

## **EMPLOYEE TURNOVER AND EMPLOYEE SATISFACTION: THE MAJOR CONCERNS IN CHANGING HR DYNAMICS OF INSURANCE SECTOR**

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### **ABSTRACT**

*In Recent Scenario, Insurance sectors are the victims of Cut throat market competition, consistent increase in the rate of employee turnover due to job satisfaction. These challenges identified as a growing critical issue before the HR Managers. The rate of Employee Turnover depends on the level of Job Satisfaction of the employee and has been proven that Job Satisfaction increases the chances of Employee Turnover within the Organization. To reduce the rate of Employee Turnover, many companies tried to adapt various strategies. The increasing work stress, unable to keep balance between professional and personal life, absence of mental peace etc., put a question mark on efficiency and effectiveness of the employees. Resultantly, the organization faces difficulty to retain the talented, skilled and well knowledgeable professionals. The paper is based on empirical study and deals with the major causes of employee turnover in this sector and suggests the useful measures for increasing the level of employee satisfaction. The Paper also focuses on various aspects of employee satisfaction which may cope off with the reduction in rate of employee turnover within an organization. The problem of Employee Turnover is generally seen at the lower level of the organization. Most of the employees are Ok with them. Working culture, policies, rules and conditions of work, packages, benefits etc. effects the employee turnover as well as job satisfaction hence still improvement is required in various aspects of companies such as opportunities of career growth, performance appraisal, monetary benefits, job designing and description, work life balance etc..*

**KEYWORDS:** *Employee Turnover, Job Satisfaction, Work Life Balance, Employee Retention, Stress*

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### **INTRODUCTION**

Retaining good work force and well performer is a challenging task in changing HR Dynamics. Employees are the important and valuable assets for any of the organization. Retention of talented employees are major concern of human resources dynamics as it will depends upon the sound work culture in the organization and effective work life balance. From various practices, researches and literatures it has seen that Employees are treated as the valued contributors by the employers. To secure employees' loyalty towards the organization, the employers provide many monetary benefits, carrier growth opportunities, promotion, competitive compensation plans etc. Despite of these, employees are continually leaving their existing job and seeking another one where good pay and better benefits are provided. That is why the turnover rate is increased. In some extent, because of employee dissatisfaction, employee's attrition is seen in almost all organization especially in Insurance Sector. Hence, the basic purpose of this paper is to identify the major causes of

employee's turnover as this sector is the worst sufferer of employee turnover and suggest some effective tools to provide job satisfaction and ultimately retention of employees.

## **EMPLOYEE TURNOVER**

When an employee leaves an organization, it affects the organization as a whole. It not only affects the productivity of organization but also moral of the rest of the employee. Employee Turnover is common in every company. Generally, there are two types of Turnover –**Voluntary** and **Involuntary Turnover**. When employees leave for any personal reasons such as career growth, change in career field, getting better opportunities, some physical illness wants to leave the place etc. is called Voluntary Turnover. Generally, high performing employees are seen in voluntary type of turnover. On the other hand, in involuntary turnover, employer let goes off employees after retirement or for their poor performance in the organization. Thus, Companies put more focus in reducing the voluntary turnover rate than the involuntary turnover rate. There may be various causes behind the high turnover rate. Many organizations try to investigate the real causes of turnover and finds remedy for high turnover. Turnover rate shows how happy and satisfied the employees are at work place. When the question arises on the productivity and performance of the company, all companies try to retain their star performer at any cost. Quitting of best performers means loss of the Company for the long period of time or till the new and apt hiring. The reason behind the leaving of company based on various factors, such as:

- Bad relation between Supervisor and Subordinates
- Lack of trust on the ability of Employees
- Presence of communication gap
- Presence of high stress within the organization
- Absence of work life balance
- Absence of appreciation on Employee's Performance
- Provision of minimum monetary benefits
- Absence of feedback given by the Superiors
- Lack of stability and security in Job
- Lack of Opportunities in Career Growth within the Organization.

The process of turnover is expensive. Organization faces many inconveniences. It also faces replacement cost and opportunity cost per employees because of their turnover. However, the result is not only based on financial but also directly affects the moral of the employee. Resultantly, a negative mark puts the efficiency and effectiveness of the employee's performance less experienced, less trained, less skilled workers deliver optimized service to the organization. Less performance quality means less qualitative organizational production.

