Factors Affecting Employee
Retention in Nepalese Insurance Sector

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Abstract

This study investigates the relationship between employee retention and issues within Nepalese insurance companies. The research uses a descriptive and causal-comparative design to explore the challenges of high turnover rates and employee dissatisfaction. The population includes 11,496 employees, with a focus on 385 employees. Data collection involves surveys with selected participants, primarily through closed-ended questions. The findings reveal significant relationships between employee retention and factors such as rewards, workload, career development opportunities, and work culture. Rewards are identified as the most influential factor, with a strong positive impact on retention. Career development opportunities and work culture also play significant roles in retaining employees. Workload has a more modest effect on retention. The study emphasizes the importance of a positive work culture, which can enhance employee morale and reduce turnover.

Keywords: *Work culture, Workload, Career development opportunity, Reward, Employee retention*

Background

Organizations now have serious concerns about employee retention, especially in the insurance companies where excessive employee turnover can have a detrimental effect on productivity, quality of service, and overall business performance. The purpose of this study is to look at the variables that affect staff retention at insurance companies, a well-known insurance companies in Nepal. The literature now in publication identifies a number of critical elements that support employee retention, such as pay, benefits, and company

culture (Sawaneh & Kamara, 2019). In addition to helping businesses lower the costs of employee attrition, effective employee retention programs also help them build a more dedicated and engaged workforce, which boosts overall performance.

However, given the high turnover rates seen in this industry, staff retention in insurance companies has emerged as a critical concern. Employee unhappiness and burnout can result from the fast-paced, demanding nature of contact center employment as well as the repeated, frequently tedious duties involved (Pigman, 2017). The ongoing stress of meeting performance standards and managing difficult client interactions can be detrimental to workers' mental and emotional health. As a result, workers might look for other jobs that provide a better work-life balance and opportunity for professional advancement (Yadac, 2021).

High staff turnover in insurance companies has far-reaching effects on many different facets of organizational effectiveness (Yadac, 2021). First and foremost, poor service quality and organizational continuity are hampered by experienced employees leaving on a regular basis. Contact centers spend a lot of money on hiring and onboarding new employees, which raises overall costs and takes management's focus away from other important tasks. Moreover, because consumers may frequently deal with unskilled and new agents, high turnover has a negative impact on customer satisfaction. This may lead to unfavorable client experiences, a decline in patronage, and possible harm to the company's image (Dhanpat, 2018).

The importance of staff retention in contact centers has been acknowledged, and researchers and industry professionals have worked to find solutions. To varied degrees of effectiveness, traditional retention techniques including pay increases and performance-based incentives have been used (Harika, 2020). These strategies might not, however, adequately address the particular difficulties faced by insurance companies workers. Thus, it's important to investigate and create novel strategies that go beyond accepted wisdom and address the underlying causes of staff attrition in contact centers.

It is challenging for firms to discover and maintain critical skills and personnel when retention methods are lacking. Additionally, when there is a good fit between an employee's personal aims and the organization's goals, they are more likely to stay with the latter. This is because they share comparable values. Enhancing retention and the value fit between the organization and its employees can be achieved via the implementation of strategic human resource management methods. The retention of insurance companies staff has been a concern for insurance companies, which has affected the company's overall service delivery and operational efficiency. In order to solve this problem, the business needs to take a close look at its training initiatives, organizational culture, and pay system to find areas that need work and create a thorough plan for keeping current employees (Akther & Tariq, 2020).

The study analyze the impact of rewards, workload, career development opportunities, and work culture on employee retention in Nepalese insurance companies. This research intends to provide actionable insights for reducing turnover by aligning organizational strategies with employee expectations for career growth, mental well-being, and a supportive work environment. By addressing these factors, insurance companies can foster a more loyal, motivated, and high-performing workforce, which is essential for sustaining long-term organizational success.

Literature review

Chauhan and Guleria (2024) emphasized career development and recognition initiatives as effective retention practices within the Indian hotel industry, suggesting that similar strategies could benefit insurance companies. Employees who had professional growth opportunities and received regular acknowledgment exhibited higher job satisfaction and a lower tendency to leave. This aligned with findings from Davras and Davras (2024), who highlighted that a strong sense of calling fostered job satisfaction and lowered turnover intentions. Employees with meaningful, purpose-driven work connections were less likely to quit, indicating that insurance firms could benefit from fostering a sense of purpose among their staff.

Jiang and Huang (2024) applied simulation modeling in insurance companies to streamline operations and boost retention. By optimizing workflows and reducing inefficiencies, companies could enhance both productivity and employee satisfaction, which indirectly influenced retention. The study encouraged adopting simulation tools to address operational bottlenecks, emphasizing their broad applicability in the insurance sector.

O'Brady, Doellgast, and Blatter (2024) explored the challenges of outsourcing, particularly in contact centers, revealing its negative impact on employee well-being due to issues like vendor failures and abusive customers. The study suggested that insurance companies implement more robust management techniques to mitigate these adverse effects, thereby supporting employee retention. Similarly, Sharma and Sharma (2024) focused on customer satisfaction's role in employee retention within telecom services, showing that positive customer interactions reduced employee turnover. This implied that maintaining high service quality could enhance retention in insurance companies.

Bharath (2023) highlighted the importance of non-financial factors, such as career growth, recognition, and a supportive work environment, in retaining employees in South Indian hospitals. This aligned with Chaudhary, Nasir, and Rahman (2023), who found that high stress and workload negatively impacted job satisfaction and retention in Pakistani insurance companies. To counteract this, companies were advised to address stress management and workload concerns actively. These studies collectively suggested that fostering a positive work environment and recognizing employee contributions were key non-monetary retention strategies for insurance companies.

Musalem, Olivares, and Yung (2023) emphasized managing client wait times to reduce employee stress and improve retention. Shorter wait times correlated with lower job stress and higher satisfaction, making it easier for companies to retain staff. Similarly, Sorn et al. (2023) demonstrated that while competitive pay was important, a positive work culture and job satisfaction significantly impacted employee retention in insurance companies, indicating the need for a holistic retention approach.

Joshi and Rathi (2021) examined morale, stress management, and leadership's role in retention, finding that transformational leadership—marked by support and motivation—promoted employee loyalty. Both studies emphasized that fostering a supportive, less stressful environment was crucial for retaining employees.

Research framework

To establish a foundation for the study, a thorough review of relevant literature was conducted to identify the key independent and dependent variables. This initial literature review informed the construction of the schematic diagram presented in Figure 1, which visually represents the relationships between these variables. Based on the insights from the literature, the primary aim of this study is to evaluate the following hypothesis:
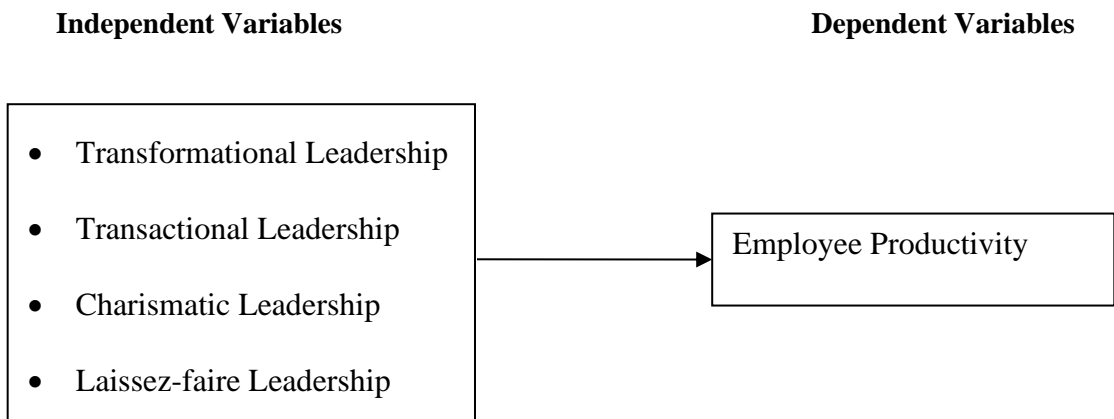
Independent Variables   **Dependent Variables**

- Transformational Leadership

- Transactional Leadership   Employee Productivity

- Charismatic Leadership

- Laissez-faire Leadership

Figure 1 Research framework

Rewards

Rewards include all of the money and acknowledgment that staff members get for their services to the company. This covers non-monetary rewards including commendation, promotions, and prizes in addition to monetary incentives like salary, bonuses, and benefits. The study investigates the effects of these rewards on determinants of employee retention and retention decisions within the setting of insurance companies. Reward systems that work are thought to improve retention, job satisfaction, and motivation (Chaudhary, Nasir, & Rahman, 2023). The following hypothesis has emerged from the review mentioned above:

H1: There is significant impact of rewards on employee retention in insurance companies.

Workload

The quantity of work allotted to an employee in a certain time frame is referred to as their workload. The quantity of calls handled, the intricacy of the tasks, and the amount of time needed to finish them are the three main indicators of workload in a contact center such as insurance companies. Overwork can result in stress, burnout, and discontent, all of which can drive workers away from the company. On the other hand, a reasonable workload can support increased retention rates and job satisfaction. The study looks into how workers' workload affects their level of job satisfaction overall and their propensity to stick with the company (Roberts, 2019). The following hypothesis has emerged from the review mentioned above:

H2: There is significant impact of rewards on employee retention in insurance companies.

Career Development Opportunity

The opportunities for growth and progress that employees have within the company are referred to as career development opportunities. This covers getting access to training courses, getting a chance to advance, and getting help for more education. Offering professional development opportunities is essential to insurance companies' ability to retain staff members, particularly those who are seeking long-term growth and career advancement. The study investigates the relationship between determinants of employee retention and their choice to stay with the organization, as well as the availability and perception of these possibilities (Bharath, 2023). The following hypothesis has emerged from the review mentioned above:

H3: There is significant impact of rewards on employee retention in insurance companies.

Work Culture

Within an organization, work culture refers to the common values, beliefs, and practices that are upheld. It encompasses the manner in which staff members engage with one another, the style of leadership, communication trends, and the general environment of the workplace. Stronger loyalty, a sense of belonging, and higher job satisfaction are all

benefits of an encouraging work environment at insurance companies, all of which can lower attrition rates. The study evaluates how insurance companies' work culture affects employee happiness and retention. Based on the review above, the following hypothesis has been developed (Chauhan & Guleria, 2024).

H4: There is significant impact of rewards on employee retention in insurance companies.

Research Methodology

The research design used in this study both descriptive and causal-comparative approaches to analyze the factors affecting employee retention in Nepalese insurance companies. This methodology allowed for a deep exploration of issues related to staff attrition and strategies for retention, using both qualitative and quantitative data through correlation and regression analysis. The population of this study was 11,496 employees working in Nepalese insurance sector, as reported by the Nepal Insurance Authority (2080/81). From this, a targeted sample of 385 employees was selected through purposive sampling, ensuring a diverse representation of roles (agents, managers, supervisors). HR department insights further enriched the data collection, enabling a comprehensive examination of employee challenges and feedback.

Primary data were gathered through a survey distributed to the selected participants. Closed-ended questions were designed to capture both qualitative and quantitative data on factors impacting job satisfaction, retention, and turnover. The survey was sent to 390 respondents, with 385 valid responses included in the study. A Google Survey questionnaire was used to collect data, which was coded and converted into quantitative data for analysis. Both primary and secondary sources contributed to the research aims, with primary data initially used to test the hypotheses. A range of statistical methods, including t-tests, regression analysis, and ANOVA, were applied to assess relationships between variables such as perception, preference, and satisfaction. The arithmetic mean (AM), standard deviation (σ), and correlation coefficient (r) were calculated to represent

data centrality, dispersion, and relationships among variables. A multiple regression analysis further explored functional relationships among dependent and independent variables, with the regression equation facilitating predictions based on known values of other variables.

Linear Regression Model

ERT= α_1 +β_1REW+ β_2WLD+β_3CDO+ β_4WCR+ei

Where,

α_1= Constant Intercept of the Regression and β_1 and β_2 are the coefficient of regression, ERT = Employee retention (Dependent variable), REW = Reward, WLD = Workload, CDO = Career development opportunity, WCR = Work culture, ei= Error term

Validity and reliability

The study reports that Cronbach's alpha for each variable is above 0.70, indicating reliable data. According to Churchill et al. (1991), a Cronbach's alpha exceeding 0.70 suggests a high level of reliability, with scores above 0.80 indicating even stronger reliability, assuming other validity indicators are adequate. Reliability ratings below 0.70 would indicate insufficient consistency, which would compromise the data's reliability for this analysis.

Analysis and Results

The study's descriptive analysis of data from 385 respondents, gathered through questionnaires, utilizes statistical metrics including mean, standard deviation, and frequency to summarize the responses. The mean and standard deviation values are displayed in a table to illustrate the data trends. Employees working in Nepalese insurance sector rated survey items on a five-point Likert scale, with options from 1 (Strongly Disagree) to 5 (Strongly Agree), allowing for an in-depth view of their perceptions and opinions on key factors.

Table 1 *Descriptive Statistics*

	Minimum	Maximum	Mean	Std. Deviation
Employee retention	1.17	5.00	3.4422	.70021
Reward	1.17	4.83	3.4289	.65120
Workload	1.33	4.83	3.5667	.76217
Career development opportunity	1.00	5.00	3.4989	.73185
Work culture	1.33	4.83	3.5656	.68593

Note: From Researcher Calculation

Table 1 provides descriptive statistics Employee Retention (ERT), Reward (REW), Workload (WLD), Career Development Opportunity (CDO), and Work Culture (WCR). For Employee Retention, the lowest score recorded is 1.17, reflecting minimal productivity, while the highest score is 5.00. The average (mean) productivity is 3.4422, with a standard deviation of 0.70021, suggesting moderate variability around the average productivity level. The Reward variable has a minimum value of 1.17 and a maximum of 4.83, with a mean of 3.4289 and a standard deviation of 0.65120, indicating similar dispersion to Employee Retention.

Workload scores range from a minimum of 1.33 to a maximum of 4.83, with an average of 3.5667 and a standard deviation of 0.76217. Career Development Opportunity displays a broader range, from 1.00 to 5.00, with a mean score of 3.4989 and a standard deviation of 0.73185. Lastly, Work Culture scores fall between 1.33 and 4.83, with a mean of 3.5656 and a standard deviation of 0.68593, suggesting a consistent perception of work culture across participants.

Table 2 *Correlation analysis*

	ERT	REW	WLD	CDO	WCR
ERT	1				
REW	.614**	1			
WLD	.514**	.680**	1		
CDO	.548**	.672**	.680**	1	

WCR	.410**	.635**	.509**	.591**	1

**. Correlation is significant at the 0.01 level (2-tailed).

Note: From Researcher Calculation

Table 2 shows the correlation coefficients between Employee Retention (ERT) and Reward (REW), Workload (WLD), Career Development Opportunity (CDO), and Work Culture (WCR). The correlation between Employee Retention and Reward is .614, showing a moderate positive correlation. This indicates that higher rewards are associated with higher retention levels, and the significance level (0.01) confirms this relationship is statistically significant. Similarly, the correlation between Employee Retention and Workload is .514, also demonstrating a moderate positive relationship. This suggests that workload has a meaningful influence on retention, validated by its significance level.

For Career Development Opportunity, the correlation with Employee Retention is .548, indicating another moderate positive relationship, where greater career growth opportunities correspond with higher retention. This association is also significant. Lastly, the correlation between Employee Retention and Work Culture is .410, suggesting a moderate positive correlation. This finding, too, is statistically significant, indicating that a positive work culture is linked to better employee retention.

Table 3 *Regression analysis*

Variables	B	Std. Error	t	Sig.
(Constant)	.374	.214	5.149	.000
Reward	.844	.366	5.149	.000
Workload	.374	.214	2.286	.023
Career development opportunity	.169	.074	2.271	.025
Work culture	.211	.093	3.587	.000
Adj. R^2	.644			
F-value	27.422			
P-value	.000			

The regression analysis table explores how four factors—Reward, Workload, Career Development Opportunity, and Work Culture affect Employee Retention. Among the predictors, Reward shows the strongest positive influence on retention, with a coefficient of .844, meaning that as rewards increase, employee retention improves significantly. This result is highly significant (Sig. = .000), indicating that Reward is a key driver of retention. Workload also positively impacts retention (B = .374) but to a lesser extent than Reward. Its significance level (.023) confirms that Workload meaningfully contributes to retention. Career Development Opportunity has a moderate positive effect (B = .169) on Employee Retention, suggesting that growth opportunities within the organization support retention, although the impact is smaller than that of Reward and Workload. This result is statistically significant (Sig. = .025). Similarly, Work Culture has a positive influence (B = .211) on retention, meaning that a supportive work culture is associated with better retention. The strong significance level (Sig. = .000) underscores its importance.

Similarly, the model is robust, with an adjusted R^2 of .644, indicating that 64.4% of the variation in Employee Retention is explained by these four factors. The F-value of 27.422 and the P-value of .000 confirm the model's statistical significance, meaning that collectively, Reward, Workload, Career Development Opportunity, and Work Culture significantly influence Employee Retention.

This study finds that reward has a significant positive impact on employee retention in insurance companies, aligning with research by Sorn et al. (2023) and Patel and Desai (2021), who emphasize that fair compensation and recognition are crucial for retention. The moderate positive correlation between rewards and retention underscores that employees who feel recognized and fairly compensated are more likely to stay.

Workload also significantly impacts retention, echoing findings by Chaudhary, Nasir, and Rahman (2023), who note that excessive workload can hurt job satisfaction and retention. However, the positive correlation in this study suggests that a manageable workload can encourage retention, highlighting the need for workload balance to foster employee stability. Similarly, career development opportunities positively influence retention, with

findings consistent with Smith and Johnson (2020) and Chauhan and Guleria (2024). These studies emphasize that growth and advancement opportunities enhance job satisfaction and loyalty, supporting the link between career development and retention.

Lastly, work culture has a significant yet weaker positive impact on retention. Research by Sharma and Sharma (2024) and Joshi and Rathi (2021) supports this, showing that a positive work culture boosts job satisfaction and retention. The study's findings confirm that fostering a supportive and inclusive work environment is vital for employee retention.

Conclusion and Implication

The study identifies rewards as the most critical factor in employee retention, emphasizing that employees are more likely to stay with an organization if they feel fairly compensated and recognized. For insurance companies in Nepal, this underscores the need to maintain competitive compensation packages and effective reward systems, including financial incentives, bonuses, and other recognition methods, to boost employee retention. Career development opportunities are also key for retention. The study finds that employees who perceive growth and advancement potential within their organization are more likely to remain. Nepalese insurance companies can benefit from investing in training, promotions, and skill development initiatives, which contribute to a more engaged and committed workforce.

Additionally, a positive work culture plays an essential role in employee retention. Employees are more inclined to stay with companies that foster supportive and inclusive work environments. For Nepalese insurers, creating a respectful, collaborative, and values-driven workplace addressing employee concerns and aligning with organizational values can significantly boost morale and reduce turnover. Although workload impacts retention, it is less significant than rewards, career development, and work culture. High workloads can lead to burnout, yet workload management should focus on task balancing and support rather than solely relying on workload as a retention strategy.

In conclusion, the study suggests that insurance companies in Nepal should adopt a holistic approach to employee retention by prioritizing competitive rewards, career growth

opportunities, and a positive work culture. Managing workload is essential but should be part of a broader strategy that enhances all key factors influencing retention, leading to a more stable and dedicated workforce and supporting long-term organizational success. From the above discussion, these are the implication:

- Managers should ensure that compensation packages, including salaries, bonuses, and other forms of recognition, are competitive and aligned with employee expectations. This can significantly improve determinants of employee retention and retention.

- Providing employees with opportunities for career growth and advancement, such as training programs and clear promotion paths, can boost their commitment and reduce turnover. Managers should implement and promote these development initiatives actively.

- Managers need to create and maintain a supportive and inclusive work environment. This involves improving team dynamics, adopting a management style that encourages collaboration and respect, and aligning organizational values with employee expectations.

- Future research should further explore the specific types of rewards and recognition that are most effective in enhancing employee retention. Detailed studies could help refine reward strategies tailored to different organizational contexts.

- Further research can investigate which career development programs are most impactful for employee retention. This includes examining various training methods, mentorship programs, and promotion practices.

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