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# A Study of Retention of Financial Advisors in Future Generali India Life Insurance Company

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## **Abstract:**

*Future Generali India Life insurance Company, one of the latest entrants in the insurance sector, is providing total insurance solutions i.e. encompassing both life insurance and non life insurance segments to the customer. Starting its operations in April 2008, Future Generali India has emerged as one of the leading recruiters of financial advisors over a span of just one year. The work force consists of young blood i.e. majority belongs to age group of 23-28 years. Most of them have a total work experience of 1-5 years in the insurance industry. The company aims to retain its employees by adopting various retention strategies like- employee centric culture, favorable working conditions, good compensation, well defined career path, training facilities, rewards and recognition etc.*

*It was found from this research that the company has managed to satisfy their employees on most of the factors. This shows that the company has a good retention policy. To make the situation even better, the company may primarily focus on compensation as well as company's image. These factors are significantly associated with employee job satisfaction as per factor analysis and chi square Tests carried out in this paper.*

## **INTRODUCTION**

Managing retention is a constant challenge for all the organizations. In a study during the 2001-2003 recession, 90% of the 109 executives surveyed were finding it difficult to attract and retain the best talent in the organization (Dell and Hickey, 2002). The employee Retention means retaining employees in the organization for a longer period of time. This requires taking measures to encourage employees to remain in the organization for as long as possible. The primary objective for any employee is to earn money and there could be mobility of workforce between organizations. The organization needs to have well formulated policy to retain their valued Human Resources. For this, it is important to find out the expectations of the employee to stay in the job willingly for a long period.

Retention has always been part of the organizations overall strategy (Kiger, 2002), though it lost its significance due to financial obligations involved in the process. Employers are facing a lot of problems

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in retaining employees these days. Hiring talented and knowledgeable people for the job is indispensable for the organization. It is also important to retain critical talent already acquired by the company. There are plenty of good opportunities available for the talented employees. In such a scenario, retention becomes an even more important issue as people tend to switch from one job to another. Yet it is the talented people who make an organization climb the ladder of success. Employees have many reasons to stay or to leave any organization. There can be personal reasons or professional reasons. It is the utmost responsibility of employers to understand these reasons and take care of them. Organizations are becoming aware of the importance of human resource and hence adopted the statement: *"EITHER LOVE THEM OR LOSE THEM"*.

As per literature on Retention, the issue revolves around five broad categories namely: compensation, environment, relationship, growth and support. All these lead to satisfaction of employees which, in turn, encourages them to remain in the organization for the maximum period of time or at least till the completion of any project. This study, taking Future Generali India Life insurance Company as the case study, focuses on all above factors and then finds out which among them are significant in providing incentives to employees for staying in this company in the overall competitive environment of highly skilled Human resource availability.

## RESEARCH METHODOLOGY

Research conducted is descriptive in nature and primary data are collected through a questionnaire consisting of 18 questions and circulated to 50 financial advisors of Future Generali India Life Insurance Company. Personal interviews are also conducted with the HR manager of Future Generali to broaden the prior knowledge. Responses of questions in the questionnaire are measured on the 5-point Likert Scale. Secondary data are collected from journals, magazines and informative websites. Data collected, analyzed and presented using different methods. The analysis is carried out through a statistical program SPSS using statistical tools such as factor analysis and chi-square tests.

## RESULTS AND DISCUSSIONS:

- **Factor analysis** to extract those factors that motivate employees to stay in the organization.

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.615
Bartlett's Test of Sphericity	Approx. Chi-Square	135.492
	df	28
	Sig.	.000

A principal component factor analysis with varimax rotation was conducted to validate the underlying retention strategies that satisfy employees. The KMO measure of sampling adequacy value for the items was 0.615 (that is, > 0.6), indicating sufficient inter-correlations with the Bartlett's Test of Sphericity, which was also found to be significant.

The output of factor analysis is obtained by requesting principal component analysis and specifying the rotation. The first step in interpreting the output is to look at the factors extracted. As evident from table 1, (see annexure) looking at the cumulative percentage column, it was found that three factors extracted together account for 71.220% of the total variance. It is a good deal because with only 3 factors (reducing them from 8), we have lost only about 28% of the information content, while 71% is retained by the 3 factors extracted out of the 8 original variables.

Looking at table 1.1, the rotated factor matrix we notice that variables 'cordial relationship with supervisor and interesting work' have loadings of 0.816 and 0.848 respectively. This suggests that factor 1 is the combination of these two variables. So these factors can be interpreted as 'work and working environment'.

Now for factor 2 (in table 1.1), we see that 'good compensation' and 'company's image' have high loadings of 0.916 and 0.812 respectively. Thus indicating that factor 2 is a combination of these variables. These variables can be clubbed in a single factor called 'brand and compensation'.

As for factor 3 (as seen in table 1.1), it is evident that only 'appreciation of work done' has a high loading of 0.833. So this factor can be termed as 'recognition'.