To reduce turnover rate, it is important for organization to understand the main reasons of employees leaving their job. It is said that, good employees do not leave the organization, they leave the managers. Managers should not treat their employees as machine or object. The sentiments, emotions and feelings of employees must be respected by the bosses. Then only strong bond of trust and confidential relationship should be built up between them, which is good for the growth of organization.

Everyone wants to be recognized, appreciated and rewarded for his good performance. Recognition is not always based on monetary form; sometimes sincere appreciation is much more enough to motivate one. When employees feel neglected themselves, their sense of dignity prompts them to leave the organization. Again, retain Skill and knowledgeable employee proper training and effective coaching should be provided to them. For increase the productivity in a positive way, a team work is required. Team works always gives satisfaction to an employee which decreases the chance of employee turnover rate.

## **JOB SATISFACTION**

Job satisfaction denotes the effectiveness and efficiency of employee. It increases the productivity and performance of employee in a quantitative and qualitative manner. It implies employee engagement and employee motivation within the organization. If an employee satisfies with his job by various ways such as monetary and non-monetary benefits, job security, career growth, relation with co-workers, then the chances of rate of turnover automatically decreases. The industrial relations become harmonious and strong. Job satisfaction is a crucial factor for employee retention. There are various factors of job satisfaction, which improve Employee Performance and Productivity such as:

- Friendly Working Environment
- Organizational Policies and Practices
- Recognition given to employees for their performances
- Positive work life balance
- Chances of Promotions within the organization
- Job Safety and Security
- Refine the Creativity of the Employees
- Proper feedback given by the superiors
- Flexibility in working hours
- Mutual understanding, trust and relationship with Co-Workers.

When a job fulfils all the expectations of an individual the employee becomes automatically satisfied. A satisfied employee always tries to deliver the best of his capability which implies the goodness of the organization. If an employee feels comfortable and happy with his work, then he puts his all efforts in the production process of organization.

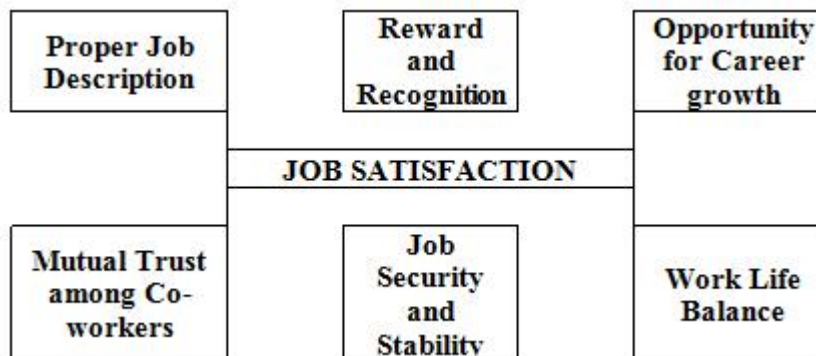
### **Job Satisfaction Can be Understood by Two Perspectives**

- From Employee's perspectives
- From Employer's perspectives.

For an employee, Job satisfaction means –good salary, secure and stable job, opportunity for career growth, gets rewards and recognition etc. On the other hand, for employers, a satisfied employee always gives his best which means less turnover rate, helps to control attrition and helps in growth of company. Employers need to provide proper job description to the employees to attract them and to retain them for long term. To learn and grow individually employers constantly

give the carrier opportunities to the employees. High profits of the companies, high employee retention, high employee loyalty, more efficient employee, less employee turnover rate etc. are the adversely result of job satisfaction.

As it is mentioned earlier that there are various monetary and non-monetary factors of job satisfaction. It can be easily understood by given Figure.



**Figure 1**

## LITERATURE REVIEWS

Several Studies have been conducted on employee's turnover, as the dynamics of business environment and employment relations are constantly changing due to the changing perspectives of human resources, further studies are needed in this regard.

