFE INSURANCE SECTOR: AN EMPIRICAL STUDY

Dr. V. Tulasi Das

Head, Dept. of HRM, Acharya Nagarjuna University, Guntur

Ch. Vijayalakshmi

JRF/NET Scholar, Dept. of HRM, Acharya Nagarjuna University, Guntur

ABSTRACT

Insurance is a human intensive business and therefore the role of human resource is very crucial in the growth of an insurance industry. In present days cut throat market competition, a consistent increase in the rate of employee attrition is identified as a growing critical issue among the Indian life insurance service providers. The present paper is the outcome of a descriptive and empirical based study was conducted to find out the causes of attrition and suggests the useful measures for employee retention. A market survey was done on 85 employees of private Life Insurance Companies in Vijayawada city of Andhra Pradesh state. The respondents are selected from convenience sampling method that already left the organization and the existing staff. The data was analyzed by using SPSS. A problem of employee turnover mounting particularly at the lower level, most of the employees are satisfied with the company policies, work-culture but still improvement is required in some of the HR domain like performance appraisal, Job design, perks and benefits, Work life balance etc are the main findings of the study. The paper concludes that human resource is the most important asset and success of any organization ultimately depends on how efficient and effective its manpower is.

KEYWORDS

INTRODUCTION

Many Indian companies are facing challenges in attracting and retaining talent with a high attrition rate of 14 per cent, which is more than the global average (The Hindu, 05-06-2013). Attrition in India is at 14 per cent, marginally higher than global and Asia Pacific Countries (11.30 per cent and 13.81 per cent respectively), global professional services firm Towers Watson said in his report. The report said that 92 per cent of firms in the country experience challenges in attracting talent with critical skills while over 75 per cent organizations face challenges in retaining high performing talent. For Indian employers the top two priorities are career advancement opportunities and challenging work environment, while for employees, job security and career advancement opportunities are their main priorities. Seventy four per cent of the employers in India feel that their employees are actively engaged with colleagues who are in different countries as compared to 65 per cent employees globally. Employee Value Proposition can be an effective tool in creating right balance between employee performance and employer needs.

As the growth trends firm up in job market, India is set to witness highest attrition rate in the world with possibility of one in four employees switching jobs in the country. According to IRDA (Insurance Regulatory Development Authority) Annual Report 2011-12, there has been a 10.63 per cent decrease in the number of individual agents. The number has gone down from 26.39 lakh as on March 31, 2011 to 23.59 lakh as on March 31, 2012. As per Life Insurance Council's figures for the end of June, the total number of individual agents had fallen further to 21.32 lakh. Attrition is one of the major problems faced by HR professionals of the Indian Private Life Insurance Sector. It is the most burning issue for HR department because an organization faces problems like losing the talents and knowledge, cost related to training & administration, recruitment etc. This is because today businesses are more dependent upon their human assets to survive and thrive.

MEANING OF ATTRITION

Employee attrition is the reduction in the number of employees through retirement, resignation or death. The high attrition rates significantly increase the investments that are made on the employees. Attrition rate can be defined as the rate of shrinkage in size or number of the workforce of an organization. Attrition rates can be calculated using a simple formula:

$$\text{Attrition} = \left(\frac{\text{No. of employees who left in the year}}{\text{Average employees in the year}} \right) \times 100$$

MAJOR CAUSES OF EMPLOYEE ATTRITION:

Job Satisfaction- The problem of attrition or job quitting is high among dissatisfied employee and dissatisfaction may be due to either intrinsic or extrinsic factors or both.

Work Environment- A good working environment has a more favorable impact and thus brings reduction in the number of employee turnover whereas poor working condition declines employee productivity and satisfaction level which in turn become the cause for attrition. Job security is an important factor in employee retention. The rate of attrition is high generally in less secured job.

Work Pressure- High work pressure and higher expectations of the employers compel many employees to look for other option. Hence high level of work stress may cause high rate of attrition.

Nature of Job- The extent to which the job provides an individual with the interesting task opportunities for learning and the chance of accept responsibility. Many studies reveals that less interesting- repetitive and monotonous job results serious job dissatisfaction and force employees to look for other opportunities.

