

# **FACTORS AFFECTING EMPLOYEE RETENTION IN NEPALESE INSURANCE COMPANIES**

A Dissertation submitted to the Office of the Dean, Faculty of Management in partial  
fulfillment of the requirements for the Master's Degree

By

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## **CERTIFICATION OF AUTHORSHIP**

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “FACTORS AFFECTING EMPLOYEE RETENTION IN NEPALESE INSURANCE COMPANIES”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degree nor has it been proposed and presented as part of requirements for any other academic purposes. The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declared that all information sources and literature used are cited in the reference section of the dissertation.

Samata Sharma Poudel

May, 2024

## REPORT OF RESEARCH COMMITTEE

Ms. Samata Sharma Poudel has defended research proposal entitled “FACTORS AFFECTING EMPLOYEE RETENTION IN NEPALESE INSURANCE COMPANIES “, successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisors Keshar Singh Khati and Keshav Chand, and submit the thesis for evaluation and viva voce examination.

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## APPROVAL SHEET

We have examined the dissertation entitled “FACTORS AFFECTING EMPLOYEE RETENTION IN NEPALESE INSURANCE COMPANIES ” presented by Ms. Samata Sharma Poudel for the degree of Masters of Business Studies. We hereby certify that the dissertation is acceptable for the award of degree.

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## **ACKNOWLEDGEMENT**

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Any remaining errors are mine.

Samata Sharma Poudel

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## ABBREVIATIONS

ANOVA	:	Analysis of Variance
C	:	compensation
ER	:	Employee Retention
L	:	Leadership
LTD	:	Limited
MBS	:	Master in Business Studies
N	:	Number
SD	:	Standard Deviation
SD	:	Standard Deviation
SPSS	:	Statistical Package for the Social Sciences
TD	:	Training and Development
TU	:	Tribhuvan University
WE	:	work environment

## ABSTRACT

The research aims to analyze the relationship between compensation, leadership, training and development, work environment, and employee retention in life insurance companies. Additionally, it seeks to examine the impact of these factors on employee retention. These objectives stem from the problem statement, focusing on whether there is a relationship between compensation, leadership, training and development, work environment, and employee retention, and what the impact of these factors is. The study employs a descriptive and causal-comparative research design, using correlation and regression analysis to achieve its goals. Compensation, leadership, training and development, and work environment are the independent variables, while employee retention is the dependent variable. The sample includes three insurance companies with 400 respondents selected through convenience sampling. The research findings indicate that compensation and employee retention are perfectly correlated and significant. Similarly, leadership and employee retention, as well as training and development with employee retention, show perfect and significant correlations. The work environment also has a significant and perfect correlation with employee retention. Furthermore, the impacts of compensation, leadership, training and development, and work environment on employee retention are all significant.

**Keywords:** *compensation, leadership, training and development, work environment and employee retention*

# CHAPTER-I

## INTRODUCTION

### 1.1 Background of the Study

The success of any organization hinges on the dedication of its hardworking employees. In today's competitive job market, retaining employees is a significant concern. Employee retention involves actively encouraging employees to remain with the organization for an extended period. It is essential for an organization to retain its workforce, as employees are the lifeblood of any organization. Losing trained employees after investing time and resources in their development can result in substantial losses.

Employee retention has become a critical issue that organizations must address promptly to avoid significant setbacks. Organizations invest considerable time and financial resources in training new employees, making it imperative to retain them to ensure a return on investment. Keeping positive and motivated employees is vital for the overall success of the organization. High employee turnover not only increases costs but also negatively impacts organizational performance and productivity.

Effectively managing employee retention is crucial for enhancing a firm's overall performance and is essential for the continued success of a business. Therefore, HR managers should adopt a comprehensive approach to understand the factors influencing employee turnover, as highlighted by Mak (1999). Employee retention is defined as "the ability to retain the desired employees for a longer duration compared to competitors" (Johnson, 2000), emphasizing a long-term relationship or commitment between the employee and employer. While hiring competent employees is vital, retaining them is an even greater challenge. Significant investments are made in recruiting, selecting, orienting, and training new hires. Costs associated with retention include recruiting expenses, orientation and training costs, decreased productivity during the learning curve, and the potential loss of loyal clients linked to departing employees (Kay, 2000).

Human resource management involves effectively utilizing the available skilled workforce and making efficient use of existing human resources within an organization. This process encompasses four fundamental functions: acquisition, development, motivation, and

maintenance of human resources. These functions are essential steps toward achieving organizational goals, with organizational objectives influencing these components. The performance of these activities is constrained by organizational goals and plays a crucial role in the overall development of an organization (Management, 2013).

For sustainable development, it is imperative to manage organizational resources effectively, and placing the right people in the right roles at the right time is crucial. While training and development are essential, they alone are not sufficient to inspire employees to perform better tasks; motivation and appreciation also play vital roles in fostering a positive work environment. There for the research is conducted on “factors affecting employee retention in Nepalese insurance companies”.

### **1.2 Problem Statement**

Employee retention has emerged as a significant challenge across various sectors, particularly in the automotive industry. The automotive sector faces considerable difficulties in retaining employees, who often choose short-term tenures and quickly move to other organizations. These transitions are often driven by various challenges encountered in their current workplaces. In the Nepalese automotive sector, there is a notable trend of employees switching jobs, especially when they are offered higher salaries and better benefits elsewhere. As a result, employee retention is a substantial challenge in the Nepalese market, with the automotive industry and other organizations potentially suffering from the effects of industry competition due to a lack of strategic focus on employee retention (Mugai, 2008).

The lack of comprehensive rewards programs and low wages can be major factors motivating employees to leave their current positions for opportunities with better growth prospects. Every employee has expectations regarding their job, including fair remuneration and rewards. Recognizing and rewarding deserving work, along with providing wages that reflect individual capabilities, is crucial. Employees should be evaluated based on their merit and diligence rather than irrelevant factors. Employees are integral assets to a company, and it is essential to encourage, motivate, and train them to optimize their performance. Employee loyalty is built on employer loyalty, emphasizing the need for employers to demonstrate loyalty to their employees (Mendonsa, 1998).

In the Nepalese banking sector, experienced employees are given high priority, and organizations strive to recruit individuals with significant expertise. However, retaining these experienced and industrious employees becomes a formidable challenge. Dissatisfaction with their current job prompts employees to seek alternative opportunities, and many companies actively look to hire experienced personnel. Managing employee retention in this context proves to be complex, with organizations facing numerous challenges in retaining their valuable and seasoned workforce.

Therefore, there is a great need to research the challenges in the existing employee retention practices in banking sector in Nepal. Thus, the identified issues have provided a reason to conduct a study to find out.

#### Research Questions

In accordance with the above-mentioned key issue of study, the following research questions are developed.

- 1) Whether there is any relationship between compensation, leadership, training and development, work environment with employee retention or not?
- 2) What is impact of compensation, leadership, training and development, work environment with employee retention?

### **1.3 Objectives of the Study**

The primary goal of this research is to recognize different elements influencing employee retention within the automotive sector, particularly focusing on life insurance companies in Nepal.

Following are the Specific Objectives:

- I. To examine the relationship between compensation, leadership, training and development, work environment with employee retention in life insurance companies.
- II. To analyse the impact of compensation, leadership, training and development, work environment with employee retention.

## **1.4 Hypothesis**

### Hypothesis 1

There is the significant relationship between compensation, leadership, training and development, work environment with employee retention in life insurance companies.

### Hypothesis 2

There is the significant impact of compensation, leadership, training and development, work environment with employee retention.

## **1.5 Rationale of the Study**

Employees serve as the foundation of an organization, assuming various roles as managers, workers, and laborers. The retention of employees holds significant importance for an organization, given that seasoned employees bring valuable experience and represent an investment in terms of training and development. Their accumulated experience enables them to contribute more to the organization compared to new hires. A friendly work environment, established over time, facilitates better performance from employees than in a new, unfamiliar setting.

This study aims to identify factors that can aid Nepalese organizations in retaining their skilled workforce. By focusing on life insurance companies in Nepal, this research strives to contribute to the creation of a positive work environment and subsequently enhance employee retention. Additionally, the study seeks to provide recommendations on addressing pertinent issues and challenges to improve retention.

Furthermore, the insights garnered from this study can help organizations understand the dynamics of high employee turnover, which often signals deeper issues within the organization. Addressing these issues is essential for creating a stable and productive workforce. Retaining competent employees, who significantly contribute to the organization's success, is crucial.

The findings of this research will not only assist organizations in developing strategies to reduce turnover but also aid in fostering a more supportive and engaging work environment. By understanding the key factors that influence employee retention, employers can implement more effective HR practices and policies.

The insights gained from this research can be valuable for researchers, employers, and organizations seeking strategic approaches to influence employees and encourage their retention within the organization. These findings can guide organizations in making informed decisions about employee engagement, satisfaction, and overall organizational culture, leading to improved retention rates and, ultimately, enhanced organizational performance.

### **1.6 Limitations of the Study**

The research has some limitations and they are following:

- The research is in the insurance industry and they are the nine life insurance as a sample insurance are taken under study.
- The research is based on primary data and they are collected from the employee of the Nepalese life insurance companies.
- They are analysed through descriptive, correlation and regression analysis using SPSS.
- The research is for the academic proposes.

