Effects of Pecuniary Benefits in Curbing Employee Turnover Intention Special Reference to Private Life Insurance Companies in Chennai

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Abstract

Background: Pay is an endless paradox in many business organizations, there is always a type of financial expectation gap exist among the human resources of all organizations. Despite remarkable attempts have been taken to arrest these issues, as a result of inflationary effect, life style changes, increase in cost of living etc., debilitates it further. **Methods:** Self administrated questionnaire was used to collect the response and samples were collected from employees of private life insurance companies. 1531 questionnaires were distributed among employees of private life insurance companies in Chennai region. There are 933 valid response were taken for the analysis. Ancova and multiple regressions were used to analyze the test results. **Findings:** The study results demonstrate that there is a significant relationship exists between employee motivation level and monetary benefits offered to them. Hence organizations can design their compensations including the monetary benefits offered to them keeping in mind it has impact in the intention to leave the organization. **Applications/ Improvements:** Can be used to motivate the employees and mitigate employee’s turnover intention, to reduce the employment cost, etc.

Keywords: Attrition, Economic Benefits, Employee Turnover Intension, Extrinsic Motivation, Life Insurance

1. Introduction

Pay structure and other related financial benefits for motivating employees exist in every organisation. Life insurance industry is not an exception for that, due to privatization of insurance industry in the last decade insurance companies is mushrooming in our India very swiftly. But as the concept of life insurance has been wrongly perceived by most of the people in India, hence selling insurance become a high pressure job. Though various channels have been formed and policies are sold through it. Agency channel being considered very prominent source for getting insurance policies. Many insurance companies appointed employees for recruiting agents for commission basis. Recruitment and getting business volume through agents being the task of sales personnel, but due to fear of rejections and wrong impression on life insurance and its allied products in the society, people reluctant to come forward for selling life insurance and its allied products, this has added fuel to the fire in sales personnel’s job.

In this scenario employee turnover rate is being very high compare to any other industry. The turnover rate is estimated to be 35-40 percentage in the industry by one of the leading employee research agency Ma Fai Rand stand. Pecuniary benefits being one of the prominent motivation tool to keep up employee morale and satisfaction for serving organization for a lengthy period. This paper attempts to address the effects of pecuniary benefits in curbing employee turnover intention.

The intentions of the organization on how its reward policies and processes should be developed to meet business requirement¹. The compensation-effort haggle is witnessed as the informal contract between employee and employers of many organizations². The equity theory

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work as cognitive process of motivation theory, employees react to “over-reward” or “under-reward”, they wanted to keep their reward and effort relationship compare to their peers/or others whom they feel they are at par with. When they get “over-reward” they feel lucky and when they are under paid they feel demotivating. The little association was found with pay practices as the constituent of high commitment organization. The nature of pay management seen to be high association with performance.

The hedonic wage theory, which is labor market, is driven by demand and supply. When the wage is too low then the excess demand of work force brings up the wage. When supply of workforce is too high then the excess supply will pull down the wage. Mismatch theory of turnover, the wage level is positively correlates with separation of employees, but not the wage growth. If the wage level is matched with worker expectation, then tenure of service and productivity increases. Previous studies were attempted to find out the correlation between job’s earning profile and tenure of employee in the organization. In their study they found there is a positive correlation exists between these two variables. The employees are less likely to move out of the job where the job which offers high wage growth than the job offers less wage growth.

There is a heterogeneity of wage growth among jobs, the past wage growth predicts the future wage growth of the company was observed by the previous researchers. Further, the previous studies stated that the supervisory and professional worker’s wages exhibit the serial correlation on wage growth and turnover but not all categories of workers was observed. According to the employee's unmet expectation positively associated with absenteeism and turnover.

The study carried out by, that “The basic hierarchal structure” which influences the reward framework in varied associations. At the point when an association develops it gives accentuation for aptitudes and skills and the capacity to enlist and hold amazing representatives. In any case, while valuable in its time this work is most important to the all in all bartered manual specialist pay structures of the 1960s and has less commonsense pertinence in the current setting. The estimation of this work depends on its methodology and its aspiration to define a structure for choice making – an accomplishment that has not along these lines been upgraded in precise way.

The study contends that remunerate methodologies ought to be custom-made to fit the business vital “compass” of a particular association. Be that as it may, conflicting to this perspective, the previous study, focused to the lack of confirmation for relationship in the middle of prize and key business issues. There is a troublesome arrangement of connections to unload and research. In any case it has gotten to be typical to attests that remunerate choices must fit business method and circumstances.