Career Growth Opportunity- Growth and development are the integral part of every individual's career. If an employee can not foresee his path of career development in his current organization, there are chances that he/she'll leave the organization as soon as he/she gets an opportunity.

Table 1: Employee Turnover Rate in Some of the Leading Life Insurance Companies

Insurance Company	Rate of Attrition		
	Top Level	Middle Level	Lower Level
LIC Of India	8-10%	15-20%	20-25%
ICICI Prudential	Less than 10%	30-35%	40-50%
HDFC	10-12%	25-30%	35-40%

(Sources: www.scribd.com & Hewitt Research Report 2009)

The above table-1 spell that the level of attrition has increased manifold over the last few months. On an average, the Life Insurance Industry witnessed 35-40% churn has been experienced in the front-line sales category, 25-30% of the middle management has moved from one place to another. A much smaller 10% shift is said to be happening at the top management levels. If we compare the employee attrition rate of three leading life Insurance companies, ICICI Prudential has shown maximum no. of employee turnover followed by HDFC Standard Life and then comes LIC. The biggest attrition levels affect front-line sales and this is truly the biggest challenge for HR. Talent is scarce and every company tries to recruit the best of employees.

The Indian insurance market has exploded over the past few years and being a sun-rise industry, there was more demand than supply of trained manpower. Companies were actively "cherry picking" prized employees. Post the economic recession, the attrition rate in the insurance industry has declined and is more or less stable as per majority of our survey respondents.

The non-life insurance industry as on March 2011 is employing around 1, 10,000 people and 3, 20,000 agents. On the other hand, the life insurance industry is employing 2, 68,000 employees and 29, 17,500 agents. While there has been an increase in the ratio of agency force to total manpower force in the general insurance industry from 69 to 77% in the last 5 years, the life insurance industry has however been stable with 90 to 91% of the manpower being the agency force. Another interesting observation is that the numbers of life insurance offices have been mushrooming rampantly.

REVIEW OF LITERATURE

Suman Pathak and Vibhuti Tripathi (2010) in the article titled "Sales force retention: An exploratory study of the Indian Insurance sector". The paper emphasized on recruitment, retention and turnover of sales force in insurance companies. Shilpa Jain and Deepika Arora (2010) have examined the attrition among the life insurance advisors of the selected companies in Ludhiana. The behavior of the managers affects them the most. The promotion and transfer policies, working hours, work environment, employee disputes, family problems, better job opportunity available also play important role in attrition. Abbasi and Hollman (2010) sought to determine the impact of employee turnover on an organization and found that excessive employee turnover often engenders far reaching consequences and at the extreme may jeopardize efforts to attain the organizational objectives. Zheng and Lamond (2009) found out that training, size, length of operation and the nature of the industry are significantly related to attrition.

Naqvi and Ramay (2008) revealed that job satisfaction and organizational commitment had a negative effect on turnover intentions, whereas perceived alternative job opportunities had a significant positive correlation with turnover intentions and is the major factor associated with turnover intention among its professionals. According to Singh and Monga (2012) most insurance workers are working under tension and due to stress no one can perform their optimum work according to their ability. Occupational stress totally disturbs the life of subjects at workplace as well as at their home. Stress affects the interactions and dealing with the friends, relatives, family members and the customers.

According to Singh Anita (2012) measurement of Job satisfaction can be a very helpful tool to the management to understand the psychology of its works and how employees feel about their jobs; it can also be an important predictor of work behaviors such as organizational citizenship, high attrition rate, their non-performance, their absenteeism, their motivation level, their stress levels and turnover.

Significance of the Study

An employee is a real pillar of any organization and long term retention of competent workforce is the most important fac-

tor in achieving high level performance. Thus in this context, the present study is highly significant for life insurance companies and other related organization facing problem and huge loss due to employee attrition. Research findings will also be useful for other companies facing similar type of problem.

RESEARCH METHODOLOGY:

Objectives of the Study

1. To study the attrition status of private insurance companies in India.
2. To find out the serious causes of employee attrition in Private Insurance Companies in Vijayawada City of Andhra Pradesh.
3. To offer strategies to mitigate the issue of rising employee attrition.

