WEIGHING EMPLOYEE INNOVATIVE PERFORMANCE WITHIN THE CONTEXT OF INTEGRATED RETENTION SYSTEM

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ABSTRACT

The issue of retaining employees in organizations has been a major crisis that all sectors face today. Hence, this paper investigated and critically analyzed the impact of an integrated retention system on innovative performance of employees in the insurance industry. A quantitative research method was used and data collected via questionnaire was purposively sourced from two insurance broking firms in Nigeria. A variance-based structural model was adopted for data analysis. It is clear that the insurance business sector in Nigeria still has much room for improvement and development. There is an urgent need to heal the psyche of the employees by building a robust cordial relationship and promoting employee-friendly policies in insurance companies.

Key words: Work climate, career, organisational policy, recognition, work design, innovative performance.

1. INTRODUCTION

Organizations today are challenged with the issues of maintaining and keeping their employees due to the high competitive market. This has been a major crisis organizations go through and has left a negative influence on the effectiveness and performance of many organizations. The greatest asset in any organization are the employees. Therefore, for organizations to continuously maintain standards in the competitive market, employees and organization should be able to direct their commitment towards innovative performance (Zahargier & Balasundaram, 2011; Salau, et, al, 2020).

As Sandhya and Kumar, (2011) suggests that the retention of employees is defined as the process where motivating factors are put in place for the workforce or staff to stay in the company for a lengthy period. Therefore, in order to improve innovative performance, employers needs to devise methods or strategies that focus on maximum optimization of job performance. In Nigeria, turnover rate of employees has been a current trend and it has affected many sectors and industries. The issue of retaining employees in organizations has been a major crisis that all sectors face today (Salau, et. al, 2018). One of the greatest issue that service industry such as insurance companies face is the issue of hiring and retaining a workforce that will drive the organizational goal.

The management of insurance business in Nigeria is a serious challenge despite the relevance of this service in the country. There are lots of problems entail in this business. Johansdottir et al., (2014) revealed that Chief Executive Officers (CEOs) in over 120 insurance companies showed that within the range of 50-60 percent of insurance executives stated that recognizing and enticing new skilled employee is becoming highly challenging. Insurance business practitioners in Nigeria in their business life everyday are confronted with numerous business decisions that stimulate retention challenges. The Nigerian insurance market has been described as brokers' market because presently brokers control over 90 per cent of the premium income, with less than 10 per cent for insurance agents and even direct marketing channel by insurers. Despite the vast potential, the insurance sector in Nigeria can at best be described as struggling.

Daniel (2018) had summarised the challenges facing the insurance sector in Nigeria to include prescriptive legal framework, financial constraints and weak governance, limited human and technical capacities; lack of insurance awareness and low public confidence in the sector. In terms of human capital development, the insurance sector is making sufficient efforts having regards to the growing number of qualified Insurance practitioners. It is worthy to note that over 5,000 Insurance Professionals have trained and certified by the Chartered Insurance Institute of Nigeria (CIIN) but despite this, the level at which people are leaving the industry is worrisome and alarming.

Regrettably, this has continued to frustrate innovative performance within the context of insurance industry in Nigeria. Hence, the insurance companies need to discover the reasons why people are leaving the organization and afterward finding proper maintenance practices to facilitate and embrace innovative performance. Hence, this study bridged the gap between integrated retention strategies (organisational climate, career development, organisational policy, recognition and work design) and innovative performance of insurance firms in Nigeria. It is against the aforementioned that this paper formulated the following null hypotheses:

H1: Organisational climate significantly influence innovative performance of employees

H2: Career development significantly influence innovative performance of employees

H3: Organisational policy significantly influences innovative performance of employees

H4: Recognition significantly influence innovative performance of employees

H5: Work design significantly influences innovative performance of employees

2. METHODOLOGY

The study focused on the insurance industry, given the importance of this economic segment as a potential means of liberating our economy from the over-dependence on crude oil and the attendant unpredictability of Nigerian economy (Chete and Adewuyi, 2004). Concerns over low performance of insurance industry is confirmed by the fact that it only contributed 9% to

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Nigeria's GDP in 2015 compared to 19% in Cote D ívoire, 17% in Benin Republic, 20% in South Africa and 15% in Egypt/Arab Republics (World Bank National Accounts Data, 2019).