A study looked at the pay and business strategies of more than 200 US fabricating organizations. Isolating these into “Algorithmic” associations in by and large stable business sector circumstances and “Pragmatic” organizations in development segments, the study proposed that the previous class was most suited to customary reviewing structures, employment based (as unmistakable from individual-based) strategies and administration related pay movement. The development segment organizations would be more suited to giving a generally high extent of worker income to variable pay, such an execution pay. This study demonstrated a relationship between the distinguished business and pay procedures, yet not withstanding when firmly partnered, the linkages did not clarify the watched contrasts in relative corporate budgetary execution.

Drawing on the work of, it gives an expansive system to dissecting cutting edge hierarchical vital settings and the related pay methodologies. In this work there are three classes of business procedure – Innovation, Quality improvement and expense minimization. There model tries to distinguish the summed up representative practices needed to backing such methodologies and noteworthy reward strategy. Employees with high competency generally receives high wage hence they tend to shift frequently, the correlation between wage and turnover will not reflect the causal effect of wage and turnover. To improve the organization's effectiveness, person-based pay can be placed instead of job based pay as the organizations are becoming knowledge based and demands high potential knowledge workers than the unskilled employees and this model will encourage the employees to develop their competencies in order to get high paid jobs.

Summarized various studies that there is strong correlations exist between reward and organizational performance, but those correlations could not be disentangle by these studies. However the outcomes of the same such as job satisfaction, retentions, and employee’s performance are associated with reward. The result of the case study conducted by, it does not feature strongly on pay and high performance management. The transaction cost encourages to offers more open, longer-term employment.
contracts instead of short term contracts and it reduces the HR manager time.

2. Research Methodology

The self-administrative questionnaire was used to conduct the survey among the accessible population of 4500 junior level, middle level, and senior level employees in the private life insurance companies in Chennai. Sample size of 1531 was taken for the study but only 1158 questionnaire were received, out of which 933 completed valid response were taken. Employees of private life insurance company were met personally outside of their office to avoid high biased response. The questionnaire was designed with demographic and five elements such as salary, reward and recognition, work-life balance, career and development and questions on retention.

3. Results and Discussion

Table 1 shows various sub classes of the respondents participated in the study, where the gender has been categorized as (Male, Female and Transgender) understood that male respondents are more than that of other two sub group and there were no respondents fall in the category of transgender. The age group of 18-29 and 30-39 years are found dominants in the industry. More than half proportions of the employees are married and single were also witnessed comparatively. More than half the number of the employees have completed only UG or below. Most of the employees are having dependents 2-5 in their family, around 70 percent of the employees drawing the salary of 15000 or more. The least proportions of the respondent are only coming from rural areas.

It was found from the above table that the employee staying in the organization is very poor. Most of the employees are having less than 5 years of total experience. Many employees are belongs to sales manager or sales executive levels.

Table 2 depicts the result of the ANCOVA test between pecuniary benefits with regard to total experience, educational and income level.

The values in the above Table 2 show that there is no significance between pecuniary benefits and total experience, educational and income level together. Whereas, educational level and income levels are significance at p < 0.05 (where the Mean squares are 78.592 and 44.608, F values 3.809 and 2.162 respectively).
Table 2. Pecuniary benefits and total experience, education level and income level

<table>
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<th>Source</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
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<tbody>
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<td>Total Experience</td>
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<td>0.005</td>
<td>0.000</td>
<td>0.988</td>
</tr>
<tr>
<td>Educational Level</td>
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<td>78.592</td>
<td>3.809</td>
<td>0.023</td>
</tr>
<tr>
<td>Income Level</td>
<td>3</td>
<td>44.608</td>
<td>2.162</td>
<td>0.091</td>
</tr>
<tr>
<td>Education And Income Level</td>
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<td>22.110</td>
<td>1.072</td>
<td>0.369</td>
</tr>
</tbody>
</table>

Table 3 shows that Pearson’s correlation coefficient was calculated to relate pecuniary benefits and employee retention in the organization. The r values denote significant and positive correlation between the dimensions of the employee motivation and retention at p < 0.001 level.

4. Conclusions

This paper measured the association between the pecuniary benefits offered in private life insurance companies in Chennai region and their employee turnover intention. This study shows that there is an association exist between education, income level and the extrinsic motivation factors i.e., salary, rewards and recognition, work-life, career and development. Hence organizations can carefully draft its compensation packages, rewards and other career development programs in such a way that it motivates the employee with right spirit and make them work with their highest submission to the work.

5. References