Methodology of the Study

The researcher has made use of descriptive and exploratory research design and the study relies on both secondary and primary data. The primary data is collected from 85 employees of private insurance companies like HDFC Standard Life and ICICI Prudential Insurance Companies, who already left the organization and from the existing employees selected from convenience sampling technique with the help of well drafted pre-tested structured questionnaire. The secondary information has been obtained from company's websites, annual reports, Insurance Journals and internet etc. The area of study confined to Vijayawada City of Andhra Pradesh.

Results and Discussion:

Socio-Economic Profile of the Respondents:

Table – 2: Socio Economic Profile of the Respondents

N		%		N		%	
Gender		Academic qualification					
Male	76	89	Grade 12 or lower	34	40		
Female	09	11	Certificate/diploma	22	26		
Age group		Graduate/Postgraduate					
21-30	36	42	Salary				
31-40	21	25	Below Rs.10,000	22	26		
41-50	17	20	Rs.10,001 to Rs.20,000	26	31		
Above 50	11	13	Rs.20,001 to Rs.30,000	20	23		
Experience in years		Above Rs.30,000					
Below 5 years	17	20	Level of employers				
5-10 years	31	37	Lower Level	50	59		
11-15 years	25	29	Middle Level	22	26		
15 +	12	14	Top Level	13	15		

Table-2 highlights the socio-economic profile of the respondents. Out of 85 respondents, 76 respondents are male and 09 respondents are female. 36 respondents belonged to the age group of 21-30 years, 21 respondents belonged to 31-40 years age group, 17 respondents belonged to 41-50 years age group, 11 respondents belonged to above 50 years age group. Regarding the educational qualifications 34 of the respondents had Grade 12 or lower, 22 were certificate or diploma, 29 were graduates and post graduates. Only 22 of the respondents had monthly income of below Rs.10,000, 26 were in the income category of Rs.10,001-20,000, 20 were in the income category of Rs.20,001-30,000, 17 were in the income category of above Rs.30,000. From the table it is observed that 17 respondents were Below 5 years of experience, 31 respondents were 5-10 years of experience, 25 respondents were 11-15 years of experience and 14 respondents were above 15 years of experience. Out of the respondents 50 were in lower level category, 22 were in middle management and the remaining 13 were in top management cadre level in the respective organisations.

II. Key Determinants of Joining Insurance Company: out of many variables only eight variables are taken into consideration as study variables of reasons for joining the insurance company. Growth Opportunity, Flexibility of Time, Challenging Job, Reputation of the Company, and Work Environment of the company, Attractive Salary/Incentive Plans, Job Security and Earn an Extra Amount variables are treated as key determinants variables to joining the insurance company. The researcher tried to get the relation between all the variables and to find whether all these variables are significant or not.

- Challenging Job is highly significant with the variables like Reputation of the Company ($\gamma = 0.334, p < 0.01$). Attractive Salary/Incentive Plans ($\gamma = 0.499, p < 0.01$), Job Security ($\gamma = 0.499, p < 0.01$), Earn an Extra Amount ($\gamma = 0.499, p < 0.01$).
- Reputation of the Company is highly significant with the variables like Attractive Salary/Incentive Plans ($\gamma = 0.669, p < 0.01$), Job Security ($\gamma = 0.669, p < 0.01$).
- Attractive Salary/Incentive Plans is highly significant with the variables like Job Security ($\gamma = 1, p < 0.01$), Earn an Extra Amount ($\gamma = 0.413, p < 0.01$).
- Job Security is highly significant with the variable like Earn an Extra Amount ($\gamma = 0.413, p < 0.01$)

Table-3: Pearson Inter-Correlation among Key Determinants of Joining Insurance Company