## CHAPTER-II

### LITERATURE REVIEW

This chapter has explained under three heading. First heading is theoretical review, second is empirical review and third is research gap. The theoretical review is about the theories of the research topic related. Empirical review is about the study of previous in Nepalese and international context. Gap explain the research related gap of present with previous and future research on this topic.

#### 2.1 Theoretical Review

##### Employee's Retention

In this research, the focus is on employee retention, a critical issue for companies facing intense competition for talent in a challenging economic environment. The costs associated with employee turnover have surged, sometimes reaching up to 2.5 times an employee's salary, depending on the role. Besides these tangible costs, there are intangible costs such as reduced productivity, decreased engagement, training expenses, and the cultural impact within the organization (Sharon, 2019). Vinod Kumar et al. (2017) highlighted that in today's competitive landscape driven by globalization, urbanization, and digitalization, employee retention is a crucial responsibility for organizations. Attracting top-tier talent is essential, but equally important is the motivation and retention of key resources within the organization. Mita, Aarti, and Ravneeta (2014) defined employee retention as a strategy employed by organizations to keep their key workforce to meet operational needs. Michelle et al. (2018) described retention as a deliberate effort by an organization to create an environment that fosters long-term employee engagement. Nausheen and Sahar (2015) defined employee retention as the act of keeping employees within an organization because they choose to stay, not out of compulsion. Freyermuth (2007) viewed retention as an integral part of overall human resource strategies and tactics, starting with the selection of the right individuals and continuing through the implementation of various programs to keep employees motivated and engaged. Akila (2012) described employee retention as a process where employees are encouraged to stay with the organization for an extended period or until the completion of a project. He emphasized that employee retention is mutually beneficial for both the organization and the employee, noting

that employees today have numerous opportunities and are quick to switch jobs when dissatisfied. Therefore, it is the responsibility of employers to implement effective retention strategies, as failing to do so would result in the loss of valuable employees. Davis (2013) noted that proper implementation of retention strategies by organizations can ensure that employees remain longer and contribute to the successful achievement of organizational goals.

Several theoretical models explain the dynamics of employee retention, including:

- (i) Maslow's Hierarchy of Needs: Suggests that fulfilling employees' basic and higher-level needs (physiological, safety, social, esteem, and self-actualization) leads to greater retention.
- (ii) Herzberg's Two-Factor Theory: Distinguishes between hygiene factors (which prevent dissatisfaction) and motivators (which promote job satisfaction).
- (iii) Social Exchange Theory: Posits that employee retention is based on the reciprocal relationship between the employer and the employee, where positive treatment by the employer leads to positive outcomes from the employee.
- (iv) Job Embeddedness Theory: Focuses on the connections employees have within the organization and community, suggesting that the more embedded an employee is, the less likely they are to leave.

### **Compensation**

Compensation packages vary across companies, and employees often have high expectations regarding what they will receive from their employers. Kimberlee L. (2019) points out that knowledgeable employers understand that retaining high-quality employees requires offering a suitable compensation and benefits package. Aguenza and Som (2012) define compensation as what is provided to employees based on their contributions and performance, fulfilling their needs. This includes wages, salaries, bonuses, and commission structures. Employers should not overlook the benefits component of compensation, as it enhances employment contracts with offerings that match employees' priorities.

Properly compensating employees communicates to them that the company values their contributions both as workers and as individuals, fostering a sense of appreciation. When employees feel valued, their overall job satisfaction increases, which contributes to a positive work environment. Compensation serves as a key motivator for employees to excel in their

roles and is a critical factor in their choice of employment, driving them to contribute their skills and creativity (Odunlade, 2012). Hammed, Ramzan, and Zubair (2014) argue that employees are more likely to stay with an organization when the benefits they receive align with their efforts. This alignment not only enhances overall company morale but also motivates employees to approach their work with enthusiasm and dedication. In essence, compensation plays a crucial role in retaining employees within an organization and has a direct impact on employee retention.

### **Leadership**

The leadership style significantly influences employees' decisions to stay with or leave an organization. Often, employee turnover is more closely linked to the departure of a manager rather than leaving the entire organization (Azeez, 2017). Lisa (2018) emphasizes the importance of clearly defining the superior-subordinate relationship in the workplace. Managers should take primary responsibility for fostering and maintaining positive working relationships with each employee. Implementing specific protocols to facilitate manager-employee interactions is essential, and managers should ensure that subordinates treat them with respect and adhere to company policies.

Wakabi (2016) found a positive correlation between leadership style and staff retention in organizations. Kroon and Freese (2013) also highlight that leadership plays a crucial role in retaining employees. In essence, effective leadership is a key factor that can significantly impact employee retention within an organization.

### **Training and Development**

Training and development involve enhancing the attitudes, knowledge, and skills necessary for employees to perform tasks effectively and systematically (Tangthong, Trimetsoontorn, & Rojniruntikul, 2014). The primary goal is to equip employees with the capabilities needed to meet the current and future human capital requirements of the organization (Ngethe et al., 2012). Additionally, training and development act as a catalyst for increasing staff retention rates, especially for employees seeking career advancement (Chen, 2014). Tahir, Yousafzai, Jan, and Hashim (2014) highlight that training and development benefit not only the organization but also contribute to the individual growth of employees. Implementing training

and development programs tailored to employees' career aspirations is crucial for retaining them within the organization.

Anis et al. (2011) state that training serves as a tool for retaining employees, a view supported by other researchers who identify training as one of the most critical factors in employee retention (Waleed et al., 2013). Understanding the impact of training on retention helps organizations retain employees who experience high turnover rates. The researchers further emphasize that various Human Resource Management practices, including on-the-job training, vocational training, and both general and specific training, significantly contribute to employee retention and development.

However, Peter (2020) argues that while training can address some issues driving turnover, it may not be a solution for all challenges. Lin (2019) shares a similar perspective, stating that although the link between employee training and retention is well-supported by research, training alone may not be sufficient to retain employees. Both emphasize the critical role of managerial support in the success of training and development initiatives. Moreover, coaching from managers is highlighted as essential for enhancing learning ability, employee commitment and engagement, productivity, retention rates, and the perception of upper-level leadership (Peter, 2020; Lin, 2019).

### **Working Environment**

According to Business Dictionary (2019), the working environment is defined as the location where tasks are performed. In the context of employment, this includes both the physical geographical setting and the immediate surroundings of the workplace, whether it be a construction site or an office building. Narang (2013) explains that the working environment is the setting where employees are expected to showcase their personal and professional abilities while meeting their basic needs. Noah and Steven (2012) stress that the comfort level provided by the work environment greatly impacts job satisfaction, which in turn affects employees' overall satisfaction with their work situation and boosts productivity.

David (2019) argues that the work environment is shaped by a company's unique culture, including aspects such as conflict resolution methods, the freedom to experiment and learn from mistakes, dress code policies, communication styles, and other intangible factors. A positive working environment should feature elements like effective communication, a

collaborative culture, competent leadership, a supportive practice environment, career development opportunities, and a sufficient workforce (Ritter, 2011).

Managers and organizations should focus on creating and maintaining a positive and secure workplace environment to enhance employee satisfaction and foster a sense of belonging within the organization (Fatima, 2011). Improving employee satisfaction with the working environment can increase their level of commitment (Adekola, 2012). In summary, a conducive working environment is crucial for retaining employees within an organization.

## **2.2 Empirical Review**

Mohamed et al. (2024) examined employee retention based on HRM practices and organizational factors. A questionnaire was distributed among engineers in various construction disciplines and HR departments to assess the impact of these practices on retention. Analyzing 132 responses, a multiple regression model identified four significant variables: compensation and recognition, promotion and career development, training, and empowerment. This model was validated with a random sample and another case study, achieving prediction errors within 10%, indicating good accuracy in predicting employee turnover.

Marozva et al. (2024) investigated the factors influencing the retention of millennial academics in South Africa through a cross-sectional qualitative study. Using semi-structured interviews with 14 millennial academics from various public HEIs, thematic analysis revealed five key retention factors: career and growth opportunities, work environment, rewards, leadership, and work-life balance.

Reddy et al. (2024) explored variables affecting staff retention and engagement in corporate hospitals in Hyderabad and Secunderabad, Telangana State. The study utilized surveys and literature reviews, collecting data from 200 respondents across various employment categories through stratified random sampling. Statistical analyses, including reliability testing, factor analysis, confirmatory factor analysis, Pearson's correlation, and descriptive and inferential statistics, indicated strong positive correlations between employee engagement and factors such as job satisfaction, compensation and benefits, career advancement opportunities, and job motivation.

Asianab (2023) investigated the impact of leadership styles on employee retention. Using correlation and regression analysis, the study found a significant connection between leadership styles and employees' intentions to leave. It emphasized the need for leadership styles that promote retention, especially amid increasing job mobility and voluntary job changes.

Mossarah (2023) analyzed factors influencing employee turnover in the UAE's medical device industry. Surveying 230 participants from 47 companies, one-way ANOVA revealed a significant relationship between salary and turnover. Factors like perceived external prestige, location, flex time, organizational justice, job satisfaction, organizational commitment, extrinsic rewards, career advancement, lack of alternatives, and constituent attachments were identified as contributors to turnover.