Porter LW, Steers RM, Mowday RT, Boulton PV (1974). In a study reported that variations in organizational commitment and job satisfaction are related to turnover. Job Satisfaction measures have to differentiate future stayers from leavers. Mobley, W.H. (1977) conducted a study on "Intermediate linkages in the relationship between job satisfaction and employee turnover". The relationship between job satisfaction and turnover is significant and consistent. Job Satisfaction acts as a mediating variable for quitting. The Concept of behavioural intentions was a key variable.

Gallup survey drives employee's turnover in companies.

- Managers influence at least 75 % of the reasons for voluntary turnover.
- "Career Advancement" contributes to 32 % of those voluntary quitting jobs.
- "Pay and Benefits" was the second most common answer (22 %) to why employees choose to leave.
- 20.2 % said that they quit because they were not suited for that job
- Much smaller percentage quit because of flexibility and scheduling (7.7 %) or job security (1.7 %).

Naqvi and Ramay (2008) revealed that Job satisfaction and Organisational commitment had a negative effect on turnover intentions, whereas perceived alternative job opportunities had significant, positive correlations with turnover intentions and is the major factor associated with turnover intentions among its professionals. Singh Anita (2012), "measurement of Job satisfaction can be a very helpful tool to the management to understand psychology of its work and how employees feel about their jobs, it can also be an important predictor of work behaviours such as organizational citizenship, high attrition rate, their non-performance, their absenteeism, their motivation level, their stress level and turnover. Tulsi Das and Ch. Vijayalakshmi (2015) Employees Turnover Rate in some of the leading insurance companies:

Research by Glass door in 2016 reported that 53 % of employees of an organization are confident that if they quit their current jobs, they will be able to find a comparable position within 6 months of time

Purohit (2016) has quoted in her study that there are many causes of employee turnover in organization such as lack of fair compensation, improper career objectives, dissatisfaction with superiors, work pressure and exhaustions etc. K Sunanda (2017) observes that “flexible working hours, good career plans for employees, good recruitment methods and balance between performance, expectations and growth aspiration can retain the employees”. Hausknecht and Trevor (2017) define, “The Voluntary turnover rate is indeed the total number of employees living the organization divided out of the total number of employees of a measured employee, over a period of one year.

In spite of the above, there are other reasons like organizational climate, emotional turmoil and personal reasons which increase the chance of turnover. Employees quit from an organization due to economic reasons. Using economic models, they showed that People quit from organization due to economic reasons and these can be used to predict the labour turnover in the market.

**Table 1**

Insurance Company	Rate of Turnover		
	Top Level	Middle Level	Lower Level
LIC of India	8-10 %	15-20 %	20-25 %
ICICI Prudential	<10 %	30-35 %	40-50 %
HDFC Life	10-12 %	25-30 %	35-40 %

Sources: [WWW.Scribd.com](http://WWW.Scribd.com) and Hewitt Research Report, 2009

## OBJECTIVES

The objective of this research paper is to deal with

- Relationship between employee satisfaction and employee turnover.
- To examine the causes of employee turnover.
- To find out the factors of employee satisfaction.
- To find out the remedies of high turnover.

## HYPOTHESIS

- **HO 1:** The Rate of employee turnover directly relate with employee satisfaction
- **HO 2:** Job Satisfaction results the efficiency and effectiveness of the employee performances
- **HO 3:** Job Satisfaction is big factor for Employee Engagement.

## RESEARCH METHODOLOGY

For this research descriptive and exploratory research design is used. The study relies on both primary and secondary data. The Primary data was collected from 102 employees of various insurance sectors in Bihar such as LIC, Reliance Nippon Life Insurance, Max Life, HDFC Life, etc. For research, a structured questionnaire was prepared and interviews were conducted by convenience sampling technique. The secondary data has been collected from various insurance companies, websites, annual reports, insurance journals, magazines and internets etc. The area of Study confined to various insurance companies in Bihar.