Variables			1	2	3	4	5	6	7	8
1	Growth Opportunity	PC Sig. (2-tailed)	1							
2	Flexibility of Time	P C Sig. (2-tailed)	.755(**) .000	1						
3	Challenging Job	PC Sig. (2-tailed)	.755(**) .000	1.000(**)	1					
4	Reputation of the Company	PC Sig. (2-tailed)	.739(**) .000	.334(**) .002	.334(**) .002	1				
5	Work Environment of the Company	PC Sig. (2-tailed)	-.167 .126	-.221(*) .042	-.221(*) .042	-.102 .352	1			
6	Attractive Salary/ Incentive Plans	PC Sig. (2-tailed)	.741(**) .000	.499(**) .000	.499(**) .000	.669(**) .000	-.153 .163	1		
7	Job Security	P C Sig. (2-tailed)	.741(**) .000	.499(**) .000	.499(**) .000	.669(**) .000	-.153 .163	1.000(**)	1	
8	Earn an Extra Amount	PC Sig. (2-tailed)	.301(**) .005	.399(**) .000	.399(**) .000	.276(*) .010	-.113 .302	.413(**) .000	.413(**) .000	1

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

- Growth opportunity is highly significant with the variables like flexibility of time ($\gamma = 0.755, p < 0.01$), challenging job ($\gamma = 0.755, p < 0.01$), reputation of the company ($\gamma = 0.739, p < 0.01$), attractive salary and incentive plans ($\gamma = 0.741, p < 0.01$), job security ($\gamma = 0.741, p < 0.01$) and earn an extra amount ($\gamma = 0.755, p < 0.01$).
- Flexibility of time is highly significant with the variables like Challenging Job ($\gamma = 1, p < 0.01$), Reputation of the Company ($\gamma = 0.334, p < 0.01$), Attractive Salary/Incentive Plans ($\gamma = 0.499, p < 0.01$), Job Security ($\gamma = 0.499, p < 0.01$), Earn an Extra Amount ($\gamma = 0.399, p < 0.01$).

From **Table-3** it is observed that majority of the employees' said that there is emergence of growth in the insurance sector. The insurance company agents have flexibility in their job they can approach the customers/ clients any where depending upon the necessity and there are no constraints to the agents in meeting the customers. Monetary benefits are also very good in insurance industry compared to other industries. These all factors encourage the people to choose the insurance company job as the career option.

Table – 4 One Way ANOVA between Study Variables (Reason for Joining Insurance Company)

Variables		Sum of Squares	df	Mean Square	F	Sig.
Growth Opportunity	Between Groups	14.192	2	7.096	25.265	.000
	Within Groups	23.031	82	.281		
	Total	37.224	84			
Flexibility of Time	Between Groups	6.363	2	3.182	17.557	.000
	Within Groups	14.860	82	.181		
	Total	21.224	84			
Challenging Job	Between Groups	6.363	2	3.182	17.557	.000
	Within Groups	14.860	82	.181		
	Total	21.224	84			
Reputation of the Company	Between Groups	1.129	2	.565	7.569	.001
	Within Groups	6.118	82	.075		
	Total	7.247	84			
Work Environment of the Company	Between Groups	.068	2	.034	.106	.899
	Within Groups	26.285	82	.321		
	Total	26.353	84			
Attractive Salary/ Incentive Plans	Between Groups	4.518	2	2.259	21.867	.000
	Within Groups	8.471	82	.103		
	Total	12.988	84			

Job Security	Between Groups Within Groups Total	4.518 8.471 12.988	2 82 84	2.259 .103	21.867	.000
Peer/Friends' Advice	Between Groups Within Groups Total	1.339 19.061 20.400	2 82 84	.670 .232	2.881	.062
Unemployment	Between Groups Within Groups Total	1.339 19.061 20.400	2 82 84	.670 .232	2.881	.062
Earn an Extra Amount	Between Groups Within Groups Total	12.282 8.471 20.753	2 82 84	6.141 .103	59.450	.000

Source: Primary Data Dependent Variable: Experience Significant at 0.05

Table-4 interprets the reasons to join in the insurance company, they are Growth Opportunity, Flexibility of Time, Challenging Job, Reputation of the Company, Attractive Salary/ Incentive Plans, Job Security, Earn an Extra Amount and these all variables are treated as significant variables in joining an insurance company. From the study it is observed that work environment of the company, Peer/Friends' Advice and Unemployment are not significant variables.