Waseem et al. (2023) studied the impact of leadership styles on job retention among media workers in Pakistani news channels. From 349 responses, the study found positive and significant relationships between transformational and transactional leadership styles and job satisfaction and retention. A weak but positive relationship was also noted for laissez-faire leadership and retention, though it had no significant impact on job satisfaction.

Chatzoudes and Chatzoglou (2022) examined turnover intention among European employees, focusing on the mediating role of working conditions. Using a quantitative approach and a unique conceptual framework, the study found that employee commitment and job satisfaction positively influenced employees' intention to remain with their company.

Magaisa and Musundire (2022) assessed employee retention in Zimbabwean manufacturing companies. With 100 respondents from various roles within 50 companies, the study highlighted challenges in retaining talented employees, noting a significant number of departures.

Elsafty and Oraby (2022) investigated the influence of training and development, job performance, job satisfaction, and effective communication on employee retention in Egypt's private sector. Using hierarchical multiple regression analysis, the study found that training and development and job satisfaction positively impacted employee retention, while job performance and effective communication did not show significant effects on retention.

Boakye et al. (2022) examined employee retention in private tertiary institutions in Ghana, focusing on Senior Members in university colleges in the Ashanti Region. Employing a mixed-method approach, the study identified factors such as improved remuneration, employer care and concern, training opportunities, a robust promotion system, conducive working environments, and increased employee engagement as influential in retaining Senior Members. The study found no significant differences in the perspectives of academic and non-academic Senior Members regarding factors affecting employee retention.

Zainal et al. (2022) conducted research to assess the impact of work-life balance, work environment, and reward and compensation on employee retention in Malaysia. Using 400 online questionnaires from service industry employees, the study utilized partial least square structural equation modelling. Results indicated that both work-life balance and work environment strongly and positively influenced employee retention, with reward and compensation exerting an even stronger positive effect.

Chawla (2021) investigated factors influencing employee retention strategies in the Indian hospitality sector. Employing confirmatory factor analysis, the study analysed responses from employees in hotels of various ratings in the NCR region of India. The findings emphasized the significant role of organizational culture and values, monetary rewards and incentives, learning and career growth opportunities, organizational initiation, leadership, work-life balance, and exit barriers in retaining employees in Indian hospitality organizations.

Jacob (2021) provided insights into HRM practices among SMEs, based on primary data collected from 300 sampled employees. The study underscored the critical need for effective scaling techniques in HRM practices within SMEs to address the challenges faced by these businesses.

Nadeem and Malik (2021) examined the influence of rewards, career development opportunities, supervisor support, training and development, job characteristics, and work-life conflict on employee retention. Using a sample of 219 employees from prominent organizations in Rawalpindi and Islamabad, the study revealed the significant impact of these factors on employee retention.

Msangi (2021) evaluated factors affecting employee retention in the private sector, with a focus on Exim Bank Headquarters in Dares Salaam. Combining quantitative and qualitative methods,

the study, which involved 115 respondents, identified training, motivation, leadership style, and the working environment as critical factors influencing employee retention at Exim Bank Headquarters.

Qureshi (2021) investigated various factors contributing to employee turnover, particularly in the pharmaceutical sector. Using convenience sampling and a survey with 200 respondents, the study employed PLS SEM for data analysis. Results highlighted the significant impact of career opportunities, compensation, organizational commitment, and the work environment on employee motivation, subsequently influencing employee satisfaction and retention.

Nguyen (2021) explored factors influencing employee loyalty in private joint-stock life insurance companies in the Mekong Delta, Vietnam. Utilizing reliability analysis, exploratory factor analysis, and multivariate regression analysis, the study identified income, job characteristics, working environment, colleagues, and leadership as influential factors affecting employee loyalty.

Sumardi and Buchdadi (2021) investigated the mediating role of perceived organizational support in the relationship between career development practices, organizational justice, and employee retention. Through SEM-PLS data analysis, the study found positive effects of career development and organizational justice on employee retention mediated by perceived organizational support.

Samosir et al. (2021) examined the contribution of human resource management to employee retention, focusing on the sea crossing business. Involving employees in the sea crossing industry, the quantitative study revealed a positive and significant influence of placement, compensation, and corporate culture on employee retention.

Kurdi and Alshurideh (2020) investigated the pivotal factors impacting employee retention and explored their influence on organizational performance within Jordan's life insurance sector. Employing a questionnaire and SEM-SPLS analysis, the study revealed that economic, psychological, affiliation, and self-actualization factors significantly affected employee retention.

Luengalongkot and Hongwiset (2020) conducted a study to evaluate employee retention levels at TRT and identify significant influencing factors. The research encompassed 495 individuals

at TRT in Samut Prakan, Thailand, with a stratified random sampling method used to select 300 participants from various departments. Statistical analyses, including multiple regression and descriptive statistics, indicated a high level of employee retention at TRT. Key contributors to retention included employee relationships, job compensation, and training and professional development, while work environment and leadership showed minimal impact.

Alrazehi and Amirah (2020) aimed to enhance job satisfaction among workers in the Yemeni banking sector through provided training and development opportunities. Employing a quantitative approach with descriptive and correlation research methods, the study utilized questionnaires for data collection. It emphasized the critical role of training and development in influencing job satisfaction and subsequently impacting employee retention in the Yemeni banking sector.

Ambukege (2020) examined factors affecting employee retention in Tanzanian government institutions, focusing on the National Health Insurance Fund (NHIF). Combining qualitative and quantitative approaches, the study involved 178 NHIF employees and utilized semi-structured interviews, semi-closed questionnaires, and focus group discussions for data collection. Qualitative data were analysed through content analysis, while SPSS version 24.0 was used for quantitative analysis. Positive perceptions of institutional support, employer-employee relationships, including retirement planning seminars, and the physical work environment emerged as significant factors fostering positive employee attitudes.

Khalid et al. (2020) employed Interpretive Structural Modeling (ISM) methodology to identify and analyze factors influencing employee retention in Pakistan's banking sector. Through expert consensus and literature review, seven major barriers to retention were identified and classified based on their driving and dependence powers.

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Khalid et al. (2020) utilized Interpretive Structural Modeling (ISM) methodology to ascertain and assess the factors impacting employee retention within Pakistan's banking sector. By leveraging expert consensus and a thorough literature review, the study pinpointed seven significant barriers to retention, categorizing them according to their driving and dependence powers.

Tadesse (2018) delved into the comprehensive impact of co-worker relationships, work environment, remuneration, job satisfaction, and organizational commitment on employee retention, utilizing data from 297 professional science employees in Ethiopian public ministerial offices. Employing a quantitative and explanatory approach, the study revealed that while employees expressed satisfaction with co-worker relationships, work environment, and their jobs, dissatisfaction was prevalent regarding remuneration. Correlation analysis unveiled

weak but positive relationships between these factors and employee retention, with organizational commitment demonstrating a moderately positive relationship.

Rakhra (2018) outlined potential causes prompting employees to depart from their positions and proposed strategies for organizations to retain top talent. Conducting a survey involving 220 employees from diverse companies in Delhi/NCR, the study primarily focused on assessing job satisfaction. The findings indicated that employees perceived their organizations as inadequately addressing their retention needs, thereby increasing the likelihood of contemplating job changes and presenting subsequent challenges for these companies.

Table 1

*Summary of the Article Review*

Authored / date	Title	Objectives	Methodology	Findings and conclusion
Mohamed et al. /8(2024)	Multiple Regression Model for Prediction of Employee Retention in Firms in Egypt.	To predict employee retention based on HRM practices and organizational factors which affect employee retention.	The multiple regression model was created to identify the significant variables essential for forecasting employee retention.	The findings indicate that four variables emerged as significant factors in the regression model: compensation and acknowledgment, advancement and career growth, training, and empowerment.
Reddy, Suresh & Kumar/ (2024)	Exploring Factors Affecting Employee Engagement and Attrition in Corporate	To investigate the variables affecting staff retention and engagement at corporate	The statistical techniques employed in the data analysis encompass reliability assessment, factor	The findings indicate robust positive associations between employee engagement and job satisfaction, compensation and perks, opportunities for

	Hospitals: A Case Study in Hyderabad and Secunderabad, Telangana State.	hospitals in Hyderabad and Secunderabad, Telangana State.	in examination, confirmatory factor analysis, Pearson's correlation evaluation, as well as descriptive and inferential statistics.	career progression, and job motivation.
Marozva, Barkhuizen & Mageza-Mokhethi / (2024)	Factors affecting the retention of millennial academics.	To explore the factors affecting the retention of millennial academics in South Africa.	The research utilized a cross-sectional qualitative methodology, employing semi-structured interviews as the means of data collection.	The results suggested that five elements warrant attention for retaining millennial academics: career advancement prospects, the quality of the work environment, incentives, leadership, and achieving a balance between work and personal life.
Asianab/ (2023)	Influence of Leadership Styles on Staff Retention: A Review of Literature.	To determine how leadership styles affect an organization's ability to retain employees.	The research utilized correlation and regression analyses as its methodological approach.	Among the myriad findings, a noticeable increase in job mobility and voluntary job transitions was noted, posing a considerable challenge for employers in dealing with employee turnover. As a result, a management tactic known as employee retention surfaced as a response to this concern.

Mossarah / (2023)	Investigating factors that impact employee turnover in the medical device industry in the United Arab Emirates.	To investigate the factors that impact employee turnover in the medical device industry in the UAE.	The study scrutinized these factors and their corresponding sub-components. Employing a quantitative approach, the investigation surveyed 230 individuals from 47 medical device firms in the United Arab Emirates.	The study examined these factors and their related sub-components through a quantitative methodology. Surveys were distributed to 230 individuals, who were representatives from 47 medical device companies in the United Arab Emirates.
Waseem et al./ (2023)	The Influence of Leadership Styles on Employee Retention in the Electronic Media Industry: A Mediation Model Examining the Role of Job Satisfaction.	To observe the impact of leadership style on the job retention of media workers of Pakistani news channels.	Regression and correlation analysis done for the analysis of the data.	The findings revealed that both transformational and transactional leadership approaches demonstrated a favorable and noteworthy association with job satisfaction and the retention of employees. While the connection between Laissez-faire leadership and job satisfaction did not reach significance, it still exhibited a modest yet positive correlation with employee retention.

Chatzoudes and Chatzoglou / (2022)	Factors affecting employee retention: Proposing an original conceptual framework.	To examine the factors that have an impact on the turnover intention of European employees, with an emphasis on the mediating role of working conditions.	The study employs a quantitative approach, conducting empirical tests with primary data gathered from employees across three separate European nations.	The research pinpointed that the impact of employee commitment and job satisfaction leads to a heightened inclination among employees to stay within the same organization. Furthermore, it sheds light on the mechanisms that influence employee retention.
Magaisa and Musundire / (2022)	Factors affecting employee retention in Zimbabwean companies.	To examine the current status of the employee retention in the Zimbabwe manufacturing companies.	The study's sample size comprised ten participants who were selected randomly.	They found that organizations are encountering difficulties in retaining proficient employees, leading to a notable exodus of personnel from these firms.
Elsafty and Oraby / (2022)	The impact of training on employee retention: An empirical research on the private	To focus on the impact of Training and development, job performance, job satisfaction, and effective	They performed a hierarchical multiple regression analysis using IBM SPSS Statistics 28.0, taking into account statistical significance	The results suggest that employee retention is positively impacted by training and development as well as job satisfaction. However, job performance does not have a bearing on employee retention, and effective communication

	sector in communication on employee retention.	throughout their analysis.	does not mediate the relationship between job performance and employee retention.	
Boakye et al./ (2022)	Employee Retention in Institutions of Higher Learning: A Study of Some Selected Universities in Ghana.	To investigate the issue of employee retention across private tertiary institutions in Ghana with a focus on Senior Members of some selected university colleges in the Ashanti Region.	A mixed-method strategy was utilized within a descriptive survey framework, employing purposive and convenience sampling techniques.	They recognized several factors including increased compensation, supportive management, expanded training and development prospects, an upgraded promotion system, a conducive work environment, and heightened employee involvement as factors impacting retention.
Zainal et al./ (2022)	Employee retention in the service industry in Malaysia.	To investigate the effects of work-life balance, work environment, and reward and compensation on employee retention in Malaysia.	The research utilized partial least squares structural equation modeling (PLS-SEM) to assess the model and examine the hypotheses.	The results suggest that while maintaining a balance between work and personal life and fostering a conducive work environment positively affect employee retention, reward and compensation exert an even stronger positive influence on retaining employees.

Chawla /(2021)	Factors affecting employee retention strategies hospitality sector.	To identify the factors affecting employee retention strategies in Indian hospitality sector	The data gathered from working employees were analyzed employing the confirmatory factor analysis technique.	The research outcomes indicated that elements like organizational ethos and principles, financial rewards and bonuses, learning opportunities and career advancement, organizational induction, leadership, equilibrium between work and personal life, and barriers to leaving the organization significantly affect employee retention in Indian hospitality establishments.
Jacob/ (2021)	A study on factors affecting employee retention through HRM practices in SME.	To explain the reality prevailing among SMEs in terms of their HRM practices.	The present study predominantly depends on data collected directly from selected employees.	He found that the lack of scaling techniques in HRM practices affects the prosperity of SMEs.
Nadeem and Malik/ (2021)	Factors affecting employee retention in Pakistan	To examine the impact of various factors such as rewards, career development	To conduct this inquiry, a sample of 219 employees was chosen from notable organizations situated in	The research identified the impact of various factors such as rewards, opportunities for career development, support from supervisors, training and development opportunities,

		opportunities, supervisor support, training and development opportunity, job characteristics and work life conflict on employee retention.	Rawalpindi Islamabad.	and job characteristics, and work-life balance on employee retention.
Msangi/ (2021)	Factors Affecting Employees Retention in Private Company: The Case of Exim Bank in Dar es Salaam	To assess the factors that affect the employees' retention in Private Company:	The study employed questionnaires and observation techniques as data collection instruments. The collected data were analyzed using the Excel Data Analyzing Tool (EDAT).	He noted that motivated and adequately trained employees facilitate successful retention, allowing managers to retain their staff despite encountering challenges like differing expectations and inadequate salaries. However, investing extra effort in retaining employees results in enhanced performance, efficiency, and productivity within the organization.
Qureshi/ (2021)	Factors Affecting Employee Retention in	To explain that various factors are involved	The findings indicate that Career Opportunities, Compensation,	The results suggest that Career Opportunities, Compensation, Organizational

Pharmaceutical Sector in Pakistan.	when employees leave organizations.	Organizational Commitment, and Work Environment have a substantial impact on employee Motivation. Furthermore, employee Motivation significantly influences Employee Satisfaction, which ultimately affects employee retention.	Commitment, and Work Environment play a significant role in shaping employee motivation. Moreover, employee motivation has a considerable influence on both Employee Satisfaction and, consequently, employee retention.
Nguyen/ (2021)	Factors affecting employee engagement and loyalty to the organization : a case study of life insurance companies in mekong delta, Vietnam.	To find out the factors affecting the employee's loyalty in private joint-stock life insurance companies in Mekong Delta, Vietnam.	The researcher utilized the Cronbach's Alpha reliability analysis method, exploratory factor analysis (EFA), and multivariate regression analysis to extract insights from the data. He established that the factors impacting employee loyalty, listed in descending order of significance, are: Income, Job characteristics, Work environment, Colleagues, Leadership.
Sumardi and	Factors Affecting	To perceive organizational	The research utilizes the SEM- The results of this study reveal the following: 1)

Buchdadi /(2021)	Employee support is proven through Perceived Organizational Support (Survey of Auditor Employees at the BPKP Office).	support is proven to mediate Career Development Practices, Employee Retention, and Organizational Justice on employee retention.	PLS data analysis method in its approach.	Career Development positively affects Employee Retention via Perceived Organizational Support; 2) Organizational Justice positively influences Employee Retention through Perceived Organizational Support; 3) Trust in the Organization contributes positively to Employee Retention through Perceived Organizational Support.
Samosir et al./ (2021)	Measuring Factor Affecting Indonesia's Seafarers Retention.	To determine the extent to which human resource management contributes to employee retention.	The research methodology utilized in this study is quantitative, centering on employees within the maritime transportation industry.	The study conducted on employees in maritime services underscores the influence of placement, compensation, and corporate culture variables on employee retention. These elements were identified to positively and significantly impact employee retention within the sea crossing industry.
Kurdi and Alshurideh /(2020)	Employee retention and organizational performance	To determine the main factors affecting employee retention and	The researchers utilized a questionnaire as a research tool to collect primary data from employees,	Their findings revealed that economic, psychological, affiliation, and self-actualization factors played a role in influencing employee retention.

	: Evidence from banking industry.	how employee retention affects organizational performance in the life insurance companies sector in Jordan.	employing the simple random sampling technique.	
Luengalo ngkot and Hongwis et al (2020)	Factors Affecting Employee Retention at Tira Thai Public Company Limited, Samut Prakan, Thailand.	To study the level of employee retention at TRT and the important factors affecting employee retention at TRT.	The study utilized multiple regression analysis and descriptive statistics for conducting the statistical analysis.	The study revealed a notable level of employee retention within TRT, emphasizing three key factors contributing to this retention: employee relationships, job compensation, and employee training and professional growth. Nevertheless, it found no significant impact from the work environment or leadership on employee retention.
Alrazehi and Amirah/ (2020)	A review of training and development towards employee retention in	To determine the possibility of enhancing feelings of job satisfaction for workers in	The research adopted a quantitative research methodology, integrating	They found it essential to emphasize the critical role of training and development in influencing job satisfaction, thereby affecting the retention of employees

	the banking sector.	the banking sector in Yemen through training and development opportunities granted to them by the institution.	descriptive and correlational research techniques. Surveys served as the principal means of data collection, and the analysis involved a blend of descriptive and correlational research methods.	within the banking sector in Yemen.
Ambukege e/(2020)	Factors Affecting Employee Retention in Tanzania's Government Institutions: A Case of National Health Insurance Fund	To assess factors affecting employee retention in Tanzania's Government institutions with the specific case of National Health Insurance Fund.	Qualitative data were analyzed using qualitative analysis techniques, while quantitative data were processed utilizing the Statistical Package for Social Science (SPSS) version.	He found that employees highly appreciated the support provided by the institution, as evidenced by their acknowledgment of the positive relationship between them and their employer. Furthermore, they benefited from the assistance offered by the employer, including participating in annual seminars on retirement planning.
Nguyen/(2020)	The impact of training and development, job satisfaction	To identify and evaluate the relationship between training and	The researchers opted for a quantitative methodology, employing Multiple Linear Regression	The study revealed a positive correlation between the retention of young employees and factors such as training and development. Additionally, it found a

	and job development, performance Employee on young performance, employee and job retention. satisfaction that affects the retention of young employees.	to examine the positive relationship between job satisfaction and retention, as well as a similar association between job performance and retention.		
Panich et al./ (2020)	The Influence of factors that affect employee retention (a case study in one of the tops electricity organization in Thailand).	The objectives of this research were: 1) study the factors that can affect to the employee retention in an organization; 2) explain the influences factors that affect to the employee retention in an organization.	Descriptive statistics, including frequency, percentage, mean, and standard deviation (S.D.), were employed in the data analysis. Furthermore, hypothesis testing was carried out using multiple linear regression analysis (MRA) at a significance level of 0.05.	They found that the overall employee retention level was neutral. Organizational commitment ranked highest among the independent variables, followed by job satisfaction, with job being the least influential. The results of the hypothesis testing revealed the factors affecting employee retention in a case study conducted in one of the leading electricity organizations.
Tadesse /(2018)	Factors affecting employee retention in Ethiopian public	To examine the total effect of co-worker relationship work environment,	The study utilizes a quantitative methodology and follows an explanatory design. Analysis of	They also noted a moderate degree of commitment to the organization. However, dissatisfaction was evident regarding the compensation policies in their workplaces.

	organization s.	remuneration job satisfaction, and organizational commitment on employee retention.	descriptive statistics revealed that participants reported satisfaction with their relationships with colleagues, the work environment, and their job roles.	The correlation analysis findings suggested a slight yet positive correlation between relationships with colleagues, the work environment, salary, and job satisfaction with employee retention.
Rakhra /(2018)	Study on factors influencing employee retention in the companies.	To present potential reasons that may compel an employee to leave a job and also the strategies that can help the organisation retain its top performers.	The survey involved gathering feedback from 220 employees regarding their job satisfaction. The sample included randomly chosen employees from different companies located in the Delhi/NCR region.	The study's findings suggest that a significant number of employees feel their retention needs are not adequately addressed by the company, and they are considering changing jobs if this situation persists. The study underscores the negative repercussions for companies stemming from employee turnover.

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### 2.3 Research Gap

Prior studies have been conducted using primary data in various domains, predominantly outside of Nepal, employing different variables, ranging from fewer to more than four. These studies typically employed regression and correlation analyses, with a focus on insurance companies and sample sizes below 400 respondents, often centered around a single institution.

In contrast, the present research relies on primary data collected through field surveys in Nepal, specifically from employees of life insurance companies. The sample comprises 400 respondents and involves three selected insurance companies. The research, intended for academic purposes, adopts a descriptive and causal comparative research design, utilizing correlation and regression analysis methods.

Future research endeavours may consider expanding the sample size and incorporating more variables, mirroring the current study's approach. Diverse research designs and methods could be explored, potentially involving a greater number of institutions and encompassing the entire employee base.

## **CHAPTER-III**

### **RESEARCH METHODOLOGY**

Research methodology entails the systematic and structured approach used in inquiries to address research questions or test hypotheses. It encompasses the organized and methodical collection, analysis, and interpretation of data. The research methodology chapter typically includes components like research design, data sources, considerations regarding population and sample, and the methods and tools utilized for data analysis.

#### **3.1 Research Design**

This study utilized both descriptive and causal-comparative research designs. Descriptive components were integrated to offer in-depth understandings into customer retention, particularly focusing on variables like compensation, leadership, training and development, and work environment. Additionally, a causal-comparative research design was applied to compare independent and dependent variables, aiming to explore relationships and evaluate their influence. The incorporation of comparative data from the Life Insurance sector enhances the informative content of the study for readers.

#### **3.2 Population and Sample**

As of mid-July 2023, there were 14 life insurance companies operating nationwide, comprising the population for this study. However, a judgmental sampling approach was used to select nine samples for the research, including Life Insurance Corporation (Nepal) Limited, Suryajyoti Life Insurance Company Limited, and Asian Life Insurance Company Limited, among others, situated in the Kathmandu valley. This selection was made to ensure a diverse representation of data from employees across different insurance companies. To achieve a sample size of 400 respondents, the number of insurance companies included in the study was expanded. Convenience sampling was employed to select respondents, based on their willingness to participate and provide research data through survey questionnaires.

#### **3.3 Nature and Source of Data and Instrument of Data Collection**

Data can be classified into two main categories: primary data and secondary data. Primary data originates directly from the source and is collected for specific research purposes. It can be gathered through various means such as surveys, experiments, observations, interviews, and

scales. Conversely, secondary data is obtained from existing sources, including articles, reports, newspapers, government documents, and books.

In this particular study, the data primarily consists of primary data obtained from respondents' opinions. Questionnaires serve as the primary instrument for data collection, allowing participants to express their views on the research questions. Therefore, the study relies on primary sources for its data, emphasizing the direct collection of information from the target population.

### 3.4 Methods of Analysis

To fulfill the study objectives the reliability analysis and statistical analysis are the analysis tools for the study.

#### 3.4.1 Reliability Analysis

In this context, reliability is assessed through the application of the Cronbach's alpha measurement technique. This method is employed to evaluate the reliability of Likert scale surveys consisting of multiple questions. A commonly accepted guideline for interpreting alpha in Likert scale questions is:

Table 2

*Cronbach's Alpha Table*

Cronbach's Alpha	Internal Consistency
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$\alpha > 0.5$	Unacceptable

Source: *Waseem et al., (2023)*

#### 3.4.2 Statistical Analysis

##### Descriptive Statistical Analysis

Descriptive statistical analysis involves the computation of various metrics such as minimum, maximum, mean, and standard deviation to gain an understanding of the current state of the variables under study.

##### Minimum and Maximum Values

The analysis utilizes minimum and maximum values to determine the range of the data. These values offer insights into the boundaries of the dataset, highlighting the lowest and highest observed values. Examining the minimum and maximum values collectively provides an overview of the variability and extremes within the dataset.

#### Mean ( $\bar{X}$ )

The mean, also known as the average, is a statistical measure of central tendency calculated by summing all values in the dataset and dividing by the total number of values. It represents the typical or average value within the dataset, providing a measure of centrality alongside other measures such as the median and mode.

#### Standard Deviation ( $\sigma$ )

Standard deviation quantifies the dispersion or variability within a dataset by assessing the spread of individual data points around the mean. It is calculated as the square root of the variance and indicates the degree to which data points deviate from the dataset's average. Standard deviation, denoted by ( $\sigma$ ), offers insights into the distribution's dispersion and the variability of data points within the dataset.

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum(X - \bar{X})^2}{N}}$$

Where,

X=variables

$\bar{X}$  = mean

N= No. of Period

#### Correlation Analysis (r):

It is the most straightforward method for determining the correlation between two variables, unaffected by the magnitude of extreme items. Karl Pearson coefficient of correlation is usually denoted by 'r'.

$$\text{Correlation Coefficient (r)} = \frac{n \sum XY - \sum X \sum Y}{\sqrt{[n \sum x^2 - (\sum X)^2] [n \sum Y^2 - (\sum Y)^2]}}$$

Where,

n = number of X and Y

$\sum XY$  = Sum of the product of series X and Y

$\sum X$  = Sum of series X

$\sum Y$  = Sum of series Y

$\sum X^2$  = Sum of series X

$\sum Y^2$  = Sum of the square series Y

This methodology was primarily utilized to determine the direction and strength of relationships between different pairs of variables. To achieve this objective, correlation analysis served as a statistical tool to elucidate the direction and magnitude of the relationship between two sets of variables. This approach illustrates how two variables co-vary and quantifies the degree of association between them. The Pearson correlation coefficient was employed to elucidate this relationship, with values ranging from -1 to +1. A correlation coefficient of exactly -1 signifies a perfect negative correlation, where the variables move precisely in opposite directions. Conversely, a correlation coefficient of +1 indicates a perfect positive correlation, suggesting a close relationship between the variables.

### **Multiple Regression Analysis**

Multiple regression analysis is a statistical technique utilized to explore the relationship between a single dependent (outcome) variable and several independent (predictor) variables. Its main objective is to predict changes in the dependent variable based on variations in the independent variables. This approach offers insights into the predictive capacity of multiple predictors. Moreover, the coefficient of determination, often known as R-squared, represents the proportion of variance in the dependent variable explained by the regression equation. The multiple regression equation can be expressed as follows:

Model

$$ER = \beta_0 + \beta_1 \times C + \beta_2 \times L + \beta_3 \times TD + \beta_4 \times WE + e$$

Where,

ER= Employee Retention (Dependent Variables)

$\beta_0$  = Intercept

$\beta_1, \beta_2, \beta_3$  and  $\beta_4$  are the regression coefficients associated with the independent variables

C= compensation

L = Leadership

TD = Training and Development

WE= work environment

$e$ = represents the error term or residual, which captures the unobserved factors affecting Dependent variables that are not accounted for by the independent variables.

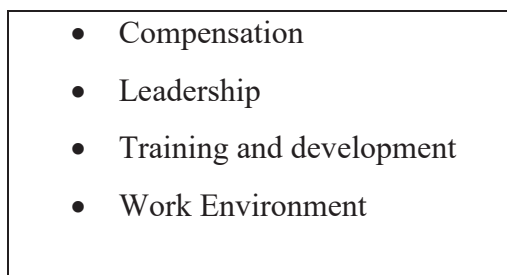
Each

$\beta_i$  = The coefficient signifies the alteration in the dependent variable linked with a one-unit shift in the respective independent variable, while keeping all other variables constant. These coefficients elucidate the intensity and orientation of the correlation between the dependent variable and each independent variable.

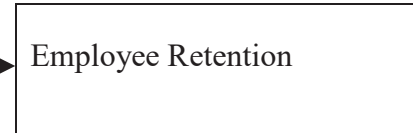
### 3.5 Research Framework and Definitions of Variables

For the convenient presentation of the research, the variables are abbreviated as follows. This can be shown in the following figure.

Independent Variable



Dependent Variable



Source: *Qureshi (2021)*

*Figure 1: Research Framework*

#### Definition of Variables

Employee Retention

In this study, employee retention stands as the central variable, representing a critical concern amid organizations striving to secure talent amidst economic challenges. The costs linked with employee turnover can be substantial, escalating to 2.5 times an employee's salary, contingent on their position. Beyond financial implications, intangible costs include diminished productivity, waning engagement, training expenses, and cultural ramifications (Sharon, 2019).

### Compensation

Compensation structures often differ across organizations, with employees frequently holding high expectations regarding the compensation provided by their employers. Kimberlee (2019) underscores that insightful employers recognize the importance of offering an appropriate compensation and benefits package to retain top-tier employees. Aguenza and Som (2012) define compensation as the rewards extended to employees based on their contributions and performance, addressing their needs and satisfaction levels.

### Leadership

The leadership ethos within an organization plays a direct or indirect role in influencing employees' decisions to remain with or depart from the company. Employee turnover may result from shifts in managerial personnel rather than organizational changes (Azeez, 2017). Lisa M. (2018) emphasizes the significance of delineating the superior-subordinate dynamic in the workplace. Managers bear the primary responsibility for fostering and upholding positive working relationships with their team members, establishing clear protocols for manager-employee interactions, and ensuring adherence to organizational policies.

### Training and Development

Training and development initiatives encompass the enhancement of employees' attitudes, knowledge, and skills essential for effective task performance or systematic work execution (Tangthong et al., 2014). The principal aim of training and development is to cultivate employees' capabilities to meet the organization's human capital requirements, both presently and in the future (Ng'ethe, Iravo et al., 2012).

### Working Environment

The working environment, serving as the setting for task execution, holds broader significance within the employment realm. It encompasses the physical location and immediate surroundings of the workplace, be it a construction site or office premises (Business Dictionary, 2019). Narang (2013) further elucidates that the working environment provides the backdrop for employees to demonstrate their personal and professional competencies while fulfilling their basic needs.

## CHAPTER-IV

### RESULTS AND DISCUSSION

The findings derived from the data analysis are methodically showcased to demonstrate their congruence with the study's goals. The analysis adheres to the research methodology delineated in the third chapter, meticulously organized according to the spectrum of tools and methodologies utilized to discern the connections and significance between the data and the objectives. This chapter comprehensively covers the analysis of primary data and the ensuing discoveries derived from this examination.

#### 4.1 Result

##### 4.1.1 Demographic Characteristics

This section included the general information of the respondent, including the information of their gender, age, work experience etc.

Table 3 presents the demographic characteristics of the respondents, encompassing various details. Specifically, concerning the life insurance sector, data pertaining to respondent frequency from entities such as the Life Insurance Corporation (Nepal) Limited, Suryajyoti Life Insurance Company Limited, Asian Life Insurance Company Limited, Rastriya Beema Sansthan, National Life Insurance Co. Ltd, Nepal Life Insurance Co. Ltd, IME Life Insurance, and Sanima Reliance Life Insurance is outlined. The frequencies of respondents from these entities are 28, 27, 27, 59, 53, 63, 48, 52, and 43, respectively, representing percentages of 7.0%, 6.8%, 6.8%, 14.8%, 13.3%, 15.8%, 12.0%, 13.0%, and 10.8%, respectively, out of the total 400 respondents. Additionally, the table details demographic characteristics regarding gender, indicating 364 male and 36 female respondents, translating to 91% and 9%, respectively, of the total participants. Another demographic aspect highlighted is age distribution, segmented into four categories: below 20 years, 21-30 years, 31-45 years, and above 46 years. The table delineates the number of participants falling within each age group, with 30 respondents below 20 years of age.

Table 3

*Demographics Characteristics*

Insurance of Respondent	Frequency	Percent	Valid Percent	Cumulative Percent
Life Insurance Corporation (Nepal) Limited	28	7.0	7.0	7.0
SuryaJyoti Life Insurance Company Limited	27	6.8	6.8	13.8
Asian Life Insurance Company Limited	27	6.8	6.8	20.5
Rastriya beema sansthan	59	14.8	14.8	35.3
National life Insurance co. ltd	53	13.3	13.3	48.5
Nepal life insurance co. ltd	63	15.8	15.8	64.3
IME life insurance	48	12.0	12.0	76.3
Sanima reliance life insurance	52	13.0	13.0	89.3
reliable life insurance companies	43	10.8	10.8	100.0
Total	400	100	100	
<u>Gender of Respondent</u>				
Male	217	54.3	54.3	54.3
Female	183	45.8	45.8	100
Total	400	100	100	
<u>Age Group of Participate</u>				
Below 20 years	30	7.5	7.5	7.5
21-30 years	166	41.5	41.5	49
31-45 years	134	33.5	33.5	82.5
Above 46	70	17.5	17.5	100
Total	400	100	100	
<u>Marital Status</u>				
Married	183	45.8	45.8	45.8
Unmarried	217	54.3	54.3	100
Total	400	100	100	
<u>Service Year of Respondent</u>				
1-3 year	147	36.8	36.8	36.8
4-6 year	105	26.3	26.3	63
More than 6 year	148	37	37	100
Total	400	100	100	

Source: *Appendix-1*

The age distribution among respondents indicates that 166 participants fall within the 21-30 age group, while 134 and 70 respondents belong to the 31-45 and above 46 age categories, respectively. This corresponds to percentages of 41.5%, 33.5%, and 17.5%, respectively, out of the total. Regarding marital status, out of the 400 respondents, 183 are married and 217 are

unmarried, constituting percentages of 45.8% and 54.3%, respectively, of the total participants. Furthermore, the table provides insights into the service years of respondents in the life insurance sector. Specifically, 147 respondents have served between 1-3 years, 105 between 4-6 years, and 148 for more than 6 years, accounting for percentages of 36.8%, 26.3%, and 37%, respectively, out of the total participants.

#### 4.1.2 Descriptive Statistics

Descriptive statistics play a crucial role in quantifying different variables, offering measures like mean, median, minimum, maximum, standard deviation, and more. These statistics provide valuable insights into aspects such as compensation, leadership, training and development, work environment, and employee retention, all of which are central variables in the research.

Table 4

##### *Descriptive Statistics*

	N	Minimum	Maximum	Mean	Std. Deviation
Employee Retentions	400	6.00	20.00	17.4	2.11
Compensation	400	6.00	20.00	17.42	2.12
Leadership	400	6.00	20.00	17.42	2.12
Training and Development	400	6.00	20.00	17.41	2.12
Work Environment	400	6.00	20.00	17.42	2.12
Valid N (list wise)	400				

Source: *Appendix -1*

Table 4 presents the descriptive statistics for the variables of compensation, leadership, training and development, work environment, and employee retention. Compensation, represented by rewards to employees, exhibits a minimum value of 6.00, a maximum value of 20.00, a mean of 17.42, and a standard deviation of 2.12. Similarly, leadership, training and development, work environment, and employee retention each demonstrate minimum, maximum, mean, and standard deviation values consistent with those of compensation.

#### 4.1.3 Correlation Analysis

Correlation analysis serves as a statistical tool to evaluate the strength and direction of the relationship between two sets of variables. The Pearson correlation coefficient, ranging from -

1 to +1, is utilized in this research. A coefficient of -1 indicates a perfect negative correlation, where variables move in opposite directions. Utilizing SPSS, correlations are computed between the independent variables (compensation, leadership, training and development) and the dependent variable (employee retention) based on respondent responses.

Table 5  
*Correlation of Variables*

		Employee Retention	Compensation	Leadership	Training and Development	Work Environment
Employee Retention	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	400				
Compensation	Pearson Correlation	.996**	1			
	Sig. (2-tailed)	.000				
	N	400	400			
Leadership	Pearson Correlation	.996**	.997**	1		
	Sig. (2-tailed)	.000	.000			
	N	400	400	400		
Training and Development	Pearson Correlation	.994**	.996**	.996**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	400	400	400	400	
Work Environment	Pearson Correlation	.996**	.998**	.999**	.998**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	400	400	400	400	400

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

Source: *Appendix-1*

Table 5 presents the correlation coefficients between the variables examined in the study, based on responses from 400 Life Insurance respondents. The results are as follows:

The correlation between compensation and employee retention is strongly positive, with a coefficient of 0.996, indicating a perfect positive correlation. The correlation is statistically significant ( $p < 0.001$ ), supporting the hypothesis at a one percent level of significance.

Similarly, the correlation between leadership and employee retention is highly positive, with a coefficient of 0.996, signifying a perfect positive correlation. The correlation is statistically significant ( $p < 0.001$ ), affirming the hypothesis at a one percent level of significance.

The correlation between training and development and employee retention is also strongly positive, with a coefficient of 0.994, indicating a perfect positive correlation. This correlation is statistically significant ( $p < 0.001$ ), supporting the hypothesis at a one percent level of significance.

Likewise, the correlation between work environment and employee retention is highly positive, with a coefficient of 0.996, indicating a perfect positive correlation. The correlation is statistically significant ( $p < 0.001$ ), confirming the hypothesis at a one percent level of significance.

#### 4.1.4 Multiple Regression Analysis

The main objective of multiple regression analysis is to forecast alterations in the dependent variable by examining fluctuations in the independent variables. It acts as a measure to evaluate how well multiple regressions can forecast results. The coefficient of determination in multiple regression indicates how much of the variance in the dependent variables can be explained by the regression equation. This method helps uncover the complex interconnections between independent and dependent variables.

Table 6

##### *Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.997 <sup>a</sup>	.994	.994	.160

a. Predictors: (Constant), Work Environment, Compensation, Training and Development, Leadership

Source: *Appendix-1*

Table 6 shows the model summary independent variable explain predictor are Work Environment, Compensation, Training and Development, Leadership and dependent variable is employee retentions. Here R square is 0.994 which represent the cumulative variation of the independent variable to the dependent variable. There is 99.4% variation in dependent variable

by independent variables. The stander error is 0.16 which is very less it means the calculation is accurate high.

Table 7

*ANOVA Table*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1767.783	4	441.946	17086.728	.000 <sup>b</sup>
	Residual	10.217	395	.026		
	Total	1778.000	399			

a. Dependent Variable: Employee Retentions

b. Predictors: (Constant), Work Environment, Compensation, Training and Development, Leadership

Source: *Appendix-1*

Table 7 shows the AVOVA of variables for the topic of factor affecting employee retention in the Life insurance Company of Nepal. The significant value is the 0.000 its represent the multiple regressions is strong and significantly impact by the independent variable to the dependent variable. The impact of the cumulative variable is significant because the significant value is 0.000 which is less than 0.05.

Table 8

*Coefficient of Variables*

Model		Un standardized		Standardized		Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta	t	
1	(Constant)	.138	.067		2.072	.039
	Compensation	.514	.056	.516	9.213	.000
	Leadership	-.344	.133	-.347	-2.595	.010
	Training and Development	-.354	.068	-.355	-5.174	.000
	Work Environment	1.175	.175	1.183	6.721	.000

a. Dependent Variable: Employee Retention

Source: *Appendix-1*

Table 8 displays the coefficients of variables, with Employee Retention as the dependent variable and compensation, leadership, training and development, and work environment as independent variables. The coefficient table elucidates the impact of each independent variable on the dependent variable, indicating that all independent variables influence employee retention.

For compensation and employee retention, the beta coefficient is a positive 0.514, suggesting that a 1-unit change in compensation positively affects employee retention by 0.514 units. The low standard error of 0.056 indicates high calculation accuracy. The significant value of 0.000 ( $< 0.05$ ) confirms the hypothesis that compensation significantly impacts employee retention.

In the case of leadership and employee retention, the beta coefficient is negative at -0.344, indicating that a 1-unit change in leadership negatively affects employee retention by 0.344 units. With a low standard error of 0.133, calculation accuracy is high. The significant value of 0.01 ( $< 0.05$ ) validates the hypothesis that leadership significantly impacts employee retention.

Similarly, for training and development and employee retention, the beta coefficient is negative at -0.354, suggesting that a 1-unit change in training and development negatively affects employee retention by 0.354 units. The low standard error of 0.068 ensures high calculation accuracy, and the significant value of 0.000 confirms the hypothesis that training and development significantly impacts employee retention.

Lastly, the Work Environment and employee retention exhibit a positive beta coefficient of 1.175, indicating that a 1-unit change in the work environment positively influences employee retention by 1.175 units. With a low standard error of 0.175, calculation accuracy is high. The significant value of 0.000 confirms the hypothesis that the work environment significantly impacts employee retention.

## **4. 2 Discussion**

The first objective of research is to examine the relationship between compensation, leadership, training and development, work environment with employee retention in Life Insurance Company. The result is differing with Ahmed, Khan, Ahmad and Ahmad, (2022) .It found that the relationship between compensation and employee retaliation has positive relationship and is significant so the hypothesis is true. Leadership and employee retaliation

has also positive relationship and is significant so the hypothesis is true. Training and Development and employee retention has positive relationship and, is significant so the hypothesis is true. The result is consistent with Rana and Shakya, (2021) and According to the Rana and Shakya, (2021) the significant relationship was seen between factors influencing job retention and their satisfaction level.

The second objective of research is to examine the impact of compensation, leadership, training and development, work environment with employee retention. The finding shows the compensation and employee retention has beta of positive. The beta represent if change in 1 in the compensation then the employee retention has impacted positively. The standard error is the very low it means the accuracy of the calculation is high. The compensation impact to the employee retention is significant because the significant. The result is consistent with the Soomro, Hussain and Abdullah, (2021), according to them “substantive enhancement in motivation level and practical handling of compensation may yield a correspondingly improvement in employees retention”. The leadership impact to the employee retention is not significant because the significant. The result is also consistent with Guma, (2011). The training and development and employee retention has beta of negative 0.354. The training and development then the employee retention has impacted negative. The training and development impact to the employee retention is significant because the significant. The Work Environment and employee retention has beta of positive. The Work Environment impact to the employee retention has significant. The hypothesis is true to the compensation, training and development and work environment is true but in case of leadership hypothesis is not true. The result is consistent with the Sarmad et al., (2016), according to them “training program has a positive impact on retention professionalism and self-efficiency of the employees. Successful organizations should invest on the training programs of the employees to overcome turnover issues”.

## CHAPTER- V

### SUMMARY AND CONCLUSION

The summary encapsulates a comprehensive account of the entire research process, delineating each facet of the study. The thesis conclusion comprises three key components: the summary, the conclusion, and the inference. It also incorporates implications, outlining potential applications of the research in future contexts.

#### 5.1 Summary

Retaining human resources is crucial for organizational vitality, as employees serve as the life force of any company. The departure of well-trained personnel poses significant challenges and financial setbacks for organizations. Consequently, employee retention has emerged as a critical concern requiring immediate attention. Failure to address these issues promptly can lead to substantial organizational losses. Organizations invest considerable time and resources in training new employees, making their departure a substantial setback. Preserving positive and motivated employees is paramount for an organization's success. Effective human resource management plays a pivotal role in organizational development, ensuring the appropriate allocation of resources. Placing individuals with the right skills in suitable positions at the opportune moment is vital for optimal functionality. While training and development are essential components, ongoing motivation and acknowledgment are equally crucial for encouraging employees to excel in their roles. On the basis of the given background the research is conducted here on “Factors Affecting Employee Retention in Nepalese Life Insurance Companies”.

The research aims to analyze the relationship between compensation, leadership, training and development, work environment, and employee retention in life insurance companies. Additionally, it seeks to examine the impact of these factors on employee retention. These objectives stem from the problem statement, focusing on whether there is a relationship between compensation, leadership, training and development, work environment, and employee retention, and what the impact of these factors is. The study employs a descriptive and causal-comparative research design, using correlation and regression analysis to achieve its goals. Compensation, leadership, training and development, and work environment are the

independent variables, while employee retention is the dependent variable. The sample includes three insurance companies with 400 respondents selected through convenience sampling. The research findings indicate that compensation and employee retention are perfectly correlated and significant. Similarly, leadership and employee retention, as well as training and development with employee retention, show perfect and significant correlations. The work environment also has a significant and perfect correlation with employee retention. Furthermore, the impacts of compensation, leadership, training and development, and work environment on employee retention are all significant.

## **5.2 Conclusion**

The first objectives of research are to examine the relationship between compensation, leadership, training and development, work environment with employee retention in Life Insurance Company. The finding of the research is that the relationship of compensation and employee retention is perfectly correlated and significant. The relationship between the leadership and employee retention is also perfectly correlated and significant. The relationship between the training and development with employee retention is also significantly correlated each other. The work environment has a relationship with the employee retention perfectly and the relationship is significant.

The second objectives of research are to examine the impact of compensation, leadership, training and development, work environment with employee retention in Nepalese Life insurance company. The finding of the research is that the impact of compensation and employee retention is significant. The impact of the leadership and employee retention is also significant. The training and development with employee retention is also significantly impact. The work environment has impact to the employee retention also is significant.

## **5.3 Implications**

Employees constitute the foundation of any organization, and the recurring issue of high turnover poses a significant threat. Consequently, retaining key employees has become a critical organizational function. This study offers valuable insights into the diverse factors influencing employee retention, particularly in the context of Nepalese organizations. By identifying these factors, the research contributes to creating a positive work environment and enhancing employee retention within life insurance companies in Nepal. Furthermore, the

study provides actionable recommendations based on identified issues and challenges, offering practical solutions for organizations facing high employee turnover.

The significance of retaining competent employees, crucial for organizational success, cannot be overstated. Employee turnover serves as an indicator of underlying problems within an organization, emphasizing the need to address these issues. Both public and private organizations are urged to competitively reward their employees and implement effective performance management practices. The importance of job design is also highlighted, emphasizing that a combination of these factors fosters employee commitment and contributes to organizational success. Treating employees with value is essential for fostering organizational commitment, as highlighted in this study.

This research is intended to be a valuable resource for human resource managers, managing directors, and employee managers responsible for employee retention in organizations. Additionally, organizations with similar characteristics can benefit from the findings. Future researchers exploring related topics will find this study beneficial for understanding formatting and building upon previous research perspectives.

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## APPENDICES

Appendix 1: Survey Questionnaires

February and March, 2024

Dear Respondent,

I am conducting this questionnaire survey for an academic research as required by the MBS program. The title of my research is “**FACTORS AFFECTING EMPLOYEE RETENTION IN NEPALESE INSURANCE COMPANIES**”. I would to like to state that this research is purely for an academic propose and I am simply interested in yourself and honest answer. I assure you that strict confidentiality will be maintained and the information furnished by you will be used only for academic purpose.

Thank You for Your Cooperation.

Samata Sharma Poudel

MBS Student

Shanker Dev Campus, Kathmandu

Part I: BIO DATA

Fill Your Answer in the appropriate box.

1. Choose the companies which you are belong.

- Life Insurance Corporation (Nepal) Limited (     )
- SuryaJyoti Life Insurance Company Limited (     )
- Asian Life Insurance Company Limited (     )
- Rastriya beema sansthan (     )
- National life Insurance co. ltd (     )
- Nepal life insurance co. ltd (     )
- IME life insurance (     )
- sanima reliance life insurance (     )
- reliable life insurance companies (     )

2. Gender

- a. Male [ ]    b. Female [ ]

3. Age

- a. Below 20 years [ ]    b. 21 -30 years [ ]    c. 30-45 years [ ]    d. 46 and above

4. Marital status

- a. Married [ ]                      b. Unmarried [ ]

5. How long you have serviced in the life insurance?

- A. 1-3years [ ]              b. 4-6years [ ]              c. More than 6years [ ]

Part II

Below are several statements about you with which you may agree or disagree. Using the response scale below, indicate your agreement or disagreement with each item by choosing the appropriate number. Please give your responses as follows

(1 = strongly Disagree, 2= Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree)

A) Compensation

Questions	1	2	3	4	5
Consistently rewards for good work helps in retaining employees.					
Performance appraisal and reviews is necessary for employee retention.					
Adequate salary highly influences employee retention.					
Total benefits provide is important for employee retention.					

B) Leadership

Questions	1	2	3	4	5

Manager as a good leaders help to employee retention to the organization.					
Leadership development to the employee helps to employee retention in the organization.					
Responsibility creates leadership and that help to employees retention.					
Job responsibility and Leadership help to employee retention.					

### C) Training and Development

Questions	1	2	3	4	5
Satisfactory development training should be provided for retaining the employees.					
Timely promotion in job is required for the employee retention.					
Providing consistent training about new development in the organization helps for employee retention					
Job specific training helps to improve employee retention.					

### D) Work Environment

Questions	1	2	3	4	5
Peaceful environment is the causes for employee's retention in the organization.					
Friendly environment in the office developed employee retention in the organization.					
Participatory environment is the reason for employee retention.					

Office needs familiar environment and that makes employees retain.					
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### E) Employees Retention

Questions	1	2	3	4	5
Annually increment in pay is needed for employee retention.					
Getting sufficient time for family after work helps for employee retention.					
Consistent training about new development in the company helps for employee retention.					
An opportunity given by the company to apply your talent and knowledge at work is important for employee retention.					

Thank you for your participation. Hope you have a great day!!!

Appendix 2: calculation from Spss

### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Employee Retentions	400	6.00	20.00	17.4000	2.11096
Compensation	400	6.00	20.00	17.4200	2.12247
Leadership	400	6.00	20.00	17.4225	2.12845
Training and Development	400	6.00	20.00	17.4175	2.12119
Work Environment	400	6.00	20.00	17.4225	2.12492
Valid N (listwise)	400				

### Correlations

		Employee Retentions	Compensation	Leadership	Training and Development	Work Environment
Employee Retentions	Pearson Correlation	1	.996**	.996**	.994**	.996**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	400	400	400	400	400
Compensation	Pearson Correlation	.996**	1	.997**	.996**	.998**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	400	400	400	400	400
Leadership	Pearson Correlation	.996**	.997**	1	.996**	.999**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	400	400	400	400	400
Training and Development	Pearson Correlation	.994**	.996**	.996**	1	.998**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	400	400	400	400	400
Work Environment	Pearson Correlation	.996**	.998**	.999**	.998**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	400	400	400	400	400

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

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.997 <sup>a</sup>	.994	.994	.16083

a. Predictors: (Constant), Work Environment, Compensation , Training and Development, Leadership

### ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1767.783	4	441.946	17086.728	.000 <sup>b</sup>
	Residual	10.217	395	.026		
	Total	1778.000	399			

a. Dependent Variable: Employee Retentions

b. Predictors: (Constant), Work Environment, Compensation , Training and Development, Leadership

### Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.138	.067		2.072	.039
	Compensation	.514	.056	.516	9.213	.000
	Leadership	-.344	.133	-.347	-2.595	.010
	Training and Development	-.354	.068	-.355	-5.174	.000
	Work Environment	1.175	.175	1.183	6.721	.000

a. Dependent Variable: Employee Retentions

### Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	217	54.3	54.3	54.3
	Female	183	45.8	45.8	100.0
	Total	400	100.0	100.0	

### Name of the insurance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Life Insurance Corporation (Nepal) Limited	28	7.0	7.0	7.0
	SuryaJyoti Life Insurance Company Limited	27	6.8	6.8	13.8
	Asian Life Insurance Company Limited	27	6.8	6.8	20.5
	Rastriya beema sansthan	59	14.8	14.8	35.3
	National life Insurance co. ltd	53	13.3	13.3	48.5
	Nepal life insurance co. ltd	63	15.8	15.8	64.3
	IME life insurance	48	12.0	12.0	76.3
	sanima reliance life insurance	52	13.0	13.0	89.3
	reliable life insurance companies	43	10.8	10.8	100.0
	Total	400	100.0	100.0	

**Age**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 20 years	30	7.5	7.5	7.5
	21-30 years	166	41.5	41.5	49.0
	31-45 years	134	33.5	33.5	82.5
	Above 46	70	17.5	17.5	100.0
	Total	400	100.0	100.0	

**Marital Status**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	married	183	45.8	45.8	45.8
	Unmarried	217	54.3	54.3	100.0
	Total	400	100.0	100.0	

**Serviced Years in the insurance**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly Disagree	147	36.8	36.8	36.8
	Disagree	105	26.3	26.3	63.0
	Neutral	148	37.0	37.0	100.0
	Total	400	100.0	100.0	

# FACTORS AFFECTING EMPLOYEE RETENTION IN NEPALES...

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**ABSTRACT** The research aims to analyze the relationship between compensation, leadership, training and development, work environment, and employee retention in life insurance companies. Additionally, it seeks to examine the impact of these factors on employee retention. These objectives stem from the problem statement, focusing on whether there is a relationship between compensation, leadership, training and development, work environment, and employee retention, and what the impact of these factors is. The study employs a descriptive and causal-comparative research design, using correlation and regression analysis to achieve its goals. Compensation, leadership, training and development, and work environment are the independent variables, while employee retention is the dependent variable. The sample includes three insurance companies with 400 respondents selected through convenience sampling. The research findings indicate that compensation and employee retention are perfectly correlated and significant. Similarly, leadership and employee retention, as well as training and development with employee retention, show perfect and significant correlations. The work environment also has a significant and perfect correlation with employee retention. Furthermore, the impacts of compensation, leadership, training and development, and work environment on employee retention are all significant. Keywords: compensation, leadership, training and development, work environment and employee retention ii

**CHAPTER-I INTRODUCTION 1.1 Background of the Study** The success of any organization hinges on the dedication of its hardworking employees. In today's competitive job market, retaining employees is a significant concern. Employee retention involves actively encouraging employees to remain with the organization for an extended period. It is essential for an organization to retain its workforce, as employees are the lifeblood of any organization. Losing trained employees after investing time and resources in their development can result in substantial losses. Employee retention has become a critical issue that organizations must address promptly to avoid significant setbacks. Organizations invest considerable time and financial resources in training new employees, making it imperative to retain them to ensure a return on investment. Keeping positive and motivated employees is vital for the overall success of the organization. High employee turnover not only increases costs but also negatively impacts organizational performance and productivity. Effectively managing employee retention is crucial for enhancing a firm's overall performance and is essential for the continued success of a business. Therefore, HR managers should adopt a comprehensive approach to understand the factors influencing employee turnover, as highlighted by Mak (1999). Employee retention is defined as "the ability to retain the desired employees for a longer duration compared to competitors" (Johnson, 2000), emphasizing a long-term relationship or commitment between the employee and employer. While hiring competent employees is vital, retaining them is an even greater challenge. Significant investments are made in recruiting, selecting, orienting, and training new hires. Costs associated with retention include recruiting expenses, orientation and training costs, decreased productivity