The geographical range of the paper covered the insurance firms based in South-west part of Nigeria. The choice of these firms was because majority of the insurance firms are based in the South-west Nigeria and most of them have their operational and corporate head office in Lagos state (National Insurance Commission, 2018; Nigerian Insurers Association Website, 2018). Nigerian Insurers Association (NIA). The NIA was established in 1971 as an umbrella organization for all insurance companies in Nigeria.

2.1. Population and Sample size

The population comprised employees of ten (10) purposively selected insurance broking companies in Nigeria. The sample size consisted 384 respondents. The study adopted a combination of purposive and total enumeration method.

2.2. Research Instrument

The study adopted quantitative approach via questionnaire for data gathering. The items in the questionnaire were designed on a five- point Likert scale where 1 stands for strongly disagree and 5 for strongly agree. The use of this scale in quantitative research enabled numerical representation and management of observations with the objective of clarifying and relating the mindsets signified by the observations.

The questionnaire was divided into two section: Section I focused on the demographic details of respondents while Section II emphasised on how integrated retention practices impact on innovative performance. The questions consisted of open and close-ended questions. Open ended questions allows respondents to answer the questions in their own words without been subjected to any limitation by the researcher, while close ended questions entailed multiple choice questions that will require respondents just to tick the right answers.

2.3. Sample size

In this research work, a judgmental sampling of ten insurance companies in Nigeria was considered. Judgmental sampling is sampling a group of people who the researchers believe to have a good knowledge about the particular problem they are investigating (Hair et al, 2003 cited by Mostaghel, 2006). The sampled companies that were assessed in this research are those that are not new in the business. The youngest of these companies is eighteen years old and are still active in the insurance business. Also, the selected companies are into both life and non-life insurance activities. The 384 questionnaire were distributed to personnel at top management level, middle management level and low level.

2.4. Data Analysis

The treated and valid copies of questionnaire were coded for analysis and entered into SPSS Version 25. Data analyses encompassed frequency distribution, descriptive statistics and inferential statistics (Saunders, Lewis and Thornhill, 2007). The frequency distribution analysis was done by evaluating the number of responses attributable to each question while the descriptive statistics that enabled the researcher to describe and compare data was based on frequencies, means and standard deviations. Inferential statistics was used to measure formulated hypotheses through the Statistical Package for Social Sciences (SPSS) version 25, and Structural Equation Modeling (Warner, 2012). Data analysis procedures were carried out using a variance-based structural model. Explanation of the complex relationships between variables and condense of such relationships to graphical depictions was achieved through the

use of Structural Equation Modelling (SEM). The results were translated to percentage variance format that are easily comprehensible for managerial decisions.

2.5. Ethical Consideration

The approval of all relevant authorities was sought and obtained on the basis of required ethical standards involving human research. The respondents' privacy was also well protected so as to avoid any form of workplace victimization. Our paper complied with the ethical principles as stipulated by the Covenant University Business Management ethics requirements in the process of data collection and their analysis. Of importance is that the authors made it a point of duty to guarantee that the data gathered were treated as anonymous and confidential. The participants in the study were all well informed of their free choice to partake or refuse, hence this gave them more confidence to express their consent. Ethical issues such as the right of respondents to privacy and free-will were observed. The self- esteems of the selected academic staff were respected, while the essence of the work was disclosed to them ahead of their responses. Above all, discreetness was applied in the presentation of data and reports of the study.

3. DATA ANALYSIS

The data obtained for this study were presented using tables specifying relevant information on the amount of questionnaire distributed and retrieved from the respondents. 384 copies of questionnaire were dispensed to employees of selected insurance companies. 334 copies of the questionnaires were retrieved, representing 87%. This response rate was considered good and 334 copies of questionnaire were found usable and statistically valid for this study (Baruch, and Holtom, 2008). This response rate was achieved based on frequent calls and visitations to the selected insurance companies as presented in Table 1.