III. Key Determinant Variables of Job Satisfaction

Job satisfaction has positive impact on quality of work life. If the employees are satisfied with their job then there is a tremendous improvement in their work life as well as personal life. This will help the organisation to achieve the pre stated goals and objectives. From studies of job satisfaction the researcher has taken only six variables like Job Security, work environment of the company, accomplishments, balance in work and family life, monetary benefits and career growth as key determinant variables for job satisfaction. Here the researcher tried to get the relation between the key determinant variables of job satisfaction.

Table-5: Pearson Inter-Correlation among Key Determinant Variables of Job Satisfaction

Variables			1	2	3	4	5	6
1	Job Security	PC Sig. (2-tailed)	1					
2	Work Environment of the Company	PC Sig. (2-tailed)	-.153	1				
3	Accomplishments	PC Sig. (2-tailed)	-.320(**) .003	.202	1			
						1		
							1	
								1

4	Balance in Work and Family Life	P C Sig. (2-tailed)	.669(**) .000	-.102	.352			
5	Monetary Benefits	PC Sig. (2-tailed)	.203	.063	-.027	.806	-.441(**) .000	.486(**) .000
6	Career Growth	PC Sig. (2-tailed)	-.393(**) .000	-.086	.432	.396(**) .000	-.263(*) .015	-.542(**) .000

** Correlation is significant at the 0.01 level (2-tailed). * Correlation is significant at the 0.05 level (2-tailed)

- Job security is negatively significant with accomplishments ($\gamma = -0.320, p < 0.01$), career growth ($\gamma = -0.393, p < 0.01$) and job security is highly significant with the variable balance in work and family life ($\gamma = 0.669, p < 0.01$).
- Accomplishments is negatively significant with Monetary benefits ($\gamma = -0.441, p < 0.01$) and accomplishment is moderately significant with career growth ($\gamma = 0.396, p < 0.01$).
- Balance in Work and Family Life is highly significant with Monetary benefits ($\gamma = 0.486, p < 0.01$)
- Monetary benefits is negatively significant with career growth ($\gamma = -0.542, p < 0.01$)

Majority of the employees says that job security is mainly depends on two factors like accomplishments and career growth. Targets are nothing but accomplishments and they are treated as key determinants in the insurance company. Employees' job security is linked with accomplishment of targets. There is a positive relationship in between accomplishments and monetary benefits and they are interrelated with each other. If accomplishments are high monetary benefits are also high and vice versa. Employees are satisfied with the work and family life; they feel that their stress levels are less in managing both family and work life. Majority of the employees feel that the monetary benefits interrupt their career growth.

Table - 6: One Way ANOVAs between study variables that lead to job satisfaction

Variables		Sum of Squares	df	Mean Square	F	Sig.
Job Security	Between Groups Within Groups Total	4.518 8.471 12.988	2 82 84	2.259 .103	21.867	.000
Work Environment	Between Groups Within Groups Total	12.282 8.471 20.753	2 82 84	6.141 .103	59.450	.000
Accomplishments	Between Groups Within Groups Total	3.187 14.860 18.047	2 82 84	1.593 .181	8.793	.000
Balance in Work and Family Life	Between Groups Within Groups Total	1.129 6.118 7.247	2 82 84	.565 .075	7.569	.001

Monetary Benefits	Between Groups Within Groups Total	5.047 13.000 18.047	2 82 84	2.524 .159	15.918	.000
Career Growth	Between Groups Within Groups Total	7.722 12.678 20.400	2 82 84	3.861 .155	24.971	.000

Source: Primary Data Dependent Variable: Experience Significant at 0.05

Table-4 shows that variables that lead to job satisfaction. Based on the analysis it is observed that Job security, Work Environment, Accomplishments, Balance in Work and Family Life, Monetary Benefits and Career Growth are significant variables in job satisfaction.

Reasons for Leaving the Insurance Company

Better Job Opportunity, Job Opportunity, Target Pressures, No Time for the Family, Job Insecurity, Relocation and Bad Work Culture are treated as the reasons for leaving the insurance company. The researcher has to try to get the relation between these variables to find out the significance level.