**FINDINGS & DISCUSSIONS**

On the basis of the questionnaire and the methodology used to test the hypothesis various tables, charts and diagrams have been prepared on the following parameters:

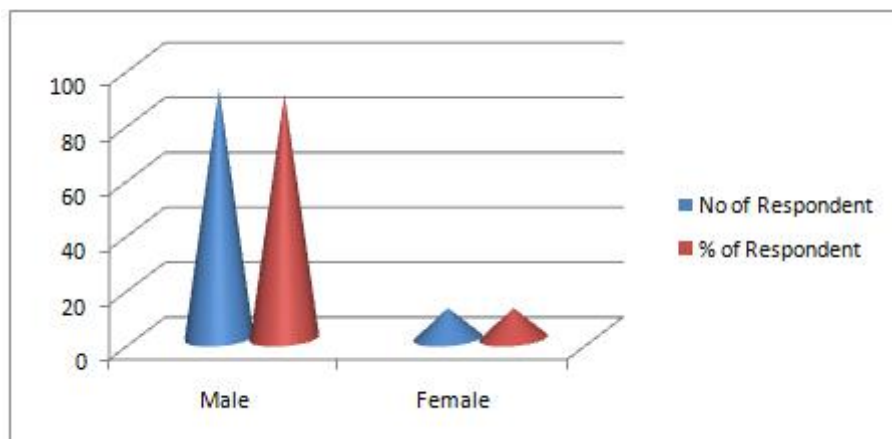
**Socio Economic Profile of the Respondents**

Table 2 has been prepared to know the Socio-economic profile of the respondent as it is basic requirements that which type of peoples actually involves in employee’s turnover. The interviews were conducted and data were collected from 102 employees of various insurance sectors on the basis of gender, age, academic qualification, salary, working experience, level of employees etc.

**Table 2: Socio Economic Profile of the Respondents**

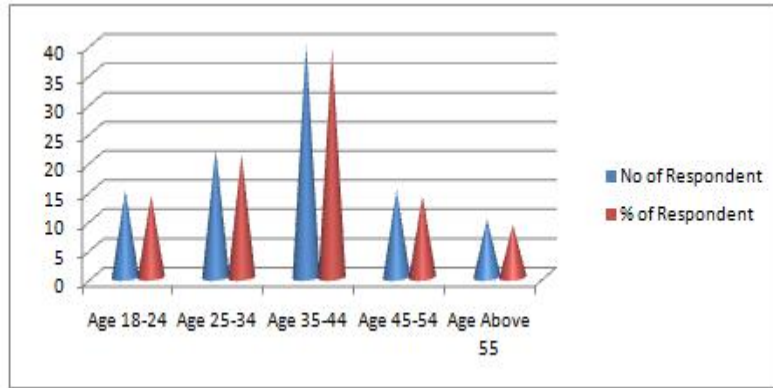
Gender			Academic Qualification		
	No.	%		No.	%
Male	91	89	Undergraduate	14	14
Female	11	11	Graduate	68	67
			Post Graduate	20	19
Age Group			Salary		
	No.	%		No.	%
18-24	15	14	>10k - 25k	22	21
25-34	22	21	>25k - 40k	31	30
35-44	40	39	>40k - 55k	20	19
45-54	15	14	>55k - 70k	18	17
Above 55	10	9	>70k	11	10
Working Experience			Level of Employees		
	No.	%		No.	%
2-4 years	23	22	Lower Level	48	48
4-6 years	20	19	Middle Level	38	37
6-10 years	21	20	Top Level	16	15
Above 10 years	38	37			