So we can say that these three factors i.e.

- ✓ Work and working environment
- ✓ Brand And Compensation
- ✓ Recognition

are those factors which people seek to stay in any organization. Thus the company should focus on these three factors to retain their employees.

Further, the researcher has applied chi-square tests to test the association between these extracted factors and employee job satisfaction.

Hypothesis 1

H0: There is association between favorable working conditions and employees' job satisfaction level.

H1 : There is no association between favorable working conditions and employees' job satisfaction level.

### Chi-square tests

	Value	df	Asymp. Sig. (2-sided)	Monte Carlo Sig. (2-sided)		
				Sig.	Lower Bound	Upper Bound
Person Chi-Square	15.690*	12	.206	.280*	.176	.384
Likelihood Ratio	18.349	12	.105	.060*	.005	.115
Fisher's Exact Test	15.885			.120*	.044	.196
Linear-by-Linear ...	.215*	1	.643	.680*	.571	.789
N of Valid Cases	50					

- a. 18 cells (90.00%) have expected count less than 5. The minimum expected count is .08.
- b. Based on 50 sampled tables with starting seed 624387341.
- c. The standardized statistic is .463.

From the Chi-square test output table, we see that a significance level of 0.280 (Pearson's) has been achieved. For 90% confidence level, the significance level is 0.1 (i.e. 1-0.90). So the above result shows that at 0.280 (which is greater than 0.1), hence null hypothesis (H0) is rejected. And alternative hypothesis that there is no relationship between the two variables i.e. 'favorable working conditions' and 'employee job satisfaction' is acceptable.

Hypothesis 2

H0 : There is association between compensation of employees and employees' job satisfaction level.

H1: There is no association between compensation of employees and employees' job satisfaction level.

### Chi-square tests

	Value	df	Asymp. Sig. (2-sided)	Monte Carlo Sig. (2-sided)		
				Sig.	90% Confidence Interval	
					Lower Bound	Upper Bound
Person Chi-Square	29.542*	12	.003	.040*	.000	.086
Likelihood Ratio	33.301	12	.001	.000*	.000	.045
Fisher's Exact Test	28.079			.000*	.000	.045
Linear-by-Linear ...	17.234*	1	.000	.000*	.000	.045
N of Valid Cases	50					

- 18 cells (90.0%) have expected count less than 5. The minimum expected count is .04.
- Based on 50 sampled tables with starting seed 92208573.
- The standardized statistic is 4.151.

From the Chi-square test output table, we see that a significance level of 0.040 (Pearson's) has been achieved. For 90% confidence level, the significance level is 0.1 (i.e. 1-0.90). So the above result shows that at 0.040 (which is less than 0.1), there is significant relationship between the two variables i.e. 'compensation of employees' and 'employee job satisfaction'. Hence our null hypothesis (H<sub>0</sub>) is accepted.

#### Hypothesis 3

H<sub>0</sub> : There is association between the company's image and employees' job satisfaction level.

H<sub>1</sub>: There is no association between the company's image and employees' job satisfaction level.

### Chi-square tests

	Value	df	Asymp. Sig. (2-sided)	Monte Carlo Sig. (2-sided)		
				Sig.	90% Confidence Interval	
					Lower Bound	Upper Bound
Person Chi-Square	24.592*	12	.017	.020*	.000	.053
Likelihood Ratio	29.682	12	.003	.000*	.000	.045
Fisher's Exact Test	22.592			.000*	.000	.045
Linear-by-Linear ...	10.817*	1	.001	.000*	.000	.045
N of Valid Cases	50					

- 18 cells (90.0%) have expected count less than 5. The minimum expected count is .14.
- Based on 50 sampled tables with starting seed 1993510611.
- The standardized statistic is 3.304.

From the output table, the chi square test read a significance level of .020 at 90 per cent confidence level. For 90 per cent, significance level is 0.1, that is, (1-0.90), so the above result shows that at 0.020 (which is less than 0.1), so we accept Null hypothesis (H0) and reject alternate hypothesis (H1). Therefore, there is significant association between the 'company's image' and 'employees' job satisfaction level'.

Hypothesis 4

H0; There is association between compensation of employees and employees' job satisfaction Level.

H1: there is no association between appreciation for work done and employees' job satisfaction level.

### Chi-square tests

	Value	df	Asymp. Sig. (2-sided)	Monte Carlo Sig. (2-sided)		
				Sig.	Lower Bound	Upper Bound
Person Chi-Square	16.442*	12	.172	.140*	.059	.221
Likelihood Ratio	18.690	12	.096	.060*	.005	.115
Fisher's Exact Test	13.938			.220*	.124	.316
Linear-by-Linear ...	10.094*	1	.295	.380*	.267	.493
N of Valid Cases	50					

- 18 cells (90.0%) have expected count less than 5. The minimum expected count is .08.
- Based on 50 sampled tables with starting seed 957002199.
- The standardized statistic is 1.046.

From the output table, the chi square test read a significance level of 0.140 at 90 per cent confidence level. For 90 per cent, significance level is 0.1, that is, (1-0.90), so the above result shows that at 0.140 (which is greater than 0.1), we reject null hypothesis (H0) and accept alternate hypothesis (H1) i.e. there is no association between the 'appreciation for work done' and 'employees' job satisfaction level'.

### CONCLUSIONS & SUGGESTIONS for THE COMPANY

Literature on the company's retention of talented employees cites five factors that are necessary to retain high skilled employees in the organization. The empirical analysis of Future Genereli India Insurance Company on the basis of data collected through the questionnaire method, finds that following factors

have maximum loading to explain retention of employees in this company such as (1) Work and working environment (2) Brand/ image (3) Compensation (4) Recognition. Further statistical analysis on the basis of chi-square tests shows that good compensation and company's image are significant factors for which every employee seeks to stay at the job in this company. So the company may take note of these findings and try to develop their retention strategies revolving around these factors.

Overall the respondents seem to appreciate the mixture of both intrinsic and extrinsic rewards that the company has been offering to its employees. The company can strengthen its retention policy and develop brand image by following recommendations:

✓ As employee retention is related to employee job satisfaction, the company should energize all its efforts towards enhancing the satisfaction level of employees.

✓ As the job of the financial advisors is quite stressful, the company should come up with such activities that take care of the well being of the employees by making their jobs less stressful and enjoyable. More of recreational activities should be started in order to relieve stress.

✓ The company should ensure effective communication between different departments. As no single department can function in isolation, effective communication is the only tool that binds them together. This is a vital tool for the successful running of a business.

✓ Fringe benefits package should be improved. More benefits should be added to the package or existing benefits should be renewed to make the job more attractive so that employees feel motivated to stay at their respective jobs. From the survey it was found there was a large percent of respondents who felt that the fringe benefits package is fair.

As this company is a new venture in the insurance industry, employees find it very difficult to compete with the existing players to achieve higher market share. So the company may incur a little more promotional costs so that general public is familiar with this company and doesn't sound alien when financial advisors carry on their jobs.

## ANNEXURE

### Annexure 1: Factor analysis final statistics table

#### Total Variance Explained

Initial Eigen Values				Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative
1	2.849	35.618	35.618	2.849	35.618	35.618	2.645	33.065	33.065
2	1.738	21.720	57.338	1.738	21.720	57.338	1.839	22.988	56.054
3	1.111	13.882	71.220	1.111	13.882	71.220	1.213	15.166	71.220

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Research. Future Generali intranet

[www.chrmglobal.com](http://www.chrmglobal.com)  
[www.citehr.com](http://www.citehr.com)

4	.891	11.131	82.351						
5	.565	7.058	89.410						
6	.431	5.382	94.792						
7	.234	2.922	97.713						
8	.183	2.287	100.000						

Extraction Method: Principal Component Analysis.

**Table 1.1: final statistics**

	Component		
	1	2	3
Does "appreciation of work done" motivate you to stay at your present job?	.356	.071	.833
Does "cordial relationship with supervisor" motivate you to stay at your present job?	.816	.083	.194
Does "job security" motivate you to stay at your present job?	.514	-.463	.132
Does "good compensation" motivate you to stay at your present job?	.087	.916	-.059
Does "interesting work" motivate you to stay at your present job?	.848	.053	.064
Does "promotion and growth in an organization" motivate you to stay at your present job?	.603	-.046	-.607
Does "favorable working condition" motivate you to stay at your present job?	.673	.330	.033
Does "company's image" motivate you to stay at your present job?	.209	.812	.295

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization.  
 a. Rotation converged in 5 iterations.



**Table 1.2: Rotated Component Matrix**

	Component				
	1	2	3	4	5
Does 'WORKING FROM HOME' help you balance your work and family commitments?	.252	-.240	-.148	.724	.068
Does ' TECHNOLOGY like CELL PHONES/ LAPTOPS' help you balance your work and family commitments?	-.546	-.058	.097	.028	-.388
Does ' Being able to bring Children to work on occasions' help you balance your work and family commitments?	.078	-.052	.801	-.176	.038
Does 'Support from colleagues at work' help you balance your work and family commitments?	.512	.384	.374	-.187	-.210
Does 'Support from family members ' help you balance your work and family commitments?	-.046	.770	.065	.123	-.032
Does 'Flexible starting hours' help you balance your work and family commitments?	.368	-.002	-.569	-.338	-.153
Does 'Flexible finishing time' help you balance your work and family commitments?	-.071	.612	-.402	-.138	.210
Does 'Flexible hours in general' help you balance your work and family commitments?	-.154	.298	.058	.718	-.118
Does 'holidays/paid time offs' help you balance your work and family commitments?	.032	.027	.090	-.021	.879
Does 'job sharing' help you balance your work and family commitments?	.802	-.220	.001	.132	-.018

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization.  
 a. Rotation converged in 11 iterations.