Table-7: Pearson Inter-Correlation among Variables of Leaving Insurance Company

Variables			1	2	3	4	5	6	7
1	Better Job Opportunity	PC Sig. (2-tailed)	1						
2	Better Salary	P C Sig. (2-tailed)	.642(**) .000	1					
3	Target Pressures	P C Sig. (2-tailed)	.454(**) .000	.152 .165	1				
4	No Time for the Family	P C Sig. (2-tailed)	.847(**) .000	.641(**) .000	.556(**) .000	1			
5	Job Insecurity	PC Sig. (2-tailed)	-.247(*) .022	-.172 .116	-.404(**) .000	-.135 .219	1		
6	Relocation	PC Sig. (2-tailed)	.154 .160	.105 .340	.187 .087	.095 .389	-.474(**) .000	1	
7	Bad Work Culture	PC Sig. (2-tailed)	.194 .075	.067 .543	.437(**) .000	.234(*) .031	-.277(*) .010	-.027 .810	1

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Better job opportunity is highly significant with better salary ($\gamma = 0.642, p < 0.01$), target pressures ($\gamma = 0.454, p < 0.01$), No Time for the Family ($\gamma = 0.847, p < 0.01$).

Better Salary is highly significant with No Time for the Family ($\gamma = 0.641, p < 0.01$).

Target Pressure is highly significant with No Time for the Family ($\gamma = 0.556, p < 0.01$) and bad work culture ($\gamma = 0.437, p < 0.01$). And Target Pressure has negative impact on job security ($\gamma = -0.404, p < 0.01$).

Job insecurity is negatively significant on relocation ($\gamma = -0.474, p < 0.01$).

Majority of the employees feel that better job opportunity is linked with good salary as well as target pressures. Employees feel that with better job opportunity they are unable to spend the quality of time with their family. Majority of the respondents feel that there is no job security, promotions are depend on the targets what they have achieved. Due to the fear of job insecurity employees are not interested in relocation.

Table – 8: One Way ANOVA between Study Variables of Reasons for Leaving Insurance Company

Variables		Sum of Squares	df	Mean Square	F	Sig.
Better Job Opportunity	Between Groups Within Groups Total	1.607 293.641 295.247	2 82 84	.803 3.581	.224	.800

Better Salary	Between Groups Within Groups Total	3.160 260.064 263.224	2 82 84	1.580 3.172	.498	.609
Target Pressures	Between Groups Within Groups Total	36.763 135.943 172.706	2 82 84	18.381 1.658	11.088	.000
No Time for the Family	Between Groups Within Groups Total	4.703 298.403 303.106	2 82 84	2.352 3.639	.646	.527
Job Insecurity	Between Groups Within Groups Total	7.722 12.678 20.400	2 82 84	3.861 .155	24.971	.000
Relocation	Between Groups Within Groups Total	.822 30.590 31.412	2 82 84	.411 .373	1.101	.337
Bad Work Culture	Between Groups Within Groups Total	28.928 40.178 69.106	2 82 84	14.464 .490	29.519	.000

Source: Primary Data Dependent Variable: Experience Significant at 0.05

Table -8 describes the reasons for leaving an insurance company. From the analysis it is observed that target Pressures, Job Insecurity, Bad Work Culture are considered as the significant variables by the employees to leave the organisation. Based on these factors they are looking for better job opportunity and better salary.

Strategies to Mitigate Attrition:

Attrition Rate is good for the organization as long as the rate

is at normal level. This will help the organization to get new blood into the organization and for the organization to develop. But it becomes a problem when the attrition rate is abnormal. Therefore, HR department has the most crucial role to play in any organization. At the time of conducting interviews, the HR personnel try to bring right candidate to the right job. Similar is true even when the attrition rate is abnormal, so they have a very crucial role to play.

Following are some of the strategies to mitigate attrition rate: -

➤ **Hiring** individuals who are truly fit to succeed in the position for hire will dramatically increase the chances of that employee being satisfied with his or her work, and remaining with the company for an extended period of time. Employees should not only be selected on the basis of communication skills and educational qualifications.

➤ **Communication** of employee's roles, job description and the responsibilities within the organization, new policies will help to retain employees.

➤ **Participative Decision Making** - It is incredibly important to include employees in the decision making process, especially when decisions are related to employees. This can help to generate new ideas and perspectives that top management might never have thought of.