**GENDER**



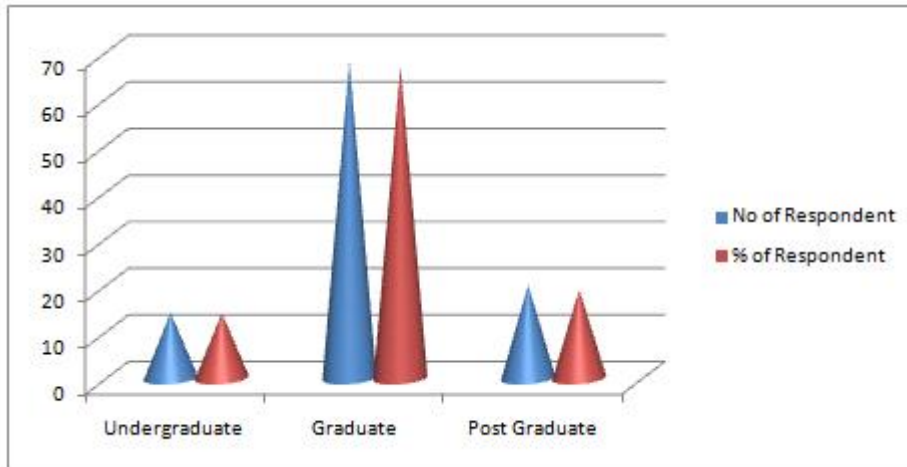
**Figure 2.**

**AGE GROUP**



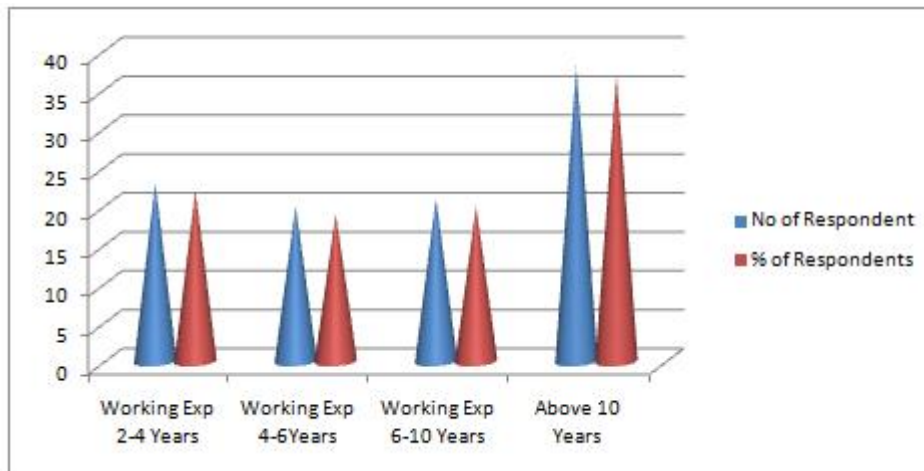
**Figure 3.**

**ACADMIC QUALIFICATION**



**Figure 4.**

**WORKING EXPERIENCE**



**Figure 5.**

## LEVEL OF EMPLOYEES

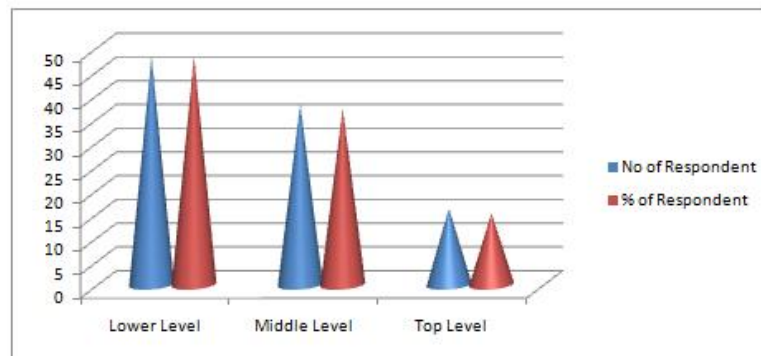


Figure 6.

## EXPLANATIONS

Table 2 reveals that out of 102 respondents, 91 were male respondents and 11 were female respondents, which constitutes 89 % of male and 11 % of female employees. When classification has been made on the basis of age group of the employees 15 respondents belong to the age group of 18-24 years which constitutes 14 %, 22 respondents belong to 25-34 years age group which constitutes 21 %, 40 respondents belong to 35-44 years age group which constitutes 39 %, 15 respondents belong to 45-54 years age group which constitutes 14 % and only 10 respondents belong to above 55 years age group which constitutes 9 % of the total respondents. As regards the educational qualifications, 14 respondents were under graduate, 68 respondents were graduates and 20 were post graduates, which constitutes 14 %, 67 % and 19 % respectively. On the basis of salary, 22 respondents having monthly income in between 10000-25000, 31 respondents having 25000-40000 monthly income, 20 respondents having monthly income in between 40000-55000, 17 respondents having 55000-70000 monthly income and only 10 respondents were in the above 70000 income category levels. Again, out of 102 respondents, 48 are at lower level, 38 are at middle level and 16 were at Top level which constitutes 48 %, 37 % and 15 % respectively in the respective organization. Out of 102 respondents, 23 respondents have 2-4 years working experience, 20 respondents have 4-6 years working experience, 21 have 6-10 years' experience and 38 respondents have above 10 years working experience in respective organization.

## FACTORS OF EMPLOYEE TURNOVER

Table 3 has been constructed to show and examine the causes and factors of employees' turnover in respective organizations.

Table 3: Factors of Employee Turnover

S. No.	Causes of Employee Turnover	Responses of Respondents in No.		Responses in %	
		Yes	No	Yes	No
1	Poor Recruitment Process	86	16	85	15
2	Stress	90	12	89	11
3	Absence of Supervision Feedback	87	15	86	14
4	Low Career Growth	87	15	86	14
5	Supervisor Behaviour	91	11	89	11
6	Bad Relation between Superior and Sub ordinate	64	38	63	37
7	Absence of Work Life Balance	88	14	87	13
<b>Total Number of Respondents</b>		<b>102</b>			



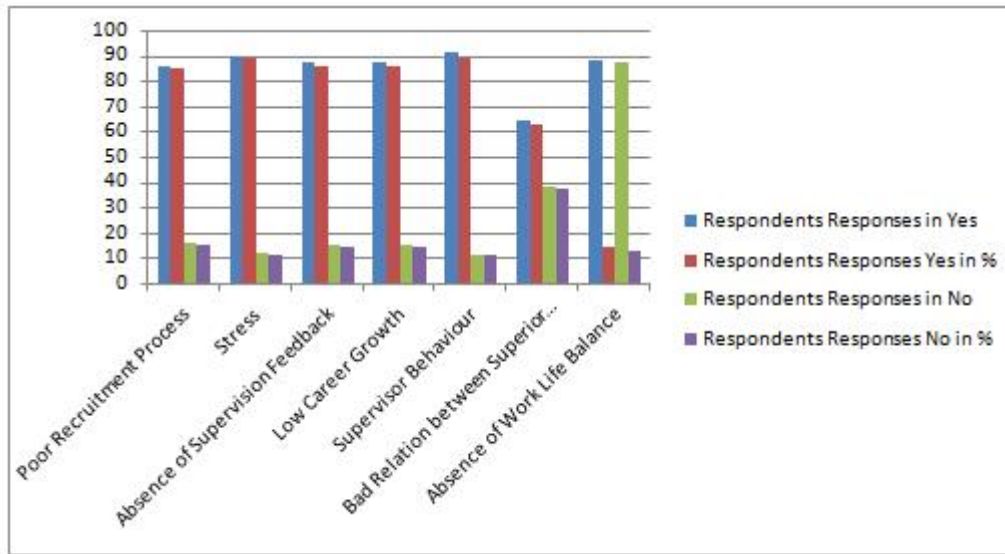


Figure 7.

**Explanation**

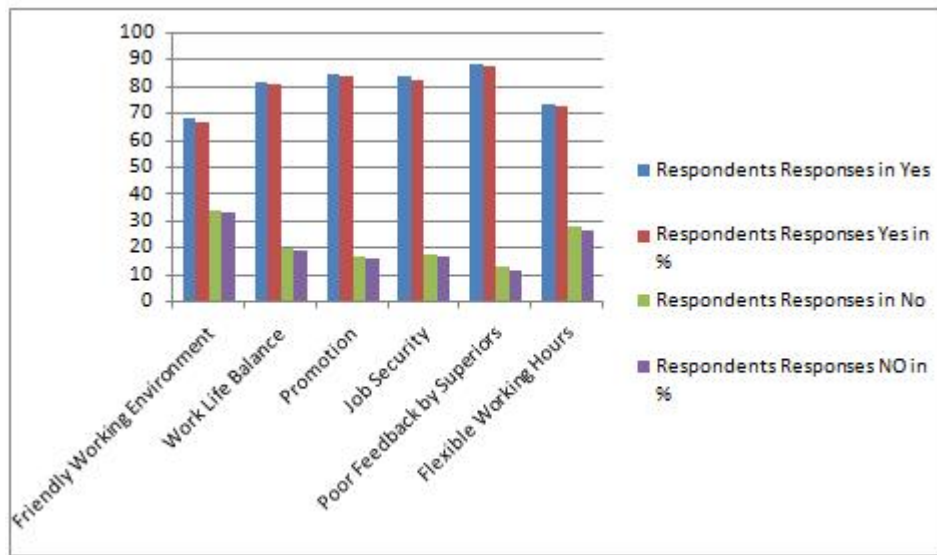
Table 3 reveals that majority of the employees said that supervisor behaviour is the main cause of employee turnover. Stress, work life balance and low career growth opportunities are also the important factors of employee turnover in insurance sectors. Only 63 employees out of 102, agreed that bad relation between superior and subordinate is the cause of employee turnover. 91 respondents out of 102 said that salary structure and monetary benefits are good in insurance sectors compared to other industries. Thus, salary may not be the important factor of employee turnover.