Table 1 Demographic Characteristics of Respondents (N= 334)

Variables	Responses	Frequency and Percentage
Sex	Male	241 (72.2%)
	Female	93 (27.8%)
Age	20-38 (Gen Y)	93 (27.8)
	39-54 (Gen X)	201 (60.2%)
	55-73 (Baby Boomers)	40 (12%)
Religion	Christianity	215 (64.4%)
	Islam	108 (32.3%)
	Others	11 (3.3%)
Marital Status	Single	44 (13.2%)
	Married	289 (86.5%)
	Others	1(0.3%)
Level of Education	Secondary	18 (5.4%)
	Diploma Cert.	87 (26%)
	Bachelors' Degree	189 (56.6%)
	Masters' Degree	34 (10.2%)
	Doctorate Degree	6 (1.8%)
Duration of Service	0-6 years	154 (46.1%)
	7-12 years	111 (33.2%)
	13 years and above	69 (20.7%)

The majority of respondents (72.2%) were male, while the remaining 27.8% were female. This finding does not contradict what is obtained in the industry where most of the workers are male. Data collected showed that the majority of respondents (Gen Y) fell within the age

bracket of 39-54 years. The majority of respondents (64.4%) were Christians, 32.3% Muslims, while 0.3% belonged to other religious forms. This result is merely a coincidence, since religion is in no way a basis for employment, particularly in the private sector. Majority of the respondents (13.2%), were single while 86.5% were married. The widowed, separated, and divorced, representing others, had 0.3%. The data collected showed that the majority (56.6%) had Bachelor's degree certificates, while 26% had diploma certificates. The result is a reflection of growing numbers of people in Nigeria who have access to higher education.

For the duration of service, majority (46.1%) of the respondents have spent less than 7 years in their insurance companies, 33.2% spent between 7-12 years, while only 20.7% spent 15 years or more in their insurance companies. Possible reason for this response pattern might be that most respondents, particularly those with secondary and higher certificates, see insurance work as a temporary measure to cushion unemployment or, for many, with secondary school certificates as a means of keeping themselves busy until they are admitted to higher education. Therefore, the implication is high job turn-over rate and its associated negative effects on productivity.

Using innovative performance as the dependent variable and the personal characteristics of the respondents (gender, age, educational qualification, marital status, work experience and position) as the independent variables. Kruskal Wallis Test was carried out to examine factors responsible for the observed result on the role of retention strategies on innovative performance. The test showed that difference in the perception of the employees on the role of retention strategies on innovative performance as presented in Table 2.

Table 2 Variation in Perception of the Employees on the Role of Retention strategies on Innovative Performance

	Age	Gender	Education	Marital Status	Work experience	Position
Kruskal-Wallis H	34.266	6.720	26.338	8.369	32.426	25.984
df	4	4	4	4	4	4
Asymp. Sig.	.000	.274	.000	.175	.000	.000
a. Kruskal Wallis Test						
b. Grouping Variable: Employee Innovative Performance						

Testing the relationship between some demographic variables, the chi-square result shows that there is significant relationship among age ($\chi 2$= 34.266, df=4, P<0.05), education ($\chi 2$= 26.338, df=4, P<0.05), work experience ($\chi 2$= 32.426, df=4, P<0.05) and position ($\chi 2$= 25.984, df=4, P<0.05). The implication of the result could be as a result of the fact that the insurance work is seen to require more physical energy hence more men than women are engaged in the work. The cross tabulation analysis further showed that there is no significant difference between the gender ($\chi 2$= 6.720, df=4, P>0.05) and marital status ($\chi 2$= 8.369, df=4, P>0.05) of the respondents and innovative performance.

To compliment this result, a standard multiple regression analysis was conducted to determine the significant contribution of the five measures of integrated retention strategies to innovative performance of the selected insurance firms. The hypotheses was tested using regression and Analysis of Variance because the data combined ordinal and nominal data. Consequently, the hypotheses and results were as shown in Table 3:

Table 3 Regression Analysis for Integrated Retention Strategies and Innovative performance

Model Summary					
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	
1	.747[a]	.558	.551	.734	
ANOVA					
Model	**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
Regression	220.688	5	44.138	82.697	.000
Residual	175.061	328	.534		
Total	395.749	333			
Co-efficients					
	Unstandardized Coefficients		**Standardized Coefficients**	**t**	**Sig.**
	B	Std. Error	Beta		
(Constant)	2.637	.514		7.531	.000
Organisational climate	.264	.108	.316	6.940	.018
Career development	.156	.102	.183	3.762	.004
Organisational policy	-.101	.407	-.106	-3.529	.012
Recognition	.184	.036	.198	5.887	.034
Work design	.324	.418	.336	8.160	.000
Independent Variable: *Integrated retention system*					
Dependent Variable: *Employee Innovative performance*					

(Source: Field 2019)

Table 3 presented the results that revealed the degree to which the variance in employee innovative performance is explained by integrated retention system. This is represented by R square which equals .558 and if expressed in percentage it is 55.8%. This shows that integrated retention system (organisational climate, career development, organisational policy, recognition and work design) only accounts for 55.8% of employee innovative performance while the standard error estimate is .734 which signifies error term. The ANOVA table shows that the F value is 82.697 at .000[b] significance level. Since the significance level of the model is less than 0.05, the null hypothesis should be rejected while the alternative hypothesis is accepted.

