

**A Study to Analyse the Role of Motivational Factors In Retention
Of Front Line Sales Employee In Insurance Sector**

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Abstract

The research paper aims to develop an insight on the relevance of employee retention in the insurance sector of India. The concept of the paper emanated from Fredrick Herzberg's 'Two Factor' Theory of Motivation. The study intends to identify motivating factors for front line sales employee. It studies the impact of motivational determinants of the job satisfaction level of front line sales employees and the kind of influence it exerts on their retention in the organization. The research paper is conducted on the basis of primary as well as secondary data. Convenience sampling method was adopted and the sample size taken was 131 frontline sales employees of the insurance companies of India. Statistical Package for Social Science (SPSS) was used to conduct apposite tests like multiple regression and factor analysis. On the basis of these analysis, findings were derived which are of high relevance and significance for the life insurance companies of India.

INTRODUCTION

Insurance sector has an eminent part to play in the economic development of the country. It works as a booster of investment opportunities. It mobilizes savings of the individuals, stabilizes fiscal market and operates like a risk manager. Liberalization of the private sector was announced by the government in 1999. Till date there are 23 private life insurance players in India. Insurance sector is accelerating with 30%-40% rate annually thereby becoming blaring sectors of Indian economy. It is primarily human resource intensive sector. The manpower is taking the responsibility for rendering class guidance to the customers and selling the products of the company to them. Hence, efforts and determination of human resource identifies the success of the organisation and it largely depends on the job satisfaction level of the human resource. If the human resource is satisfied in their job, they will be motivated to put in their best efforts and will result in high revenues for the company and vice versa. The level of job satisfaction of the employee is dependent on various factors like job profile, remuneration, growth prospects, work environment, supervision, etc. But cherishing the work that an employee has to do, is highly in correlation to satisfaction in job. Indian market has resulted in rise in the competition as many new foreign entrants have emerged due to globalization and liberalization. To ride out through this high competition, companies need to deliver good profits and need to tap prominent market share. It results in lot of pressure on the employees. They are given very high and unrealistic targets. Because of this pressure, workforce is burdened with lot of extra work. They are forced to work overtime at the work place and take less leaves. Due to extended hours of work and massive work load, employees suffers from discomfort and stress.

This results in decline in the performance of the employee, poor work life balance & health. Ultimately, it leads to poor job satisfaction and reduction in retention of employees.

Thus, reduced job satisfaction and low rate of retention constitutes a reason for concern. The purpose of my study is to analyse the different factors that motivates front line sales employees to work and their influence on their retention.

1. LITERATURE REVIEW

According to Firth, Mellor, Moore, & Loquet (2004), turnover of employees constitutes a major worry for all the organizations and especially in insurance sector.

An employee chooses to separate from the organization in favour of better opportunity in any other organization. His discontinuance in the job is reflected through his conduct which includes frequent absenteeism, negative attitude, reduced interest and tardiness.

Gaan (2011) stated high attrition is a major concern for the companies. Observation reveals that employees have high tendency to leave their company for a better opportunity.

It has been observed that employees have a strong tendency to leave their current employer to work for another. According to Chaminade (2007) retention of employees can be explained as a major initiative taken by the companies to ensure that the employees are satisfied n their jobs and they continue for a longer period of time

Sengupta, Basu and Devina (2013) noticed that there is a very high rate of attrition mounting from 70% to 100%.Hale (1998) emphasized that high expense is involved in hiring new employees. It amounts to 50% to 60 % of the remuneration received by the employee in his first year and it can be as high as 100% in case of managerial positions.

According to Mike (2009) employee attrition signifies high expenses for the company. Low retention rates increases recruiting costs, training costs, productivity costs. The term 'turnover' implies to employee movement that creates vacant positions in the organization (Beach, Cliff and Brereton 2003, 62). The vacant positions are consequences of retirements, transfers, resignations, dismissals, lay-off or discharge of the term of contract. The same reasons can be attributed for high attrition rate.

According to Chaudhari(2007), the major contributors to high attrition are extended working hours, unchallenging work environment, limited growth prospects, improper leadership, non-competitive salary package, better job openings and luring of human resource by competitors.

