An Investigation of the Employee Satisfaction and Organizational Commitment on Employee Job Retention in Selected Insurance Companies in Sri Lanka

By

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Abstract
This study aims to investigate and find out the impact of employee job satisfaction and organizational commitment on employee retention in insurance companies in Sri Lanka. A total of two hundred and fifty (250) questionnaires were sent to employees of insurance companies. Out of the total, one hundred (100) usable questionnaires were selected for data analysis. The sample was selected from employees of the marketing staff, underwriting staff, technical and support service staff in the insurance companies. Primary data was used as the main data source for this study. Primary data is collected using the convenience sampling technique. The quantitative data was analyzed using the SPSS16.0 analytical tool. According to the data analysis, the major findings indicate that there is; a moderately positive correlation between the variables job satisfaction, organizational commitment and employee retention. Therefore, the changes in the variables positively affect to the changes of the employee retention and a positive change in variables will increase the employee retention to some extent and a negative change will decrease the employee retention to some extent. The significant value or the P value, 0.000 and it means that there is a 100% chance to such effect on the variables.

Since the job satisfaction and organizational commitment are wide areas, there are some constrains to collect accurate data, and this may be affected to reliability of the data. This study was carried out in insurance companies in Sri Lanka. However it can be generalized for other areas too if the number of industries as well as number of respondents increased. In a country like Sri Lanka definitely there is a gap between concept, awareness and knowledge. Therefore further studies regarding employee retention also help to bridge the gap. Since there is a positive association between job satisfaction, organizational commitment and employee retention, the top level managers can use this as a strategy to gain competitive advantage.

Keywords: Employee Retention, Job Satisfaction, Organizational Commitment, Insurance Companies.
1. Introduction

According to the strategic human resource aspect, human resource is considered as the most important asset of an organization. The human resource is the employees that an organization has. Employee retention is a vital phenomenon in today’s business environment and it has become a vital issue and challenge to all the organizations nowadays. The number of employees leaving the organizations is more than the employees joining. The war of talent will start in the near future because of the shortage of labour (Holland et.al 2007). Retaining employees is very important to the organization but it is a challenge. This is of particular interest for Insurance Sector organizations too. Therefore it is important to understand how to avoid future employee losses successfully (Samuel and Chipunza 2009).

Employees are the most determinant and leading factor that determine the success of the organizations in competitive and dynamic environment (Kennedy and Diam 2010, Molina and Ortega 2003, Chapman 2009). This statement is especially true for service organizations as they rely heavily on their good behavioral employees to provide a responsible quality customer service in this competitive business environment. The employees are the knowledge assets of the company and their turnover would be a huge loss to the organization (Price 1977). Employees are not like machines and they have feelings and expectations. Therefore it is not possible to get work done through them like getting work done through machines. Employees expect something in return for the effort they put in order to retain the organization in future.

If a person receives what he expects from the job, naturally the work he performs gives him pleasure and satisfaction. On the other hand, if a person is unable to fulfill his expectations from the job, dissatisfaction creeps, in low job satisfaction is a sign of deterioration in the efficiency of work organization. Hackman and Oldham (1975) view satisfaction with work as the happiness that people have with the job they perform. High job satisfaction of employees is a encouraging sign for the employer for it is conducted with those positive conditions, which management wants. The concept of job satisfaction has long been studied in theories (Maslow 1943, Herzberg 1959, Alderfer 1972 and Robbins 1998). Organizations cannot succeed without their personnel efforts and commitment and hence, job satisfaction is a critical element for retaining and attracting talent (Mueller et.al 1992). Various studies have also found a positive relationship between job satisfaction and other factors that are considered as important to organizational success for example, employee motivation, employee performance, retention, leadership style and employee self-esteem (Roos and Eeden 2008, Stander and Rothmann 2008, Alavi and Askariipur 2003).

Organizational commitment is thought to be an important part of the psychological condition of the employees, including the attitudes they generalize towards their organization (Sirin and Sirin, 2013). Those employees with a higher degree of emotional commitment are more likely to continue working for the organization voluntarily and eagerly because they feel integrated within the organization and identify with the norms and values of the organization (Nagar,2012). Highly committed employee will identify with the goals and values of the organization, has a stronger desire to belong to the organization; and is willing to display greater organizational citizenship behavior i.e, a willingness to go over and beyond their required job duties. If human resources are said to be an organization’s greatest assets, then committed human resources should be regarded as an organization’s competitive advantage (Mowday et.al 1982).
It is important to note that while job satisfaction and organizational commitment may influence or correlate with one another, the two terms are not synonymous. Employee job satisfaction and organizational commitment are more important to identify what are the reasons of leaving from the current job. Therefore, this study attempts to explore the relationship of the impact of employee job satisfaction and organizational commitment on employee retention in the insurance companies in Sri Lanka. Several factors can be affecting to the employee retention and some are job satisfaction and organizational commitment. By linking job satisfaction and organizational commitment to employee retention, this study investigates the impact of employee job satisfaction and organizational commitment towards employee retention. There are various researchers that have been done worldwide based on different organizations and conditions about the impact of employee job satisfaction and organizational commitment on employee retention. However in Sri Lankan context, the amount of researches done regarding the investigation of employee job satisfaction and organizational commitment on employee retention in insurance companies are few and far between. Hence this study will be helpful to fill the gap and to identify the new approaches for the employee retention in Insurance Companies.

2. Research Problem
Although the usage of technology keeps increasing rapidly the demand for human skill is still at a considerable level, because employees have a higher impact over organizations, especially for service sectors like the insurance industry, since organizations cannot make service a tangible product. Employees who are dissatisfied and uncommitted would eventually leave. At the same time, the organization would lose the knowledge that the employees had brought in (Tnay et al. 2013). If the organization decides to recruit new employees to replace those who leave, and their feelings of dissatisfaction are not met, this could affect the daily operations of the organization and turnover rate will increase.

Therefore the companies want talented, skilled, trained employees. However, when the employees’ retention ratio is low, it indicates that the employees are not going to retain in the company for a long period. As a result, the companies have to recruit new employees for the company, and they are mostly untrained employees. So those companies have to face vast problems, because it is not an easy task to develop the new comers to the level of the previous employees.

Employee retention is one of the prominent topics for research on human resource management literature, and a number of studies can be found on employee retention. From those studies, most of the studies have identified the relationship between impacts of employee job satisfaction on employee retention. Most of the studies are based on the production sector, focusing on the apparel industry, and the service sector focusing on banking sector. Sri Lanka has a number of insurance companies and they provide a higher contribution to the country as a supportive service. However, insurance industry is neglected from the studies up to some extent.

Even though empirical researches discovered the investigation of employee job satisfaction and organizational commitment on employee retention in insurance industry (Kalkava and Katrinti 2014), in Sri Lankan context, the amount of researches done on the insurance industry is lesser. Hence this study focuses on answering this situation and will examine the impact of employee job satisfaction and organizational commitment on employee retention in insurance companies. Therefore this study will focus to identify, “Whether there is a significant impact of employee Job Satisfaction and Organizational Commitment on Employee Retention?”
3. Research Questions

The objective of the study is to measure the “Impact of employee job satisfaction and organizational commitment on employee retention in insurance companies”, also to fill the gap in existing literature. This study will investigate to find answers for the following questions.

- What impact does job satisfaction have on employee retention in insurance companies?
- What impact does organizational commitment have on employee retention in insurance companies?
- What impact do job satisfaction and organizational commitment have on employee retention in insurance companies?

4. Research Objectives

The research questions have been selected in order to develop the theoretical framework of the subject and generate practical implications. Through finding the answers to research questions, researcher expects to achieve the research objectives.

General Objective

- To investigate the impact of employee job satisfaction and organizational commitment on employee retention in insurance companies.

Specific Objectives

- To determine the impact of job satisfaction on employee retention in insurance companies.
- To determine the impact of job commitment on employee retention in insurance companies.
- To identify the existing situation on job satisfaction and organizational commitment practices in insurance companies in Sri Lanka.
- To provide some suggestions in improving the existing situation with reference to employee feedback.

5. Literature Survey

5.1 Employee Satisfaction

Employee satisfaction is defined as favorable or unfavorable subjective feeling with which employees view their work (Ohari 2013). Historically, job satisfaction has been described as the congruency or discrepancy between the job requirements and the employee’s expectations (Vroom 1964). Employee Satisfaction refers to one’s feeling or condition of mind according to the nature of work. However, it is concluded in research by Porter et.al (1974), that job satisfaction illustrates the difference between what people expect from the job and what they get in reality. Job Satisfaction is the most widely investigated job attitude as well as one of the most extensively researched subjects in the HRM and organizational behaviour. Job Satisfaction is an important predictor of employees’ intention to stay or leave the organization (Alniacik et.al 2013). In a meta-analysis, Hellman (1997) showed that the relationship between job satisfaction and intent to leave was significant and consistently negative. Further, lack of job satisfaction may cause a low level of productivity and a higher level of absenteeism, occupational accidents, mental and physical health problems and early retirements (Alniacik et.al 2013).
5.2 Organizational Commitment

Individuals who are highly committed to their organizations are less likely to picture about leaving. Individuals with higher levels of organizational commitment have a sense of belonging and identification with the organization that increases their desire to pursue the organization’s goals and activities, and their willingness to remain a part of the organization (Meyer and Allen 1991). Most organizations have understood that the performance of their employees plays a vital role in determining the success of the organization (Zheng et al 2010). Further, it is important for employers and managers to identify how to get the best of their employees. One of the antecedent determinants of workers’ performance is believed to be employee commitment (Ali et.al 2010). Employee commitment has become one of the most popular work attitudes studied by practitioners and researchers. It is noted that one of the reasons why commitment has attracted research attention is the fact that organizations depend on committed employees to create and maintain competitive advantage and achieve managerial performance (Akintayo 2010). Committed employees who are highly motivated to contribute their time and energy to the pursuit of organizational goals are increasingly acknowledged to be the primary asset available to an organization (Hunjra et.al 2010). They provide the intellectual capital that, for many organizations, has become their most critical asset (Hunjra et.al 2010). A negative correlation between organizational commitment and the intention to leave the organization was identified in the studies conducted and it was stated that the persons with low or non-existent commitments to the organization did not see themselves as part of the organization and they had a higher likelihood of absenteeism, late arrival and resignation (Kalkavan and Katrinli 2014).

Individuals who are highly committed to their organizations are less likely to ponder on leaving their workplace. On the other hand, employees who are satisfied with their jobs are less likely to consider leaving their jobs. When employees are dissatisfied at work, they are less committed and will look for other opportunities to quit. If opportunities are unavailable, they may emotionally or mentally ‘withdraw’ from the organization. Thus, organizational commitment and job satisfaction are important attitudes in assessing employees’ intention to quit, and the overall contribution of the employees to the organization.

6. Conceptual Model

Independent Variables Dependent Variable

Job Satisfaction and Organizational Commitment → Employee retention

This study is about the investigation of job satisfaction and organizational commitment on employee retention in insurance companies.

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The conceptual framework represents the relationship between the variables related to the study. The dependent variable is employee retention. The independent variables are job satisfaction and organizational commitment.

7. Research Hypothesis
The above conceptual model has enabled the testing of three main hypotheses, as follows;

H1- There is a significant impact of job satisfaction on employee retention.

H2-There is a significant impact of organizational commitment on employee retention.

H3-There is an overall significant impact of job satisfaction, organizational commitment on employee retention.

8. Research Methodology
A field research is conducted to collect data from a representative sample of non-administrative staff working at insurance companies in Sri Lanka. The sample was selected from the employees of the marketing staff, underwriting staff (Internal), technical staff (assessors) and support service staff in the five insurance companies. In this research, researcher used data regarding AIA Insurance, HNB Assurance PLC, Janashakthi Insurance PLC, Union Assurance PLC and Sri Lanka Insurance Corporation Ltd. A total of 250 questionnaires were distributed among the non-administrative employees and only 100 of them were successfully collected from the studied organizations. Primary data is collected using the convenient sampling techniques. In analyzing the variable data, descriptive and inferential statistics were used by utilizing the Statistical Package for Social Sciences (SPSS) version 16.0.

9. Significance of the Study
In the current scenario, employees are the one of key factor in the business world, because most of organizations are profit oriented and they expect a skilled and talented workforce who can contribute to the organization’s success. The performance of the employees lead to achieving organizational goals, and their performance is affected by their job satisfaction and organizational commitment.

The relationship of employee job satisfaction and organizational commitment on employee retention is a dominant research issue in the HRM field, although most of researchers regard these two areas separately. So there are only few studies that identify the relationship between these two variables together. Therefore, this study will help to address the gap in the literature in insurance industry. Findings of this study will help to identify whether there is a relationship between employee job satisfaction and organizational commitment on employee retention in insurance companies. And also it will identify the relationship according to the two factors job satisfaction and organizational commitment separately.

This study will help to examine the Job satisfaction and Organizational commitment practices which are currently implemented by the organizations and to identify reasons for leaving the employees in a short period of time from organization to organization or from the industry. Organization can also identify the kinds of
impacts’ employee job satisfaction and organizational commitment have on employee retention in insurance industry. Ultimately, this research will contribute to increase the employee retention in Insurance industry, and to take necessary arrangements to enhance the employee retention.

Firms at all levels will benefit from the results of this research to evaluate the degree to which employees are satisfied and what their level of commitment is to the company, thus solving the problems and drawbacks of their strategies to satisfy and retain the employees.

Finally, this study helps to bridge the gap in HRM literature about the relationship between employee job satisfaction and organizational commitment on employee retention in insurance industry.

10. The Relationship between Job Satisfaction, Organizational Commitment and Employee Retention

Correlation coefficient measures the direction and the strength of the linear relationship between two variables. Correlation coefficient value and level of significant is usually written as “r”. The value of r ranges from -1 to +1. The closer the coefficient is to an absolute value of 1, the greater the degree of relatedness. Value near to 0 indicates a very week relationship between two variables. A positive value indicates that there is a positive association between variables, and likewise a negative value indicates negative relationship. The scales are as follows,

- If $r > 0.75$ There is a strong positive correlation between variables
- If $0.25 < r < 0.75$ There is a moderate positive relationship between variables
- If $0 < r < 0.25$ There is a weak positive relationship between variables
- If $r = 0$ There is a no relationship between variables
- If $r > -0.75$ There is a strong negative relationship between variables
- If $-0.25 < r < -0.75$ There is a moderate negative relationship between variables
- If $0 < r < -0.25$ There is a weak negative relationship between variables
10.1 Job Satisfaction and Employee Retention

Table 01 Correlation between Job Satisfaction and Employee Retention

<table>
<thead>
<tr>
<th></th>
<th>Job Satisfaction</th>
<th>Employee Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.879**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

According to the above table, Pearson’s correlation is 0.879 and it is close to 1 than to 0. According to the description about the Pearson’s correlation given above, there is a strong positive relationship between two variables. This means that changes in Job satisfaction are highly correlated with employee retention and there is a strong positive relationship between those two variables. The significant value is statistically significant.

- **There is a strong positive relationship between Job satisfaction and Employee Retention**
  
  \[ r = 0.879 \]
  
  \[ p = 0.000 \]

Since \( r = 0.879 \), there is a positive relationship between Job satisfaction and Employee Retention. This relationship is strongly positive and it means that a change in job satisfaction strongly affects to the change in the employee retention; as well as a positive change in job satisfaction increases the employee retention strongly and vice versa. But as \( P \) value is 0.0000, 100% significant level to the changes in job satisfaction give exact and expected results.
10.2 Job Commitment and Employee Retention

Table 2 Correlation between Job Commitment and Employee Retention

<table>
<thead>
<tr>
<th></th>
<th>Organization Commitment</th>
<th>Employee Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Commitment</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td>Employee Retention</td>
<td>Pearson Correlation</td>
<td>.931**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>100</td>
</tr>
</tbody>
</table>

As shown in the above table, Pearson’s correlation coefficient is 0.931 and it means that there is a positive correlation between organizational commitment and employee retention, and that has a strong positive correlation since it has $r$ value is more than 0.75 level. This shows that changes in the organizational commitment are correlated with the Employee Retention as well as it has a strong positive relationship. The significant value is 0.000, which indicates that correlation between the variables is statistically significant.

- **There is a strong positive relationship between Organizational commitment and Employee Retention**

  \[ r = 0.931 \]
  \[ p = 0.000 \]

Correlation value, 0.931 proves that there is a strong positive relationship between Organizational commitment and Employee Retention. The changes in organizational commitment positively affect to increase the employee retention strongly, and changes in organizational commitment negatively affect to decrease the employee retention strongly. The significant value or the P value, 0.000 indicates that there is a 100% chance of such an effect on the variables.
### 10.3 Job Satisfaction, Job Commitment and Employee Retention

**Table 3 Correlation between Job Satisfaction, Job Commitment and Employee Retention**

<table>
<thead>
<tr>
<th></th>
<th>Job Satisfaction</th>
<th>Organization Commitment</th>
<th>Employee Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Correlations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.921**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>.921**</td>
<td>1</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>.879**</td>
<td>.931**</td>
</tr>
<tr>
<td>Employee Retention</td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

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

The correlation value for the Job satisfaction, Organizational commitment and Employee Retention is closer to 1 and this means that there is a strong positive correlation between the variables. Therefore the changes in the job satisfaction, and organizational commitment positively affects to the changes in employee retention; and a positive change will increase the employee retention to some extent and a negative change will decrease the employee retention to some extent. The significant value or the P value, 0.000 and it means that there is a 100% chance to such effect on the variables.

- **There is a strong positive relationship between Job Satisfaction, Organizational commitment and Employee Retention**
10.4. The Impact of Job Satisfaction, Job Commitment on Employee Retention

Table 4 The impact of Job satisfaction, Job commitment on Employee Retention

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.970a</td>
<td>.940</td>
<td>.939</td>
<td>.27105</td>
<td>2.577</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Organizational Commitment, Job Satisfaction

b. Dependent Variable: Employee Retention

According to above table, R Square values is 0.940, and it implies that job satisfaction and organizational commitment accounted for 94% of the variance in employee retention, thus supporting H3.

Table 5 ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>112.323</td>
<td>2</td>
<td>56.162</td>
<td>764.427</td>
<td>.000a</td>
</tr>
<tr>
<td>Residual</td>
<td>7.126</td>
<td>97</td>
<td>.073</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>119.450</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Retention

b. Predictors: (Constant), Organizational Commitment, Job Satisfaction

The table 4.18 shows that Sig. value of the model is α = .000 at 99% confidence level. Therefore Sig. value is less than 0.01 at 99% confidence level (0.000 < 0.01) according to that, the model is significant.
Table 6 Coefficient Values

<table>
<thead>
<tr>
<th>Model</th>
<th>Sig. Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction</td>
<td>0.010</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Sig.value, 0.010 proves that there is a significant impact of Job Satisfaction on Employee Retention. The changes in Job Satisfaction affect to increase the Employee Retention and also changes in Job Satisfaction affect to decrease the Employee Retention.

- H1-There is a significant impact of Job satisfaction on Employee retention.

Sig.value, 0.010 proves that there is a significant impact of Job Satisfaction on Employee Retention. The changes in Job Satisfaction affect to increase the Employee Retention and also changes in Job Satisfaction affect to decrease the Employee Retention.

- H2-There is a significant impact of organizational commitment on employee retention

Sig.values proves that there is a significant impact of job satisfaction and organizational commitment on employee retention. The changes in job satisfaction and organizational commitment affect to increase the employee retention and also changes in job satisfaction and organizational commitment affect to decrease the employee retention

- H3-There is a significant impact of Job satisfaction, Organizational commitment on Employee retention

11. Summary relating to the study

The basic purpose of this study was to identify the impact of Job satisfaction and Organizational commitment on Employee retention in the Insurance Companies. In this case, Job satisfaction and Organizational commitment are identified as the two independent variables and Employee retention as the dependent.

The argument of this was that there is a positive relationship between Job satisfaction, Organizational commitment and Employee retention in the Insurance industry. This argument gave rise to a model based on the three hypotheses. Then based on the analysis done in the previous section, the overall conclusion of the study can be identified as follows.

Among the respondents in the sample, more than half of the respondents, 61%, are females and only 39% respondents are males. Most of the respondents are in their young age 18-25. Only 2% of respondents are
between 36-50 years of age. Majority of respondents, 59%, are married. 38% of respondents are working in the marketing field.

According to the results, employees are agreeing with the necessity of positive job satisfaction and organizational commitment which are undertaken by the organization. Because mean value of job satisfaction and organizational commitment is 4.6934. Job satisfaction towards employee retention (mean=2.3367) is higher than of organizational commitment (mean=2.3567). It has taken the mean value for employee retention at 2.2900. This is influenced by job satisfaction and organizational commitment. Employees are agreeing that they become satisfied when an organization is engaging in positive job satisfaction and organizational commitment practices, and it is indicated by the mean value of 4.6934.

The Pearson’s correlation value proves that there is a strongly positive relationship between job satisfaction, organizational commitment and employee retention. The correlation values for the correlation between independent variables and dependent variables have been summarized in following table.

**Table 7 Summary of findings**

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>Sig. value</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job satisfaction</td>
<td>Employee Retention</td>
<td>0.010</td>
<td>Significant</td>
</tr>
<tr>
<td>Organizational commitment</td>
<td>Employee Retention</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>Job satisfaction and</td>
<td>Employee Retention</td>
<td>0.010</td>
<td>Significant</td>
</tr>
<tr>
<td>Organizational commitment</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This study was based on three hypotheses which were needed to achieve the ultimate purpose of identifying the effect of job satisfaction and organizational commitment on Employee retention. After analyzing data collected through the selected sample, three hypotheses were proved.
12. Limitations of the Study and Recommendations for Further Studies

This research covers some significant areas of the companies and it gives several directions for further researchers. Also it reviewed the Insurance Industry in Sri Lankan context. Further, the steps to satisfy employees is different from company to company, country to country. But insurance is a service organization, so the whole company depends on the performance of employees. Therefore, it denotes that there is a need to develop models to increase job satisfaction.

This study focused on the insurance industry in Sri Lanka and data is collected also only from five companies in the industry. In order to increase the reliability of the results, further studies can be expanded to different population groups such as banking, telecommunication, hospitality or even the manufacturing industry.

This study focused only on the middle and low level employees. But there are more stakeholders other than top level employees. Further studies can be done by identifying their ideas as well.

Also the employees are complaining that there is no transparency of the activities that conducted to satisfy the employees, and who are qualified to get certain satisfaction facilities. Therefore the transparency of the employee satisfaction scheme has to be increased. In order to do this, the newsletter of the organization can be used.

Job satisfaction and organizational commitment is a wide area and it has constrains to collect accurate data, and this may affect the reliability of data. Then further studies can be carried out regarding the awareness of society about job satisfaction and organizational commitment concepts, because in a country like Sri Lanka, there is definitely a gap between concept, awareness and knowledge. Further studies regarding employee retention also might help to bridge the gap.

This study suggests that organizations should engage in increasing of job satisfaction and organizational commitment and build a good image to ensure successful performance in competitive environment. Since there is a positive association between job satisfaction, organizational commitment and employee retention, the top level managers can use this as a strategy to gain competitive advantage.

13. Conclusion

This research studies’ findings describes that job satisfaction and organizational commitment are positively correlated with employee retention. Findings of this study will be helpful to top level managers to make their decisions regarding the human resource of the company. They can also gain a competitive advantage by retaining employees as well as ensuring sustainable growth in the business world.

There is a positive relationship between job satisfaction, organizational commitment and employee retention; a strong positive relationship between job satisfaction and employee retention; and is another strong relationship between organizational commitment and employee retention. These findings are consistent with the previous research results depicting the negative relationship between turnover intentions and both affective organizational commitment and job satisfaction (Meyer and Allen 1991, Hellman 1997). These findings are also consistent with the literature of the positive relationship between turnover intention and affective commitment and job satisfaction (Chatman 1989, Tepeci and Barlett 2002, Van Vianen 2001).
Not only the insurance industry, but also most other industries such as apparel, manufacturing, as well as the service sector, is considering about employee retention in present. Because of that, it is essential for organizations to reduce their employee absenteeism and employee cost of training, recruiting, selecting, inducting and etc.

Employees show a fair amount of concern on factors other than organization success such as pay, allowances, safety, relationships, obligation etc, because they have no direct idea about company success depends on the employees. Likewise, employees retain in the company due to various reasons.

However this study has obtained a positive relationship between job satisfaction, organizational commitment and employee retention.

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