This study concluded that integrated retention system (organisational climate, career development, organisational policy, and recognition and work design) on employee innovative performance. Very importantly, the findings relating to retention predictions in this study are consistent with the findings of most studies in the strategic management, human resource management, marketing, and organisational behaviour disciplines (Chen, Lam and Zou, 2011; King and Grace, 2006; Tarnovskaya and de Chernatony, 2011) which posit that retention strategies play a foremost role in job satisfaction which ultimately influence innovation performance. In the same vein, Bender and Theodossiou (2013) added that the pursuit of certain employees value proposition have led to series of unintended and counterproductive consequences.

3.1. Verification of Research Hypotheses

Hypothesis 1. Organisational climate significantly influence employee innovative performance

Total effect of organisational climate on employee innovative performance is calculated equal to 0.264; and the test probability statistic is also obtained equal to 6.940 which is higher than the critical t-value at the error level of 5% or 1.96, and this indicates the significant observed correlation (β =.264; t=6.940); p<0.05)**.** Therefore, organisational climate has a significant positive effect on employee innovative performance at the confidence level of 95%, and thus the first hypothesis is confirmed.

Hypothesis 2. Career development significantly influences employee innovative performance

Total effect of career development on employee innovative performance is calculated equal to 0.156; and the test probability statistic is also obtained equal to 3.762 which is higher than the critical t-value at the error level of 5% or 1.96, and this indicates the significant observed correlation (β =.156; t=3.762, p<0.05)**.** Therefore, career development has a significant positive effect on employee innovative performance at the confidence level of 95%, and thus the second hypothesis is confirmed.

Hypothesis 3. Organisational policy significantly influences employee innovative performance

Total effect of organisational policy on employee innovative performance is calculated equal to -0.101; and the test probability statistic is also obtained equal to -3.529 which is higher than the critical t-value at the error level of 5% or 1.96, and this indicates an inverse correlation (β=-0.101; t= -3.529, p<0.05)**.** This implies that a unit change in organisational policy will lead to decrease employee innovative performance by 10.1%. Hence, management of the selected insurance companies need to ensure that established policies are employee friendly and are directed towards innovation performance. Therefore, organisational policy has a significant negative effect on employee innovative performance at the confidence level of 95%, and thus the third hypothesis is confirmed.

Hypothesis 4. Recognition significantly influences employee innovative performance

Total effect of recognition on employee innovative performance is calculated equal to 0.184; and the test probability statistic is also obtained equal to 5.887 that is higher than the critical t-value at the error level of 5% or 1.96, and this indicates the significant observed correlation (β =.184; t= 5.887, p<0.05)**.** Therefore, recognition has a significant positive effect on employee innovative performance at the confidence level of 95%, and thus the forth hypothesis is confirmed.

Hypothesis 5. Work design significantly influences employee innovative performance

Total effect of work design on employee innovative performance is calculated equal to 0.324; and the test probability statistic is also obtained equal to 8.160 which is higher than the critical t-value at the error level of 5% or 1.96, and this indicates the significant observed correlation (β =.324; t= 8.160, p<0.05)**.** Therefore, work design has a significant positive effect on employee innovative performance at the confidence level of 95%, and thus the fifth hypothesis is confirmed.

4. CONCLUSION AND RECOMMENDATIONS

From this study it is clear that the insurance business sector in Nigeria still has much room for improvement and development. There is an urgent need to heal the psyche of the employees in insurance industry and build more cordial relationship with the insurers. In line with the current international practice, the insurance sector in Nigeria should be ready to imbibe the culture of treating employees equitably. There should be formidable platforms for advocating and protecting the interest of the employees. Such platform will enable sustainable performance and innovation capability. