2.1 INTRODUCTION TO ISSUES OF LITERATURE REVIEWED

A literature review is a critical and in depth evaluation of previous research. It is a summary and synopsis of a particular area of research, allowing anybody reading the paper to establish why you are pursuing this particular research program. Hence, the following literature review expands upon the reasons behind selecting a particular research title and its related objective, to give justice to the significance of the research.

This study investigated the influence of the motivating factors defined by the Herzberg on the job satisfaction and employee retention on the entry level sales employee in the Private Life Insurance Companies in India.

2.1.1 Defining Employee Retention and Employee Turnover

Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project.

Turnover is a concern for all organizations and employees, but especially in large insurance organizations. Voluntary turnover occurs when employees choose to discontinue employment in favour of opportunities with another organization. The decision to resign from an organization is evidenced by an employee’s withdrawal behaviour and can include negative attitudes, tardiness, frequent absenteeism and turnover (Firth, et al., 2004) 31. The term ‘turnover’ refers to employee movements that create vacancies within an organisational unit (Beach, et al., 2003) 32


These vacancies may be the result of resignations, transfers, retirements, dismissals, or the completion of fixed term contracts. These reasons that can be attributed to high employee turnover in the organization (Zheng and Lamond, 2007) 33.

Employee turnover has been a major issue and it has been noted frequently that employee have a stronger than average tendency to leave their current employer to work for another (Gaan, 2011) 34. Employee Retention involves taking measures to encourage employees to remain in the organization for the maximum period of time. Retention is defined as a voluntary move by an organization to create an environment which engages employees for long term (Chaminade, 2007) 35. Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Employee retention is beneficial for the organization as well as the employee.  

(naukrihub.com, 2011) 36

Employee retention refers to the ability of an organization to retain its employees. Employee retention can be represented by a simple statistic (for example, a retention rate of 80% usually indicates that an organization kept 80% of its employees in a given period). However, many consider employee retention as relating to the efforts by which employers attempt to retain employees in their workforce. In this sense, retention becomes the strategies rather than the outcome.

In a Business setting, the goal of employers is usually to decrease employee turnover, thereby decreasing training costs, recruitment costs and loss of talent and organizational knowledge. By implementing lessons learned from key organizational behaviour concepts, employers can improve retention rates and decrease the associated costs of high turnover. However, this isn't always the case. Employers can seek "positive turnover" whereby they aim to maintain only those employees who they consider to be high performers. (www.wikipedia, 2012)  

### 2.1.2 Significance of Employee Retention

(Premji, 2013) said Talented men leave, Dead wood doesn’t. Philosophically, employee retention is important; in almost all cases, its senseless to allow good talent to leave organization. When they leave, they take with them intellectual property, relationship, investment (in both time & money) and future of the organization.

Talent retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs. A strong retention strategy becomes powerful recruitment tool.

It is a known fact that retaining your best talent ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning. Retaining Intelligent employers always realize the importance of retaining the best talent. Retaining talent has never been so important in the Indian scenario; however, things have changed in recent years.

37 www.wikipedia.com, information retrieved on 14th July 2012

In prominent Indian metros at least, there is no dearth of opportunities for the best in the business, or even for the second or the third best. Retention of key employees and treating attrition troubles has never been so important to companies in an intensely competitive environment, where HR managers are poaching from each other, organisation can either hold on to their employees tight or lose them to competition. For gone are the days, when employees would stick to an employer for years for want of a better choice. Now, opportunities are unlimited. It is a fact that, retention of key employees is critical to the long-term health and success of any organisation. The performance of employees is often linked directly to quality work, customer satisfaction, and increased product sales and even to the image of a company. In fact, some reports suggest that attrition levels in IT companies are as high as 40 per cent. The only way out is to develop appropriate retention strategies.

In India there are few sectors where the attrition level is much larger compared to other sectors.

For example: Insurance, IT sector and BPO. Whereas there are organizations like Air India, HAL, BARC where the attrition is nearly 5% or less than that. Companies attract, develop and retain talented young people, while it is relatively easy to attract these people, long term success depends on satisfying them. So the key issue is retention & not recruitment. Talent turnover is one of the largest though widely unknown cost as organisation faces.

2.1.3 Definition of Motivating Factors

(Herzberg, et al.,1959) 39 contradicted to traditional view of uni-scalarity of job satisfaction and argued that job satisfaction and dissatisfaction move on the two separate and independent scales.

In semi-structured interviews, (Herzbergs et al.) asked the following questions in semi-structured interview from 203 engineers and accountants of the United States of America: Think of a time when you felt especially good about your job. Why did you feel that way? and think of a time when you felt especially bad about your job. Why did you feel that way? Critical incident technique was employed to analyze the responses in order to identify the factors responsible for favourable and unfavourable job attitudes of the respondents. The motivators and hygiene factors were emerged from the description of the actual job situations where motivators accounted for 40 percent of the reasons for dissatisfaction and hygiene factors accounted for 60 percent of the reasons for the dissatisfaction. Herzberg noted that motivators occur more frequently than hygiene factors in satisfying events while hygiene factors occur more frequently than motivators in dissatisfying sequences. Herzberg concluded that primarily job content factors such as achievement, recognition, work itself, responsibility, growth and advancement which are the sources of job satisfaction and improved performance deserve to be termed as motivators.

 Whereas distinct set of job context factors such as working conditions, salary, job security, supervision, interpersonal relations, company policy and administration which are the determinants of job dissatisfaction justify to be called as hygiene factors. Job satisfaction includes one’s feelings and attitudes exhibited through one’s behaviours toward another person or group (Patterson, Warr & West, 2004) ⁴⁰. (Riggio, 2008)⁴¹ says two-factor theory suggested that motivational factors include intrinsic motivators that lead to employee satisfaction.


Examples of intrinsic motivational factors include job design, empowerment and involvement (Gilgeous, 1998).\textsuperscript{42} Hygiene factors are extrinsic motivators that can lead to satisfaction in organizations. Examples of hygiene factors include money, benefits, and relationships with employers and employees (Riggio, 2008).\textsuperscript{41}

Abraham Maslow proposed that extrinsic needs must be initially fulfilled before employees achieve intrinsic needs (Greenberg, L., 2002).\textsuperscript{43} Maslow’s hierarchy of needs theory reinforced the importance of initial achievement of extrinsic needs through learned behaviour. Once their extrinsic needs are fulfilled, then employees are motivated to achieve intrinsic needs in organizations. The first level of the hierarchy, physiological needs include basic needs for survival, such as food, oxygen, and water. Once physiological needs are satisfied, then employees become motivated to fulfil additional needs. Second level, safety needs seek to maintain a stable and protective work environment for employees. Employees in organizations desire a stable work environment to fulfil additional needs, such as the need to belong. Third level, belonging needs include acceptance and understanding within interpersonal relationships with family, friends, peers, and management. The fulfilment of belonging increases unity and togetherness. The fourth level, esteem needs derive from respect of oneself and effective relationships with others. Self-esteem includes characteristics such as confidence, independence, and achievement. Effective relationships between peers and management include characteristics such as recognition, acceptance, and appreciation.


The highest level of the hierarchy, self-actualization, empowers employees to achieve their purpose with their personal and professional goals.

Adam’s equity theory measured job satisfaction from employee’s input and output in organizations. The balance between input and output determines employee turnover and satisfaction. Initially, employees contribute their input to achieve various organizational goals and objectives. Examples of input include employee’s time, effort, resources, equipment, and use of the physical work environment to manufacture products and fulfill service demands. In return, employees expect to receive rewards for their efforts, such as bonuses, recognition, or gifts from management. Management expects employees to contribute higher levels of productivity, performance, and increased profitability within companies. Examples of output include the quality and quantity of products and services based on work productivity and work performance.

Satisfaction is achieved when rewards are received based on employee contributions of time and energy to fulfill their work responsibilities. However, inequity between an employee’s input and output causes dissatisfaction within corporations (Greenberg, 2002).43

(Fairris, 2004)44 proposed that inequity is an imbalance between employee’s hard work and provision of rewards. There are two types of inequity, such as underpayment and overpayment inequity. Underpayment inequity occurs when employee’s efforts exceed the expectations of their rewards. Underpayment inequity occurs when excessive demands of products and services cause employees to drastically increase production to fulfill the organizational expectations.


The level of compensation from corporations does not match the employee’s level of production. In return, the inadequate levels of compensation drastically reduce employees’ satisfaction. As a result, unsatisfied employees are motivated to adequately fulfill their extrinsic motivators by seeking better employment opportunities (Greenberg, 2002) 43

(Greenberg, 2002) 43 described overpayment inequity as an imbalance when rewards exceed employees’ efforts to complete work responsibilities. Similar to underpayment equity, (Fairris, 2004) 42 agreed that overpayment inequity is an imbalance when compensation exceeds the demands of manufactured products or services. The imbalance between input and output leads to “work place relaxation”, which causes employees to reduce their productivity when employees know they are needed to fulfil organizational demands. Similar to underpayment inequity, the lack of challenge and variety of job responsibilities decrease employees’ work productivity, performance, and job satisfaction. Consequently, unsatisfied employees are motivated to resign from their existing jobs to fulfil additional needs.

(Greenberg, 2002) 43 expectancy theory focused on fair distribution between employees contributions and rewards. Expectancy theory states that employees expect monetary and nonmonetary rewards when their time, energy, and work responsibilities have improved products and services. The fulfilment of employees expectations through rewards and recognition determines the intensity of their productivity and performance.


Appelbaum, et al., 2005) supported that expectancy theory occurs when rewards from management are fairly distributed to employees. The attraction and challenges to obtain rewards motivate employees to increase work performance and productivity.

2.1.4 Motivation

Internal and external factors that stimulate desire and energy in people to be continually interested and committed to a job, role or subject, or to make an effort to attain a goal.

Motivation results from the interaction of both conscious and unconscious factors such as the (1) intensity of desire or need, (2) incentive or reward value of the goal, and (3) expectations of the individual and of his or her peers. These factors are the reasons one has for behaving a certain way. An example is a student that spends extra time studying for a test because he or she wants a better grade in the class.

Motivation is defined as the process that initiates, guides and maintains goal-oriented behaviours. Motivation is what causes us to act, whether it is getting a glass of water to reduce thirst or reading a book to gain knowledge.

It involves the biological, emotional, social and cognitive forces that activate behaviour. In everyday usage, the term motivation is frequently used to describe why a person does something. For example, you might say that a student is so motivated to get into a clinical psychology program that she spends every night studying.

Psychologists have proposed a number of different theories of motivation, including drive theory, instinct theory and humanistic theory. (http://en.wikipedia.org/wiki/Motivation , retrieved on 18-8-13)


46 www.businessdictionary.com/definition/motivation.html , retrieved on 18-8-13

47 http://en.wikipedia.org/wiki/Motivation , retrieved on 18-8-13
There are three major components to motivation: activation, persistence and intensity. Activation involves the decision to initiate a behaviour, such as enrolling in a psychology class. Persistence is the continued effort toward a goal even though obstacles may exist, such as taking more psychology courses in order to earn a degree although it requires a significant investment of time, energy and resources. Finally, intensity can be seen in the concentration and vigour that goes into pursuing a goal. For example, one student might coast by without much effort, while another student will study regularly, participate in discussions and take advantage of research opportunities outside of class.

**Extrinsic Vs. Intrinsic Motivation**

Different types of motivation are frequently described as being either extrinsic or intrinsic. Extrinsic motivations are those that arise from outside of the individual and often involve rewards such as trophies, money, social recognition or praise. Intrinsic motivations are those that arise from within the individual, such as doing a complicated cross-word puzzle purely for the personal gratification of solving a problem.

Motivation is a psychological feature that arouses an organism to act towards a desired goal and elicits, controls, and sustains certain goal-directed behaviours. It can be considered a driving force; a psychological one that compels or reinforces an action toward a desired goal. For example, hunger is a motivation that elicits a desire to eat. Motivation is the purpose or psychological cause of an action. (http://psychology.about.com/od/mindex/g/motivation-definition.htm , retrieved on 18-8-13)

48 http://psychology.about.com/od/mindex/g/motivation-definition.htm , retrieved on 18-8-13


2.1.5 Defining hygiene factors and motivators

In the 1950s, Frederick Herzberg studied employee satisfaction and motivation and eventually came up with his dual dimensional job satisfaction theory. Herzberg believed that the two dimensions of job satisfaction are dissatisfiers (he called them "hygiene" factors) and satisfiers, also called motivators. His theory was that employees can be retained through minimizing dissatisfaction and maximizing satisfaction. Dissatisfiers include factors such as administration, company policy, working conditions, supervision, relationships and salary. Satisfiers include the job, promotion, achievement, responsibility and recognition. (Syptak, et al., 1999)\(^{49}\). One of the few consistent findings regarding job satisfaction is that it is inversely related to turnover and absenteeism rates (Vroom, 1964).\(^{50}\)

2.1.6 Life Insurance Sector in India

The role of financial development and economic growth has been well established by researchers and economic analysts in their empirical studies. These studies established the role of financial institutions and financial intermediaries in fostering economic growth by improving the efficiency of capital accumulation, encouraging savings and ultimately improving the productivity of the economy. Now, the research has shifted from the established link between financial development and economic growth to understanding factors that affect the overall financial services, and thus the underlying factors that lead to improving financial development.


Insurance is one of the important financial services that can trigger growth in an economy by channelling long-term savings for productive purposes and providing a shield against the risk associated with any activity related to productivity, assets or life. Recent studies show that the insurance industry can improve economic growth through financial intermediation, risk aversion and generating employment (Outreville, et al., 2002)\(^\text{51}\)

By identifying the macroeconomic factors that promote the demand for life insurance, it would be possible to find out the factors that actually work as a catalyst in promoting financial development and thereby economic growth. The level of insurance demand can be influenced by economic, demographic and legal factors. Despite the findings of several influencing factors affecting life insurance demand and the promotion of life insurance development, there is gentle guidance for the policymakers to focus on specific factor/s to foster the life insurance development. More importantly, the focus on the demand side has neglected the supply side of the life insurance market. The causal relationship between insurance development and economic development has been well studied (Arena, 2008)\(^\text{52}\) who found that insurance activity does promote economic development. The study of (Han, et. al., 2010)\(^\text{53}\) found that insurance development (life and general) plays a much more important role in economic development in a developing economy than in a developed economy.

There are few important studies on the Indian life insurance industry that need to be highlighted, as these are pioneer works in this sector.


The work of (Ranade and Ahuja, 1999)\textsuperscript{54} justified the reforms in the insurance sector and evaluated the performance of the state-run life insurer LIC. (Rao, 2000)\textsuperscript{55} has examined the implications of reforms in the life insurance industry and advocated a cautious approach along with institutional and legal reforms.

There are some other notable studies that have tried to examine the trends and growth of the insurance sector in India in the post-insurance reform period, such as the works of (Sinha, 2004)\textsuperscript{56} who theoretically explains the state of development in India's insurance market and enumerates the opportunities and challenges offered by the insurance market in the years to come. (Rajagopalan, 2004)\textsuperscript{57} in his study, tried to examine the impact of liberalization of the insurance market in valuing term insurance products in the Indian market to determine whether or not competition has brought down the cost of premiums.

(Tone and Sahoo, 2005)\textsuperscript{58} examined the cost efficiency of LIC in the post-reform era and estimated cost efficiency of all the life insurers operating in India in the post-reform period and found improved cost efficiency.


The study of (Mitra and Ghosh, 2010)\(^{59}\) studied the post-reform situation of the Indian rural life insurance market and the role played by all the insurers in this market. The study also highlighted the emerging role of the Post Office Savings Bank in spreading life insurance cover to the rural areas.

The very recent study of (Mitra and Ghosh, 2009)\(^{60}\) finds that Gross Disposable Personal Income (GDPI) and Financial Development (FD) are the most significant and positive factors in driving life insurance demand in India. Further, the study of (Vadlamannati, 2008)\(^{61}\) shows that insurance reforms have a positive effect on economic development in India.

---


This study is also significant as the new Insurance Bill, which will allow more reforms (e.g. increasing the Foreign Direct Investment (FDI) cap of foreign insurers from the present level of 26 per cent to 49 per cent) in the insurance sector, is pending with the Indian parliament.

(Sinha, 2004) quoted that with over a billion people, India is growing rapidly towards a global economic power. With a relatively youthful population, India will become an attractive insurance market over the next decades.

(Ashraf & Faiz, 2008) analysed India's insurance sector in post privatization period and emphasized on need of privatization in insurance sector both in life and general insurance. The study found low insurance penetration and density in life insurance as well as general insurance in India. The study raised different issues like cost efficiency and development of insurance business.

(Ghosh, 2011) attempted to study the relationship between life insurance sector reforms in India and the growth of life insurance business by constructing an index to measure the reforms to find out long run relationship. He concludes that the relationship between the insurance sector reforms and development of life insurance sector in India is bi-directional which denote the huge potentiality of the life insurance market


2.1.7 Employee retention in other sector (BPO / IT / ITES)

The dynamic nature of Human Resource Management in ITES (BPO) sector has inspired many researchers belonging to different faculties of knowledge to study the various issues related to the high employee attrition in BPO industry. Many studies have been conducted on studying the nature and state of high employee attrition in BPO industry and also in addressing the serious attrition problem.

(Mike, 2009) observed that Staff attrition (or turnover) represents significant costs to technology and business process outsourcing companies. High attrition rates drive up training costs, and increase human resources, recruiting, and productivity costs. They also increase the prospect of customer service complaints or quality problems, and create substantial continuity problems for longer-lived projects. (Mike, 2009) investigated the causes of job hopping in the Indian BPO sector which has been rising disastrously due to the high attrition rate in the BPO industry.

(Agarwal, 2008) feels that the challenge in the BPO industry is lack of discipline. While there is a similarity with the manufacturing industry, a worker on the shop floor does not have the options that the BPO employee has. BPO employees belong to a generation that does not like rules – they have had multiple choices from the time they were born. The minute you hurt the dignity and self-respect of the people of this generation, they are bound to leave, which is probably the reason the attrition rate is so high.


(Vivek Kumar, 2008) assessed that the present salary package in BPO industry is not as lucrative as compared to other industries. In his opinion, redesigning of the total pay package and inclusion of some short term incentives could help maintain attraction for these jobs.

(Radhika, 2008) records that 40% attrition happens in first 120 days of hiring. The cost of replacing a front-line employee, even by conservative estimates, is very high. She says that your best bet therefore would be to curb attrition not fuel it where it hurts the most. Author also says develop ‘retention matrix’ to keep track of and continue to reward your best performers.

(Raja and Bhasin, 2014) in the article titled “Issues and concerns of health among call center employees” listed in detail the stress factors and ailments peculiar to some call centers and BPO companies in the country.

(Anandkumar and Biswas, 2008) in their extensive study on BPO companies across the globe, reports that the call centre industry across the globe have high attrition rates.

---

In India, it is college graduates, who do not look at the call centre industry as a long term career, who are joining. The biggest reason for people leaving a BPO organization is ‘lack of self-respect and dignity. While most companies focus on attrition in the operation floor, the bigger challenge is attrition during training, which is double that of attrition at the operation level. This could be the result of excessive zeal to meet CSAT scores, which in many cases are linked to variable pay

(Rosenthal 2008)\textsuperscript{71} in the research paper “Why the Attrition Rate at Indian BPOs is 23.5 Percent observed that the attrition rates at Indian BPOs are an important criterion as outsourcing buyers determine the best location for their offshore work. Key findings of the paper include: the remuneration structure is not as competitive in BPO firms as they are in the rest of the Indian market, the short-term variable pay was just four percent last year while the rest of India’s workers enjoyed 10 percent, the attrition rate at BPOs in the year 2008 was 23.5 percent compared to 15 percent in the general market, the benefits package mainly focused on retirement benefits, which is a disconnect since most of these workers are in their 20s.

(Anandkumar and Biswas, 2008)\textsuperscript{70} had spent time analyzing the youth trend in their book. In the book, the current generation, with its radical thought processes and behavioural traits, to be the torch bearers of change, the most important ingredient in India’s future as a global business leader. They call them the ZAP86 generation and categorically confirms that they influence the overall purchase decision in every home today. Babies born in 1986 became five-years-old in 1991, when economic reforms were introduced in India.


At the age of five, a child can consciously start making decisions. People from this generation onwards have thrived in a booming, liberalized economy. Their upbringing, attitude, and values are very different from Indians of yester years. They believe that the ZAP86ers have an individual spirit with a dash of self-indulgence. Except for non-aggression, they are not ready to carry the older values of sacrifice, savings, being dominated by elders, or being submissive in any sense. The earlier generation lived for their parents and their children; the ZAP86 generation, having grown up in an atmosphere of choice, lives for themselves. Those born after 1986 are exposed to society’s new character, and so they sport very divergent world views and attitudinal approaches. They are not seeking the security of a steady job and they are not in any compromising mode.

To sustain business tomorrow, they say, the industry has to make the effort to understand the ZAP86 generation in depth, and any process or value creation of every deliverable has to be based on this generation.

Research conducted by (Chaudhuri ,2007) shows that the causes of attrition/turnover in the Indian ITES industry are unchallenging work environments, long working hours, and limited career growth, less promotional opportunities, lack of proper leadership, non-attractive compensation packages, job opportunities elsewhere and poaching of talent by the competitors. Indeed, voluntary turnover, popularly termed ‘job hopping’, has been a persistent problem for human resource management practitioners.

(Booth and Hamer ,2007) found that labour turnover is related to a variety of environmental and organizational factors such as company culture and values.

73. Booth and Hamer (2007). Labour turnover is related to a variety of environmental factors and organizational factors such as company culture, etc.: from indarticles.com/p/articles/mi_6769/is_2.../ai_n31872195 - accessed on 13th September 2009.
supervisory style, fair pay, corporate value, giving support to each other, trust and respect between employees, manageable workload, development and career building satisfaction and degree of job satisfaction.

(Raina, 2007) highlights how the growth of attrition rates has been a major concern for the last couple of decades. It is found that attrition was more common with the age group of 20-25 years and within three months of joining the organization.

(Gupta and Gupta, 2008) reports that BPO is growing at a phenomenal pace. Despite its momentous growth and bright future, the BPO industry continues to suffer from very high attrition rates. New employees come with a lot of enthusiasm but their motivation gets depleted as job realities unfold with the passage of time. Attrition can be combated by enhancing the perceived value of working in a BPO. BPO needs to be repositioned and the positive value of working in BPO sector needs to be brought out.

(Krishnamurthy, 2007) writes that a stress-related job and bad dietary habits are a lethal combination, which makes this BPO sector susceptible to lifestyle-related diseases-like obesity, diabetes and high blood pressure.

---


(Bhagat, 2006)\textsuperscript{77} gives a clear and live description of the stressful work environment in call centres which leads to high level of attrition.

(Srivastava, 2007)\textsuperscript{78} in ‘BPO’s Young and Troubled’ a survey to capture the challenges faced by BPO employees in India summarized the problems as: odd work timings, working at night and sleeping during the day which upsets a person’s natural bio-rhythm, monotonous job and repetitive job that offers little diversity which results in low job satisfaction, performance targets, close monitoring by supervisors and linkage of performance to pay and cultural clash.

2.1.8 Causes of Employee Retention in other sector

According to (Jessica et. al 2010)\textsuperscript{79}, Employee attrition can be attributed to both push and pull factors. Push factors involve employee intentions to switch jobs as a result of situational elements, and are usually related to job dissatisfaction. Pull factors, on the other hand, act as driving forces that attract an individual toward alternative work placements.

\textsuperscript{77} Chetan Bhagat (2005). One night @ the call center: New Delhi, First Edition. Rupa and company


Push Factors and Employee Attrition

Push factors create conditions that influence an employee to withdraw from the work situation. Internal to the job, push factors evolve as a result of unhappiness, or employee mis-match, with job requirements, interpersonal relationships or organizational values.

Pull Factors and Employee Attrition

In contrast to push factors, pull factors are external conditions that attract employees away from their work, usually to another job, career or employer. Pull factors offer intrinsic or extrinsic rewards that become available if employees quit their current jobs. Pull factors most commonly include offers of better compensation, more interesting work, better opportunity for promotion, and/or a desire to return to academic studies.

The E-Sat (Employee Satisfaction) Survey conducted by (Chakravorty, 2007) 80 to investigate the reasons of stress in workplace, concludes that stress is an integral cause of employee turnover and depleted productivity. It explored a number of possible factors that lead to stress. This industry is characterized by unusual work hours (BPO mostly caters to customers in the West and the time difference could vary from 8-12 hours on an average); never-ending night shifts; high work targets; repetitive nature of work; pressure to work on metrics; non-negotiable metrics; irate customers and insufficient holidays. Furthermore, BPO executives are faced with the quality versus quantity conflict. Each factor by itself contributes to different levels of stress; when combined, they could even be traumatic. Employee motivation soon gets depleted. This ultimately leads to very high levels of dissatisfaction with work, resulting in employee turnover.

Author concludes that a high rate of attrition is due to factors like higher salary expectation, work timings and other career options.

Research on attrition in BPO industry by (Joshi, 2007) 81, was on retention strategies. He has identified a number of factors responsible for rapidly driving the employees away from the BPO industry. The factors are: (a) unsatisfactory monetary rewards; (b) discommited working hours; and (c) dull and monotonous jobs. He added that employee dissatisfaction in the BPO industry is mounting due to lack of clarity about expectations, benefits and feedback. It was pointed out that organizational culture in some of the BPO companies is so bad that no employee can survive.

2.1.9 Impact of Employee Retention on the Organization

The term ‘turnover’ refers to employee movements that create vacancies within an organisational unit (Beach, Brereton, and Cliff 2003) 32. These vacancies may be the result of resignations, transfers, retirements, dismissals, or the completion of fixed term contracts. (Hale ,1998) 82 stated that employers cited recruitment costs of 50% to 60% of an employee’s first year’s salary and up to 100% for certain specialized, high-skill positions.

(Abbasi and Hollman, 2000)\textsuperscript{83} 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.

(Elangovan, 2001)\textsuperscript{84} has argued that there is a reciprocal link between organizational commitment and turnover intention, i. e. lower commitment increases turnover intention, which lowers commitment further.

(Adhikari, 2009)\textsuperscript{85} finds that there are significant effects of four dimensions. Factor related to work related issues have the highest effect on attrition. Factors pertaining to employer related issue and skill of employees have almost the same effect. Interestingly, the compensation has the lowest effect on attrition. It means that employees give more importance to the quality of job and employer’s treatment than salary. It implies that employers should be more careful in assigning tasks to particular employees and a work group, based on the employee’s interest.


2.1.10 Association between Motivating Factors and job satisfaction

Herzberg an American Behavioral scientist suggest that people show their dissatisfaction with salary, job security or organization policy. However, improvement regarding these dissatisfying factors do not necessary mean to have satisfying employees. He identifies motivators like recognition, achievement and growth. According to him, these might be helpful to raise job satisfaction level .The independent effect of hygiene factor is inconclusive and have been revisited repeatedly.

According to (Bradley and Brian, 2003) 86, employees job satisfaction is pleasure that an employee derives from his/her Job. An attitudinal variable describe how people feel about their job. Similarly, (Sousa-Poza and Sousa-Poza , 2000) 87 suggest the balance between inputs and out puts determines job satisfaction. According to the concept, human has basic and universal needs and that, individual needs are fulfilled in their current situation, and then that individual will be happy. Job satisfaction depends on balance between work role inputs (pain)- like education, working time, effort, and work out puts(pleasures) like wages, fringe benefits, status, task importance, working conditions, and intrinsic aspects of the job. If work outputs (pleasures) are relative to work role inputs (pains).


As per the (Hackman & Oldham 1976) 88 theory of job characteristics, the concept of this theory revolves around five-core work and three psychological dimensions. Skill variety, task identity, task significance, autonomy, and task feedback are the work attributes that result in three psychological states namely meaningfulness of work, responsibility for work outcome, and knowledge of work activities.

(Ivancevich 2003) 4 defined job satisfaction as feeling and perception of a worker regarding his/her work and how he or she feels himself well in an organization. According to (Davis & Newstrom 1999) 89, job satisfaction is an experience, which has various aspects. The most significant aspects are those, which are relevant to working conditions and the nature of work. Low job autonomy, low job security, low wages and lack of expectation for promotion negatively affect job satisfaction of employees (Guest, 2004) 90. (Spector,1997) 91 refers to job satisfaction in terms of how people feel about their jobs and different aspects of their jobs.


(Ellickson and Logsdon, 2002)⁹² support this view by defining job satisfaction as the extent to which employees like their work.

(Schermerhorn, 1993)⁹³ defines job satisfaction as an affective or emotional response towards various aspects of an employee’s work.

(Reilly, 1991)⁹⁴ defines job satisfaction as the feeling that a worker has about his job or a general attitude towards work or a job and it is influenced by the perception of one’s job.

(Wanous and Lawler, 1972)⁹⁵ refers job satisfaction is the sum of job facet satisfaction across all facets of a job.

Abraham Maslow (1954) suggested that human need from a five-level hierarchy ranging from physiological needs safety, belongingness and love, esteem to self-actualization. Based on Maslow’s theory, job satisfaction has been approached by some researchers from the perspective of need fulfilment (Kuhlen, 1963)⁹⁶.

---


Job satisfaction and dissatisfaction not only depends on the nature of the job, it also depend on the expectation what is the job supply to an employee (Hussami, 2008)\textsuperscript{97}.

Lower convenience costs, higher organizational, social, and intrinsic reward will increase job satisfaction (Mulinge and Mullier, 1998)\textsuperscript{98}.

Job satisfaction is complex phenomenon with multi facets (Fisher and Locke, 1992)\textsuperscript{99} it is influenced by the factors like salary, working environment, autonomy, communication, and organizational commitment.

Arnold and Feldman (1996)\textsuperscript{100} promoted factors such as temperature, lighting, ventilation, hygiene, noise, working hours, and resources as part of working conditions. The worker would rather desire working conditions that will result in greater physical comfort and convenience. The absence of such working conditions, amongst other things, can affect poorly on the worker’s mental and physical well-being (Baron and Greenberg, 2003).

Robbins (2001)\textsuperscript{101} advocates that working conditions will influence job satisfaction, as employees are concerned with a comfortable physical work environment. In turn, this will render a more positive level of job satisfaction.


Arnold and Feldman (1996)\(^{100}\) shows that factors such as temperature, lighting, ventilation, hygiene, noise, working hours, and resources are all part of working conditions. Employees may feel that poor working conditions will only provoke negative performance, since their jobs are mentally and physically demanding. Nonmonetary rewards are used to recognize employee’s contribution and work performance. They can increase an employee’s satisfaction and reduce turnover. Examples of nonmonetary rewards include gifts, public praise, or thank you notes from managers.

Allen and Helms (2001)\(^{102}\) suggested that nonmonetary rewards are effective ways to increase employees’ productivity. They listed examples of nonmonetary rewards, including “group celebrations, flex time benefits and comp time”. Additional rewards include “personal thank you notes, certificates of appreciation, verbal recognition from their immediate boss”.

(Newstrom, 2002)\(^{103}\) suggested nonmonetary reward programs create a relaxed work environment. A relaxed work environment increases an employee’s level of satisfaction and organizational commitment. The relaxed work environment also decreases voluntary turnover and absenteeism. In addition to those listed above, examples of nonmonetary rewards include recognition of employee’s birthdays and anniversaries, employee of the month, group celebrations, annual barbeques, sporting events, and bring your child or pet to work days.

---


Employers recognize their employees’ contributions through letters of appreciation or by leaving a personalized voice mail of gratitude. Additional awards can include awards and plaques acknowledging employees’ contributions. The individual and group oriented reward programs are used to increase productivity and performance. In addition, higher levels of productivity and performance lead to future success and profitability. Within insurance companies, levels of management use awards to recognize employees to improve work performance and productivity. The levels of performance and productivity increase customer service (Kontogiorghes & Bryant, 2004). (Hackman and Oldham, 1976) suggested that the job design can increase satisfaction. Various job types enable employees to utilize skills, and experience variety, task identity, autonomy, and feedback. (Gilgeous, 1998) supported that jobs can be designed to enhance an employee’s ability to “provide feedback and increase responsibility”.

Job designs can actively engage employees to establish and execute outcomes that are “meaningful and significant” Within insurance companies, levels of management use job designs to increase employee satisfaction and enhance the quality of service. It is designed to increase employee loyalty and reduce turnover to establish long-term relationships with patients, physicians and vendors (Wade & Kleiner, 1998).


Riggio (2003) suggested a job design model wherein job characteristics increase employees’ satisfaction. The model possesses characteristics such as skills variety, task identity, autonomy, and feedback. Skills variety focuses on the importance of fulfilling various responsibilities in the organization. Task identity identifies ways to establish realistic and obtainable goals in order to successfully complete job responsibilities. Task significance focuses on the completion of job responsibilities that affect peers, vendors, and customers. The last characteristic, autonomy, enables employees to complete various and meaningful work responsibilities successfully. In return, employees desire consistent feedback from managers to ensure the completion of work tasks and performance are meaningful and significant.

Another intrinsic motivator, empowerment, is associated with employee satisfaction. Empowerment enables employees to make decisions and possess tremendous responsibility to positively affect organizational practices. Empowerment causes employees to increase their level of expertise and responsibility to execute important decisions. Empowerment enables employees to exercise autonomy and complete meaningful work responsibilities. As a result, employees with high levels of empowerment, autonomy, and responsibility exhibit increased satisfaction and possess positive attitudes about their careers. Also, employee empowerment leads to reduced levels of turnover (Bowen & Lawler, 1992).

Within insurance companies, management use empowerment to enhance employees professional and personal development. Empowerment is designed to increase employees ability to initiate and execute ways to resolve organizational issues, improve the quality of service and reduce turnover.


There are two types of empowerment; structural and psychological. Structural empowerment focuses on physical conditions of the work environment. Companies with open workspace often present contemporary art and colour to create a comfortable environment for employees and customers.

The open work environment increases employee motivation and eliminates territoriality among employees and managers. The new arrangement of physical space increases communication and cooperation among all involved. The cooperation between employees and managers leads to flexible schedules and work life balance to fulfil both personal and professional goals. Meanwhile, corporations reduce expenses in areas of operations, manufacturing, and workstations. As a result, the open work environment contributes to low employee turnover and absenteeism. The modification of traditional work spaces into a large open work environment enhances work performance and productivity.

The second type of empowerment, psychological, focuses on one’s beliefs, abilities, and behaviours. Psychological empowerment possesses four characteristics: choice, competence, meaningfulness, and impact. Choice enables employees to obtain “power, control and influence” (Baruch, 1999)\(^{108}\).

Competence allows employees to become secure with their decision-making processes. Meaningfulness enables employees to understand their responsibilities as significant. Impact allows employees to have the ability to exercise authority and an action plan from their decisions to improve operational activities (Laschinger, Finegan, Shamian, & Wilk, 2004)\(^{109}\).


Organizations, especially insurance companies use extrinsic motivators, such as wage incentive programs to reduce turnover and increase job satisfaction (Beer, Cannon, Baron, & Dailey, 2004). These monetary rewards positively benefits employees, employers, and shareholders. They motivate employees to increase levels of performance and productivity. Monetary reward programs benefit employers and shareholders through levels of competition among employees to exceed standards of performance.

Managers provide rewards to empower employees as investors with two types of monetary rewards such as team and competency systems. The personal interest as investors is expected to increase employees’ motivation and satisfaction. For example, many companies provide employees with stock options as equity based incentives (Landsberg, 2004). Some companies provide employees with fixed unit awards, such as shares of company stock.

Williams and Sunderland (1998) agreed that monetary incentives, especially stock options are the most effective way to reward employees.

Stock options enable employees to perceive themselves as “stakeholders”. As investors, employees are motivated to invest their time and resources to successfully complete responsibilities because the level of customer service and productivity affects the valuation of company stock (Landsberg, 2004).

Stock options motivate employees to increase their productivity and performance in order to contribute toward the future success of the organization (Williams & Sunderland, 1998).

---


Examples of team-based rewards are employee stock ownership plans (ESOPs) and profit sharing plans. Profit sharing and employee stock ownership plans come from the organization’s profit. The profit, in turn, comes from employees’ levels of productivity, performance and customer service. In return, the provision of extrinsic motivators drastically increases revenue and shareholders return (Beer et al., 2004)\(^\text{110}\).

Team compensation systems enable companies to increase employees motivation, satisfaction, and create a sense of unity (Zobal, 1998)\(^\text{113}\). It also supported that team compensation systems, employee stock ownership plans or profit-sharing plans, increase “productivity, satisfaction, product and service quality”. The assessment of teams comes from overall objective outcomes. Examples of outcomes might include earned capital assets and reduction of operational expenses. Team based rewards are provided when objective outcomes are achieved. The provisions of team rewards are used to acknowledge their contributions to fulfil organizational needs. The acknowledgement of their contributions enhances their work performance and productivity.

Another type of compensation system, competency based pay scales assesses employee’s skills, abilities, knowledge, and personality characteristics. The assessment of competency-based pay scales comes from subjective outcomes. The subjective outcomes are perceptions of an individual or group of managers who evaluate employee’s skills, knowledge, and personalities. Examples of subjective outcomes include the ability to possess leadership skills, teamwork, and mastery of work culture. Occasionally, managers assess employees’ skills, abilities, and personalities using objective outcomes, such as earned revenue from sales, and completed percentage of their workload within a specific timeframe.


Intrinsic and extrinsic motivators enable satisfied employees to focus on customer loyalty and satisfaction rather than just customer service. Fox (2001)\(^{114}\) suggested that satisfied employees who focus on customer loyalty and satisfaction increase competition and quality of customer service against rivals.

Silvestro (2002)\(^{115}\) proposed that job satisfaction is a feeling that affects employee loyalty within organizations. Employee loyalty and intentions to quit are associated with organizational commitment. Organizational commitment is one’s level of dedication and devotion to organizations. It affects one’s level of job satisfaction and voluntary turnover. There are three types of organizational commitment. The first type, affective commitment enables employees to actively participate with activities to achieve personal, professional, and organizational goals. Affective commitment includes employee involvement and engagement in activities to achieve organizational and professional goals. In the second, continuance commitment, individuals remain employed due to their existing and potential investments. Example of investments includes benefits, such as tuition reimbursements, pension, and retirement plans.


2.1.11 **Association between job satisfaction and employee retention**

Rahman, Naqvi, and Ramay (2008)\(^{116}\) 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 in Pakistan.

Van Dick (2004)\(^{117}\) have also identified job satisfaction as a predictor of turnover intention, however, they argue that it is a mediating variable between organizational identification and turnover intention.

Much of today’s theory on voluntary turnover stems from the ideas put forth on an employee’s intent to leave a job. A meta analysis that was performed on this issue emphatically pointed out that a fundamental way of decreasing employee turnover is to raise the level of job satisfaction. Psychologists stress that when these expectations are not met, the employee’s job satisfaction and organizational commitment levels will be lowered and the employee will leave. The relationship of job satisfaction to employee turnover has been heavily researched in recent years and is by far one of the main predictors of turnover (Griffeth, Hom, & Gaertner, 2000)\(^ {118}\).

---


(Moncarz, Zhao and Kay, 2009) found that supervision, promotion process, employee communication, and fringe benefits were positively correlated with job satisfaction and negatively correlated with intent to leave and voluntary turnover. However, job satisfaction alone is a result of factors such as human resource practices within the organization. Existing studies have not been able to find a link between organizational service orientation and employee job satisfaction.

According to Spector (1997), job satisfaction is the extent to which people like or dislike their jobs. Spector suggested that job satisfaction is a general or global affective reaction that individuals hold about their job.

Locke (1976) defined job satisfaction as a pleasurable emotional state resulting from the appraisal of one’s job. This definition suggested that people form attitudes towards their jobs by taking into account feelings, beliefs, and behaviour.

Job satisfaction has been labelled as a central variable in both research and theory of organizational behaviour. (Spector, 1997) refers to the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs.


2.1.12 Association between Motivating Factors and employee retention

Mahmood (2010)\textsuperscript{121} has derived results from a survey of 3200 responses working in all sectors of the economy. The findings observed that motivators associated with intrinsic drivers outweigh movers linked to financial inducement, and observing others from benefitting recognition and extrinsic rewards.

(Muhammad and Muhammad, 2011)\textsuperscript{122} Variables like career development, supervisor support, work environment and work life balance are having impact on employee retention in BPO industry.

\textbf{Figure No. 2.1:} Factors having impact on employee retention in BPO Industry

\begin{center}
\begin{tikzpicture}
  \node[rectangle, draw] (1) {Career development};
  \node[rectangle, draw, below of=1] (2) {Supervisor support};
  \node[rectangle, draw, below of=2] (3) {Work Environment};
  \node[rectangle, draw, below of=3] (4) {Work life Balance};
  \node[rectangle, draw, right of=1, xshift=2cm] (5) {Employee Retention};
  \draw[->] (1) -- (5);
  \draw[->] (2) -- (5);
  \draw[->] (3) -- (5);
  \draw[->] (4) -- (5);
\end{tikzpicture}
\end{center}

Source: (Muhammad and Muhammad, 2011)

Keeping people is arguably the most challenging aspect of running a business today. The answer lies in the fact that there is no one set of answers. People are different, so their reasons for doing anything are different.

\textsuperscript{121} Mahmood A. B., (2010), Motivation and Dissatisfaction of Pakistani Pharmaceutical Salesforce, Interdisciplinary Journal Of Contemporary Research In Business, April 2010, Vol 1, No 12

Salaries, perks, challenges, designations, foreign assignments may drive people for some time, most of the people also seek stability for themselves. Therefore, an HR manager needs to identify and create systems and processes that will retain employees. (Mishra, 2007)\textsuperscript{123}.

The willingness of employees to change jobs is affected by the job market within communities. When unemployment statistics are low, the job market provides opportunities for potential candidates to change jobs. Companies can attract potential candidates with incentives of higher salaries and benefits. The opportunity to obtain a more attractive set of incentives motivates employees to change jobs (Firth et al., 2004)\textsuperscript{124}.

(Beach et al., 1991)\textsuperscript{125} suggested that image theory identifies two components, screening and domains which are used during the decision making process of voluntary turnover. The use of screening and domains must be compatible for employees to contemplate quitting their existing position. Screening is defined as processed information that affects one’s behaviour during turnover. Screening is achieved through one of three images, which in turn are expectations that employees use to compare the existing and future positions. The three images are value, trajectory, and strategic. Value images are an employee’s professional and personal values and ethics; trajectory images remind employees of their professional and personal goals; and strategic images are ideas to achieve specific personal and professional goals.


Screening these images enables employees to begin the decision making process with their values, goals, existing job status, and the possibility of resigning from their current organizations (Lee & Mitchell, 1994)\textsuperscript{126}.

The second component of image theory, domain enables employees to make comprehensive decisions among their needs, goals, and existing positions. Domains constitute employees’ needs and desires regarding their professional and personal lives. Examples of domain include areas of family, friends, careers and socialization. The specific areas of personal and professional concerns enable employees to consider possible changes about their status within organizations. The combination of ideas through images and domains allows employees to contemplate whether quitting is necessary to fulfil personal and professional goals, needs, and values.

The Author also proposed that employees resign from their jobs due to the shock of expected or unexpected events. A shock is an emotional and physiological response to events that causes indecision regarding the status of events and their jobs within corporations. These responses usually cause employees to exhibit erratic behaviours in order to minimize the shock.

Consequently, irrational behaviours can cause employees to experience excessive absenteeism, be disciplined for inappropriate behaviour, or impulsively resign without another job as security (Spreitzer & Mishra, 2002)\textsuperscript{127}.


\textsuperscript{127} Spreitzer, G.M. & Mishra, A.K., (2002). To stay or to go: voluntary survivor turnover following an organisational downsizing. Journal of Organisational Behaviour, 23(6), 707-729
The contributors to turnover arise from stress and conflict within organizations. Stress is a physiological reaction to stimuli that requires change within the environment or interpersonal relations with peers, levels of management, and customers. (Firth et al., 2004)\textsuperscript{124} suggested there are two types of stress: dispositional and situational. Situational stress occurs when employees experience demands from work responsibilities. Examples of situational stress include excessive workload, multiple deadlines of projects, and dangerous work conditions.

Dispositional stress occurs when employees experience problems with peers, management, and customers. Examples of dispositional stress include problems with communication and adjusting to various personalities. Stressors are external demands that cause tension and require forms of change. Examples of stressors within the workplace include “role ambiguity, role conflict, work overload and work family conflict”. (Firth et al., 2004)\textsuperscript{124} also says that role ambiguity occurs when employees receive vague guidelines to complete work responsibilities. Role conflict occurs when one’s behaviour and attitude interferes with others. Work overload includes excessive demands and expectations to complete tasks. Work family conflict occurs when employees allow work to become a higher priority than spending time with family and children.

Riggio (2003)\textsuperscript{41} suggested that conflict comes from a lack of satisfaction and inadequate interpersonal relationships among employees and managers. Various types of conflict include intra-individual, inter individual, intergroup and inter organizational. Intra individual conflict arises from an individual who encounters two incompatible goals and must wrestle internally with choices and priorities in order to decide which goal to pursue.


Inter individual conflict emanates from two employees attempting to achieve their goals, while attempting to sabotage the goals of their competitors. Examples of inter individual conflict include intense competition between employees for a desired position. In a work team environment, intra group conflict occurs when a person or percentage of a work team attempts to achieve their personal goals rather than goals of the work team. Examples of intra group conflict include a member of the team abusing company time and equipment to achieve personal goals rather than fulfilling organizational goals (Sadri & Tran, 2002)\textsuperscript{128}.

Inter organizational conflict occurs when companies compete to achieve organizational needs in order to fulfil external sources, such productivity, marketing, and capital. Examples of inter organizational conflict include companies creating strategies to increase revenue and remain in business against rivals. As a result, various types of conflict and organizational demands cause employees to become dissatisfied and lead to turnover. Turnover causes organizations to experience tremendous loss of employee’s efforts, experiences, and talent. It contributes to excessive costs. Turnover expenses contribute approximately 5% of corporations’ annual budgets. Various types of conflicts increase expenses in areas of recruiting, training, productivity and compensation (Waldman et al., 2001)\textsuperscript{129}.


2.1.13 Employee Retention in Private Life Insurance in India

Pathak and Tripathi (2010)\textsuperscript{130} have done a literature review on the issues related to the reasons for and consequences of employee loss and how management may deal with turnover in various industries, in order to have a fair understanding of the strategies that could be adopted by insurance companies.

According to Pathak and Tripathi (2010)\textsuperscript{130} Primary Needs and Social & Esteem Needs as the major influencers of job satisfaction. It is necessary for all levels of managers in sales function to understand that motivation can increase job satisfaction. According to their Sales Force Turnover study, organizational identification feeds into job satisfaction which, in turn, predicts turnover intention.

Zheng and Lamond (2009)\textsuperscript{131} found out that training, size, length of operation and the nature of the industry are significantly related to turnover. Determining what constitutes ‘high turnover’ is a complex issue, because there is no simple linear relationship between turnover rates and the social and/or economic performance of companies. Issues ranging from poor job fit, lack of recognition or support from senior management, uncertainty about the organization’s future and poor management communication are some of the reasons why people start looking for other opportunities.

\textsuperscript{130}. Pathak S. and Tripathi V., (2010), Sales Force Turnover: An Exploratory Study of the Indian Insurance Sector, management 5.

According to Zheng and Lamond (2009)\textsuperscript{131} reasons that can be attributed to high employee turnover in the insurance sector are:

i. It is a high pressure job. It is expected from an employee to understand the customer’s needs and sell the products accordingly. This process involves a high level of persuasion and a sustained effort for a long period of time. A lot of people succumb to such pressures.

ii. The expectation achievement gap adds to the turnover. Many people are lured to the profession with a high earning potential. However, to earn a decent income, agents require a lot of patience, perseverance, and persuasion in the field. During early phase, the earnings of the agents are low despite hard work. This expectation achievement gap leads many of them to break down in the initial period of joining the profession.

iii. Scarce skilled or experienced human resource in insurance market leads to wide – scale poaching and head – hunting amongst the competitors. The industry has yet to witness mature HR processes, like work force planning, training, motivation and retention.

iv. The lack of pre planned recruitment leads the firms to indulge in poaching human resources working in other insurance firms.

Employee Turnover is perhaps paid the least attention among various employees issues. It is shrugged off as inevitable. Few companies take a proactive approach towards reducing employee turnover. It always includes substantial costs of replacing the key employee who fall into the category of high performers. Replacing includes the costs of recruitment advertisement, referral bonuses, selection testing, training costs, etc. Moreover, turnover results in loss of time and efforts, low productivity, loss of morale, loss of knowledge and so on.


88
Organizations that keep the front line staff motivated and equip them with the right tools are most likely to enjoy long term superior performance. The challenge of creating a dynamic, enthusiastic, motivated front line environment is an opportunity in disguise for organizations. Organizations need employees who are committed, flexible, and ready to participate in decision making. Retaining such employees in the organizations is becoming imperative in today’s competitive environment. Behavioural research studies show that all human activities including jobs are directed towards satisfying certain needs. Patterns of individual behaviour and motivation differ, because individuals seek to fulfil different sets of needs in different ways as adopted from their environmental and social back-grounds.

Das (2009)\(^{132}\) HR Head, says ICICI Prudential Life Insurance has 15 to 20 per cent annual attrition at managerial level while frontline attrition is 40-50 per cent. “Of this, 50 to 60 per cent attrition would be involuntary as performance-led exits have been higher this year,”. Also he adds that “We do not have a phenomenon where top performers leave. Insurance is still witnessing high attrition at the entry levels”.

(Sengupta and Basu, 2013)\(^{133}\) say Life insurance companies, which are battling 70% to 100% frontline attrition and a depleting middle and senior management, are doing their best to project an employee-friendly face. From pursuing change management to beefing up internal job postings and holding more learning and development programmes, companies are doing everything they can to shed the weather-beaten image the sector seems to be stuck with.

\(^{132}\) Das J., HR Head, ICICI Prudential Life Insurance Co. Ltd, are you loosing the good people? Business Today, 03rd May 2009

\(^{133}\) Sengupta D. & Basu S. (2013). Life insurance companies struggling to retain employees, pursue change, Economic Times, 13th May 2013
"Earlier, a sales insurance employee was not associated with the brand and could have sold any other product, but now, companies want to focus on retention, give attractive career opportunities and better compensation,” says (Sharma,2013)\textsuperscript{134}. 

Still, the task is challenging, with big names in the industry too finding it difficult to attract employees. Post the downturn in 2007-08 and stricter regulations to plug insurance scams, companies were faced with people quitting en masse to join sectors like business process outsourcing. Besides, selling life insurance is not glamorous. One needs to understand products and each family's needs and it can be quite morbid. (Sharma,2013)\textsuperscript{134} adds.

Factors like Equitable Rewards, Employment Conditions, Self Esteem, Career Growth, team spirit and participative climate, constitutional aspects, eminence in work place and social relevance of work are having direct impact on the employee attrition in Insurance sector. Staff attrition (or turnover) represents significant costs to the organizations high attrition rates drive up training costs, and increase human resources, recruiting, and productivity costs (Mike 2009)\textsuperscript{135}.

The causes of attrition/ turnover are unchallenging work environments, long working hours, and limited career growth, less promotional opportunities, lack of proper leadership, non attractive compensation packages, job opportunities elsewhere and poaching of talent by the competitors. Indeed, voluntary turnover, popularly termed 'job hopping’, has been a persistent problem for human resource management practitioners (Chaudhuri , 2007)\textsuperscript{136}.

\textsuperscript{134} Sharma S. (2013). Life insurance companies struggling to retain employees, pursue change, Economic Times, 26\textsuperscript{th} April 2013


Employee turnover is related to a variety of environmental and organizational factors such as company culture and values, supervisory style, fair pay, corporate value, giving support to each other, trust and respect between employees, manageable workload, development and career building satisfaction and degree of job satisfaction (Booth and Hamer 2007).\(^\text{137}\)

Even stress can be one of the factor having influence on employee retention (Krishnamurthy 2007).\(^\text{76}\).

(Bhagat 2005)\(^\text{77}\) also gives a clear and live description of the stressful work environment which leads to high level of attrition.

Low job satisfaction, performance targets, close monitoring by supervisors and linkage of performance to pay and cultural clash leads to employee turnover in the organization. (Srivastava 2007).\(^\text{78}\).

Adhikari (2009)\(^\text{138}\) finds that there are significant effects of factor related to work related issues and related employer issues have same effect on the attrition.


\(^{76}\)Krishnamurthy S. (2007). A stress-related job and bad dietary habits are a lethal combination, which makes this BPO sector susceptible to lifestyle-related diseases-like obesity, diabetes and high blood pressure: - accessed from linkedin.com/pub/sheela-krishnamurthy/18/887/813 on 28th November 2009.

\(^{77}\)Chetan Bhagat (2005). One night @ the call center: New Delhi, First Edition. Rupa and company


Industrial sales persons (Study based on DFT theory of Herzbergs) motivation leads to costs, absenteeism, turnover and productivity, because high sales force motivation leads to high performance. Factors like Self satisfaction from doing a good job Satisfy Customer Needs, Meet Family Needs, Increase chance of Promotion, Make more money are the strong motivators while factors like Acknowledgement, Company Policy, Field support Earnings, Job Status can be the strong dissatisfiers.

Motivators such as work itself, recognition, growth and promotion opportunities are determinants of job satisfaction among pharmaceutical salespersons. Surprisingly, hygiene factors such as job security, operating procedures, relationship with supervisor, relationship with co-workers, and pay/fringe benefits are also found to be satisfiers rather than dissatisfiers (Mahmood 2010). Organizational identification feeds into job satisfaction which, in turn, predicts turnover intention (Pathak and Tripathi 2010).

Also it is 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 in Pakistan (Rahman, Naqvi, and Ramay 2008). However researcher identified that job satisfaction is a mediating variable between the employee motivation and turnover intention (Dick et al.,2004).

Private Life insurance companies, which are battling 70% to 100% frontline attrition (Sengupta and Basu 2013)\(^{133}\) and cost of recruiting new employees is 50% to 60% of an employee’s first year’s salary and up to 100% for certain specialized, high-skill positions (Hale 1998)\(^{139}\)

### 2.1.14 Level of Job Satisfaction and intent to leave the organization among Sales Workforce of life insurance companies.

Apart from the practical difficulty in conducting turnover research among people who have left an organization, some researchers suggest that there is a strong link between intentions to quit and actual turnover. Empirical studies have linked job satisfaction and performance to an individual’s intent to quit the organization (Bishop, Scott, & Burroughs, 2000)\(^{140}\).

With the high cost of turnover, many organizations are interested reducing the number of employees who leave the organization voluntarily (Firth, et al., 2004)\(^{31}\).

Many researchers have attempted to answer the question of what determines an employee’s intention to quit recognizing the importance for practitioners. However, to date, there has been little consistency in the findings of the researchers.


Firth, et al. (2004)\textsuperscript{31} suggest that it may be due to the diversity of the constructs and consistency (or lack thereof) of the measurements. Becker (1992)\textsuperscript{141} developed his own scale by combining two other scales demonstrating the lack of consistency among scales.

The relationship between satisfaction and turnover has been consistently found in many turnover studies (Lum et al., 1998)\textsuperscript{142}. They suggested that it is a difficult task in an organization to motivate employees in a way that produces mutual benefits for both the employees and the organization. An effective motivational model can lead to an employee’s job satisfaction and achievement of organizational goals.

(Mobley et al 1978)\textsuperscript{143} indicated that overall job satisfaction is negatively linked to turnover but explained little of the variability in turnover.

\textbf{2.1.15 Influence motivating factors on sales employee retention in private life insurance sector}

Since this private life insurance sector in India started from 2002, We could not find the literature in the field of influence of motivating factors on sales employee retention in private life insurance sector in India.


\textsuperscript{141} Becker, T. (1992). Foci and bases of commitment: Are they distinctions worth making?

Academy of Management Journal, 35, 232-244.


2.2 GAPS IDENTIFIED IN THE LITERATURE

In order to find out the gap in literature, many research papers, theis, journals and other sources have been reviewed and it was identified that research on employee retention and employee job satisfaction in other sectors like IT/ITES, BPO, Pharmaceutical and other sector has been done. No other researcher made attempt to find out the the influence of motivating factors on sales employee retention in private life insurance sector in India.

Researcher has studied several literatures in the field of employee retention and from different sectors, and 15 arguments have been formed. These arguments seem to be suitable for making comparative evaluations of the research issues in employee retention as depicted in Table 2.2.1:

A. Defining Employee Retention and Employee Turnover
B. Significance Of Employee Retention
C. Definition of Motivating Factors
D. Motivation
E. Defining hygiene factors and motivators
F. Life Insurance Sector in India
G. Employee retention in other sector
H. Causes of Employee Retention in other sector
I. Impact of Employee Retention on the Organization
J. Association between Motivating Factors and job satisfaction
K. Association between job satisfaction and employee retention
L. Association between Motivating Factors and employee retention
M. Employee Retention in Private Life Insurance in India
N. Level of Job Satisfaction and Intent to Leave the organization Among Sales Workforce of life insurance companies.
O. Influence of motivating factors on sales employee retention in private life insurance Companies

**Table 2.1: Gap Analysis of Literature Review.**

<table>
<thead>
<tr>
<th>Year</th>
<th>95</th>
<th>96</th>
<th>97</th>
<th>98</th>
<th>99</th>
<th>00</th>
<th>01</th>
<th>02</th>
<th>03</th>
<th>04</th>
<th>05</th>
<th>06</th>
<th>07</th>
<th>08</th>
<th>09</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue</td>
<td>ER</td>
<td>ER</td>
<td>ER</td>
<td>ER</td>
<td>ER</td>
<td>ER</td>
<td>ER</td>
<td>ER</td>
<td>ER</td>
<td>ER</td>
<td>ER</td>
<td>ER</td>
<td>ER</td>
<td>ER</td>
<td>ER</td>
<td>ER</td>
<td>ER</td>
<td>ER</td>
<td>ER</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>+</td>
<td>+</td>
<td>++</td>
<td>++</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>+</td>
<td>+</td>
<td>+++</td>
<td>+++</td>
<td>+</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>++</td>
<td>+</td>
<td>+</td>
<td>+++</td>
<td>+</td>
<td>+++</td>
<td>+++</td>
<td>+++</td>
<td>+++</td>
<td>+++</td>
<td>+++</td>
<td>+++</td>
<td>+++</td>
<td>+++</td>
<td>+++</td>
<td>+++</td>
<td>+++</td>
<td>+++</td>
<td>+++</td>
<td>+++</td>
</tr>
<tr>
<td>G</td>
<td>++</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>++</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>L</td>
<td>+</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>+</td>
<td>+</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td>++</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Developed by Researcher for this study)
2.3 CONCLUSION

The researcher has reviewed various literatures and it may be concluded that there are various factors affecting employee retention like growth, reward, responsibility, job stress, work pressure, recognition, salary, job status, working conditions, company policy, management approach, job status, supervision style, incentives & perks, better opportunity, interpersonal relations, non strategic recruitment, work life balance etc. Also it is also found that motivating factors defined by F. Herzberg are associated with job satisfaction and employee retention. It is also proved that job satisfaction is a mediator between employee retention and presence of motivating factors.