**FACTORS OF EMPLOYEE SATISFACTION**

As regards employee’s satisfaction, several parameters of satisfaction of employees have been taken for consideration. Table 4 has been constructed to show the satisfaction level of employees in respective organizations.

**Table 4: Factors of Employee Satisfaction**

S. No.	Factors of Employee Satisfaction	Responses of Respondents in No.		Responses in %	
		Yes	No	Yes	No
1	Friendly working environment	68	34	67	33
2	Work life balance	82	20	81	19
3	Appreciation and Recognition	93	9	92	8
4	Promotion	85	17	84	16
5	Job Security	84	18	83	17
6	Poor Feedback by Superiors	89	13	88	12
7	Flexible Working Hours	74	28	73	27
<b>Total Number of Respondents</b>		<b>102</b>			



**Figure 8.**

### Explanation

Table 4 reveals that the majority of the employees i.e., 93 respondents out of 102 respondents which constitutes 92 % of the total respondents said that appreciation and recognition give proper job satisfaction to the employees. 89 employees, who constitutes 88 % of total respondents, remarked that proper feedback by superior is also an important factor of employee satisfaction. 85 respondents agreed that promotions and 82 employees agreed that work life balance is one of the crucial factors to satisfy employees. 84 Employees feel that proper job security is linked with Employee Satisfaction.

### CONCLUSIONS

Thus, the research paper reveals the basic causes of employee turnover and important factors of employees satisfactions which prevails in the organization related to his job. It was found that there are various reasons behind leaving the company or quitting the job of an employee in the insurance sector. As insurance sector has created tough competition in their business by having the target-based job. Some of the reasons for employee's turnover are – improper or insufficient training process, lack of feedback given by the superiors, lack of trust on the ability of the subordinates, excess workload, lack of motivation, imbalance work life, low wages, bad behaviour of superior and managers etc.

On the other hand, the causes of job dissatisfaction where is from one organization to another. The factors of job satisfaction differentiate as there are differences in working environment, organizational culture, organizational behaviour, larger or smaller work group, less challenging work, opportunities for career growth varies, unclear job promotion etc.

However, an employee may retain in an organization if he would be a satisfied employee. It is obvious that increased ratio of job satisfaction will decrease the employee turnover rate. A good management system, healthy working environment, a good and healthy trustful bonding between the superiors and subordinates, a competent female resource system etc. improves a sustainable employee performance. An employee must be satisfied at his workplace. Employees must assign challenging work; adequate and fair competitions must be given to the employees and career growth opportunities must be there in the work place. Productivity of organization will grow, if employee feels himself as a part of the organization.

## **SUGGESTIONS**

Some important suggestions may be outlined to retain talented employees:

- A Healthy working environment should be maintained within the organization.
- Trust of superiors on their subordinates and the team must be present.
- Employee's turn over will be minimized by offering attractive career growth or career opportunities within the organization.
- The Employee should be appreciated time to time and appropriate feedback must be given by the superiors on the performance of their subordinates.
- Effective performance appraisal should be maintained in the organization.
- Proper hiring or right recruitment is required for consistent growth of the company.
- For the growth of company's productivity, an employee must be satisfied by his job.
- The performance and productivity of the employee increase in a friendly and supportive environment. It also increases job satisfaction.
- Employees should be properly recognized by his performance.

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