Booth and Hamer (2007) stated various environmental and organizational factors are responsible of high turnover like company's culture, supervisory style, organizational culture, workload, degree of job satisfaction and self-development of the employee.

Krishnamurthy 2007 stated work load is one of the major cause for the low retention of employees According toBhagat(2005) stressful work environment can lead to high rate of attrition. Srivastava (2007) found reduced job satisfaction, high performance targets, close supervision, close connect between performance & remuneration and cultural differences are responsible for employee attrition rate.

Adhikari (2009) stated that there is a strong relationship between employee turnover rate and his work and employer's attitude.

David (1986) identified that a sales person's motivation is directly linked with his performance. High motivation implies low absenteeism, turnover and high productivity.

Mahmood (2010) in his study found work,affiliation, growth andopportunities for development plays significant role in determining job satisfaction in sales employee of

pharmaceutical company. They are the real motivators. But surprisingly, hygienic factors like perquisites, job security, work schedule, rapport with the superior, relationship with colleagues, and fringe benefits also created satisfaction, not dis-satisfaction.

According to Suman Pathak and Tripathi(2010) employee's intention to continue in the organization or to discontinue depends upon his identification with his job and organization.

Van Dick (2004) revealed that there is a negative correlation between satisfaction level in the job and attrition rate while there is a positive relationship between an employee's perception about better jobs in the market with attrition.

Rahman, Naqvi, and Ramay(2008) also found perceived job opportunities in the market have a significant impact on employee's intentions on turnover.

III RESEARCH METHODOLOGY

The objective of the study is to analyse the role of motivational factors in retention of front line sales employees in insurance sector of India. The data was collected through primary source i.e. Structured questionnaire was used. Nonprobability Convenience sampling technique was adopted and the sample size was 131 frontline sales employees of different insurance companies. Statistical Package for Social Science (SPSS) was used for the analysis along with multiple regression and factor analysis.

Objectives of the study

- 1) To find the role of motivational factors on front line sales employee job satisfaction
- 2) To analyse the impact of front line sales employee job satisfaction on retention.

Hypotheses:

H1: Motivational factors influences job satisfaction of front linesales employee.

H2: Job Satisfaction determines front line sales employee's retention rate.

Table – 1

Reliability Statistics

Cronbach's alpha	No Of Items
.738	27

To assess the reliability of the questionnaire, Cronbach's alpha value was calculated. Reliability implies to the confidence that can be placed on the questionnaire used. It implies that it will always produce same numeric value when repeated on the same object. In our questionnaire, the Cronbach's alpha value came out to be .738, which is adequately reliable.

I. FACTOR ANALYSIS

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.839	
Bartlett's Test of Sphericity	Approx. Chi-Square	3272.632
	Df	351
	Sig	0.00

In order to know the appropriateness of factor analysis, KMO is used. If the values come to be as high as 0.5 or 1.0, it implies factor analysis is appropriate. If the values come below 0.5, then it indicates factor analysis is inappropriate. In the above table, Kaiser -Meyer—Olkin measure of sampling adequacy index comes out to be 0.839. It implies that factor analysis can be implemented for the data. Bartlett 's test of Sphericity Chi-square statistics comes out to be 3272.632. Bartlett 's test of Sphericity Chi-square depicts correlation. If the value comes

out to be large, it indicates factor analysis is appropriate. Hence, it indicates there is a high correlation between 27 statements that are used in the questionnaire for the analysis.

Table 3 Total Variance

	Factor Loading	Percent Explained Variance	Chronbach's Alpha
HYGIENE FACTORS (H) Transparency in policies of the company Proper supervision of work. Good work environment in the organization Interpersonal relations with others are favourable Good monetary benefit in the job High Status I feel my job is secured	0.520 0.735 0.740 0.795 0.531 0.449 0.682	27.269	0.830
MOTIVATORS (M) Proper Rewards Recognition of work Challenging job opportunities Lot of responsibility is on my shoulder Good prospects for individual growth	0.570 0.739 0.726 0.702 0.550	14.179	0.702
JOB SATISFACTION THROUGH (J): Reward System Recognition of work Challenge in work Job Role Development and growth Companies Policy & Procedures Supervision of work Work Culture. Interpersonal Relations Remuneration Job Status	0.509 0.759 0.812 0.731 0.557 0.665 0.566 0.671 0.832 0.745 0.557	13.225	0.689

Job Security	0.600		
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After the data was collected through questionnaire, variance was found to be 64.66%.

To assess the responsibility of responses from questionnaire, Chronbach's alpha coefficient was used. The study found that that within each factor solution, it was acceptable. Kaiser-Meyer-Olkin (KMO) was found to be 0.839, which is adequate.

According to Nunnally(1988), it is obligatory requirement for Chronbach's alpha co-efficient to be .60 or above in order to know the level of consistency of the established scales. Similarly, according to Othman and Owen (2001), the minimum acceptable value of KMO is 0.5. The matrix prepared for the study is not having singularity or multi-collinearity. Hence, factor analysis and the statistical tests revealed that the proposed dimensions and variables of the questionnaire were appropriate enough to study the role of motivational factors in retention of front line sales employees in insurance sector of India.

Questionnaire comprised of 24 variables as listed in the above table and was classified into 3 categories. The three categories incorporated were Hygiene Factors (H), Motivators (M) and Job Satisfaction (J).

Hypothesis (H1):

H1: Motivational factors influences job satisfaction of front line sales employee.

Table - 4 Model Summary |

Model Summary				
Model	R	R Square	Adjusted R Square	Standard error of the estimate
1	.671a	.450	.442	.915
2	.840b	.705	.695	.677
a. Predictors: (Constant), M5, M1, M4, M2, M0, M3				
b. Predictors: (Constant), M5, M1, M4, M2, M0, M3, H7, H3, H5, H1, H4, H6, H0, H2				

In the study, dependent variable is Job Satisfaction(J) and the predictors are recognition, company reward system, recognition of work, challenge in work, jobrole, development and growth,company's policy & procedures,supervision of work,work culture, interpersonal relations, remuneration, job status and job security

The above table reveals R-Square to be b 0.705. The value signifies that 70.5% of the variation in total job satisfaction levelof the front line sales employees is studied from 12 independent variables.

Table 5 : ANOVA

ANOVAa						
Model		Sum of Squares	Df	Mean Square	F	Sig
1	Regression	281.905	6	46.984	56.090	.000b
	Residual	344.277	411	.838		
	Total	626.182	417			.000c
2	Regression	441.308	14	31.522	68.714	
	Residual	184.74	403	.459		
	Total	626.182	417			
a. Dependent Variable: S0 (Job satisfaction)						
b. Predictors: (Constant), M5, M1, M4, M2, M0, M3						
c. Predictors: (Constant), M5, M1, M4, M2, M0, M3, H7, H3, H5, H1, H4, H6, H0, H2						

In the study,predictors (Constant) arerecognition, company reward system, recognition of work, challenge in work, job role, development and growth,company's policy & procedures,supervision of work, work culture, interpersonal relations, remuneration, job status and job security

The ANOVA table, as displayed above revealsthat the F ratio of the regression model and emphasize its statistical significance of overall regression model. It states that if the value of

F is greater then there is higher variance in the dependent variable which is in association to independent variable. The F value has come out to be 68.714 which means the value is found to be significant. Hence it supports our first hypothesis that motivational factors influence job satisfaction of front line sales employee

Table – 6
Coefficients (a)

Coefficients ^a						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
2	(Constant)	-1.750	.544		-3.214	.001
	M0	.151	.059	.121	2.574	.010
	M1	.469	.071	.306	6.622	.000
	M2	-.175	.054	-.153	-3.243	.001
	M3	.238	.061	.173	3.913	.060
	M4	-.046	.040	-.043	-1.136	.257
	M5	.097	.032	.101	3.035	.003
	H0	.591	.042	.549	14.140	.000
	H1	.100	.081	.053	1.245	.014
	H2	-.168	.111	-.068	-1.510	.032
	H3	-.029	.035	-.025	-.812	.017
	H4	-.069	.058	-.043	-1.187	.036
	H5	-.003	.096	-.001	-.031	.045
	H6	.089	.035	.089	2.512	.012
	H7	.189	.054	.112	3.517	.000

a. Dependent Variable: S0 (Job satisfaction)

Table of Co-efficient was examined to study if independent variables are significant predictors of retention of front line sales employee. It was found arerecognition, company reward system, recognition of work, job role,company’s policy & procedures,supervision of work, work culture, interpersonal relations, remuneration, job status and job security were found to be significant while challenge in workand development& growth are found to be not significant at level of significance 0.05.

Hypothesis (H2):

H2: Job Satisfaction determines front line sales employee’s retention rate

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.783 ^a	.612	.586	.620
2	.689 ^b	.475	.458	.710

a. Predictors: (Constant), S12, S1, S6, S4, S7, S9, S0, S10, S8, S2, S5, S11, S3
b. Predictors: (Constant), S12, S1, S6, S4, S7, S9, S0, S10, S8, S2, S5, S11, S3, H2, H6, H5, H3, H7, M4, M0, M2, H4, M5, H0, M1, H1, M3
Dependent Variable: R0 (Employee Retention)

In the study, predictors: (Constant)recognition, company reward system, recognition of work, job role,company’s policy & procedures,supervision of work, work culture, interpersonal relations, remuneration, job status and job security. The table depicts that R-Square for the given table is 0.612. This means that 61.2% of the variation in the retention of front line sales employee (i.e. dependent variable) can be understood through 12 independent variables.

ANOVA ^a						
	Model	Sum of Squares	df	Mean Square	F	Sig. ^b
1	Regression	183.943	13	14.149	29.829	.000 ^c
	Residual	203.426	404	.504		
	Total	387.368	417			
2	Regression	237.252	27	8.787	26.100	.000 ^c
	Residual	150.116	390	.385		
	Total	387.368	417			
a. Dependent Variable: R0						
b. Predictors: (Constant), S12, S1, S6, S4, S7, S9, S0, S10, S8, S2, S5, S11, S3						
c. Predictors: (Constant), S12, S1, S6, S4, S7, S9, S0, S10, S8, S2, S5, S11, S3, H2, H6, H5, H3, H7, M4, M0, M2, H4, M5, H0, M1, H1, M3						

F ratio for the regression model in the above ANOVA table explains the statistical significance of the overall regression model. If the F value is large it depicts larger variance in the dependent variable which in association with independent variable. As observed, the F value has come out to be highest i.e. 29.829. Hence, the model is significant for the study. Hence, the hypothesis: Job Satisfaction determines front line sales employee’s retention rate has been proved.

Coefficients (a)						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.712	.422		1.685	.093
	S0	.136	.037	.172	3.636	.000
	S1	.153	.085	.100	-4.049	.000
	S2	.014	.116	.044	3.114	.002
	S3	.493	.103	.413	4.780	.060
	S4	-.093	.054	-.096	-1.739	.083
	S5	.126	.042	.108	7.536	.000
	S6	.135	.034	.108	1.864	.043
	S7	-.659	.071	-.489	-2.141	.033
	S8	-.459	.041	-.361	-1.224	.021
	S9	.043	.056	.036	.853	.034
	S10	.355	.049	.275	4.445	.000
	S11	.460	.057	.254	.767	.043
S12	.874	.055	.761	3.330	.001	
a. Dependent Variable: R0						

The co-efficient table was analysed to understand whether independent variables are strong indicators of retention of front line sales employee.

It determines challenging work and growth & development are found not to be of much significance at level 0.05 while satisfaction with recognition, company reward system, recognition of work, job role, company's policy & procedures, supervision of work, work culture, interpersonal relations, remuneration, job status and job security are found to be of high significance.

CONCLUSION

The conclusion can be drawn from the study that there is an impact of motivators as well as hygienic factors on the job satisfaction of the employees. Similarly, job satisfaction has an influence on retention of employees. After the analysis it was found that motivators and hygienic factors are present in the insurance sector but job satisfaction in reference to motivational factors like proper working conditions, supervision, etc. are low. It can be concluded supervision, working conditions, job status have a low influence on retention of front line sales employee of insurance sector

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