➤ **Sharing of Knowledge with Others** - Allow the members to share their knowledge with others. This helps in retention of information. This also lets a team member know that he is a valuable member of the organization. Similarly, facilitating knowledge sharing through an employee mentoring program can be equally beneficial.

➤ **Shorten the Feedback Loop** - This helps the employees to know the feedback to their work within a short period. This also helps to keep performance levels high and reinforce positive behavior among employees.

➤ **Pay Package** - Any employee wants to be appropriately paid and fairly for the work he or she does. For this, conduct a research to find out the pay package in other similar type of organizations at regional as well as at national levels.

➤ **Balance Work & Personal Life** - No doubt family is exceptionally important to employees. When work begins to put pressure on one family, no pay package will keep an employee in the organization. Therefore, there should be a balance between work and personal life. Small gestures like allowing an employee to take an extended lunch once a week to watch his son's cricket game will result in loyalty and helps to retain the employee.

➤ **Organizational Culture** - Try to select the candidates who believe in the organization culture and adopt with ease to organization culture.

➤ **Exit Interview** with the employees who are leaving the organization will help the organization to find out the reasons why the employees are leaving the organization. This will also help to find out any drawbacks in the organization.

Another method to reduce attrition rate is that they should find out why employees are leaving the organization from the employees who are working for the past so many years.

Motivational Training - It is sure that motivational training helps to retain the employees. One of the crucial aspects to motivate employees is to ensure that they have ample growth opportunities which can be provided through training.

Multi-Tasking - One of the ways to retain the employees in the organization is to get people with different qualities like smart, adaptable, and capable of multi-tasking.

➤ **Referrals** - Another technique is to try to get the employees hired through referrals. This makes them stick with the organization.

➤ **No Favoritism** - One of the surest ways to create animosity and resentment in an organization is to allow favoritism and preferential treatment towards an employee. Be sure to treat all employees equally and avoid favoritism at all costs.

Retention Practices Followed by Leading Private Life Insurance Companies:

Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time. Some suggestions have given below to deal with employees' attrition particularly at the lower level are:

- Appreciating and recognizing the performing employees.
- Providing adequate salary and other perks to keep employee motivated and satisfied.
- Occupational stress relieves through implementing WLB strategy.
- Employee support, greater work autonomy and encouragement to participate in decision-making.
- Maintain interaction; never stop listening
- Hire the right employee from the beginning.
- An Employee Stock Option Scheme is being introduced as a part of retention strategy etc.
- In-house induction training system to train the new joiners.

Suggestions:

- Proper communication within the organization.
- By offering attractive and competitive pay to the potential workforce.
- By offering excellent career opportunities within the organization.
- By harmonious Industrial relationship between employer & employee.
- Top management should made efforts for strengthening HR department.
- To facilitate healthy work culture in order to prevent job satisfaction.
- Proper implementation of stress coping measures within the organization like counseling, meditation.
- HR manager should give more attention to retain star performer employee.
- Right recruitment and selection of employees for consistent growth of the company.

Conclusion:

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 life insurance companies. Employee turnover has far reaching negative impacts on an organization in terms of its goodwill, competency, profit and level of performance. Quality manpower and its retention is one of the major determining factors in the organization success. Therefore private insurance service providers need to implement effective employee retention strategies which can successfully retain the employees for longer duration. Hiring from each other is a common practice amongst insurance companies. Employees, especially in middle and junior levels of the sales function, tend to move amongst insurance companies. The high attrition rate affects the productivity of the organization if more people are leave the organisation, the more it is a drain on the company's resources like recruitment expenses, training and orientation resources and the time. As high attrition impacts the company's resource negatively the organisations must provide better career opportunities and suitable work environment to retain the talents in their organisation.

Limitations and Further Scope of the Study:

This study is limited to only Vijayawada city sample size is confined to 85 members only and few private sector insurance companies are taken into consideration. This study is related to attrition rate in insurance sector, insurance sector has no

boundaries there is lot potentiality for insurance sector due to time constraint the researcher has taken only one city. In further the researchers can take more number of cities and there is a chance to compare attrition rate in public and private insurance companies as well as attrition rate in rural and urban areas.

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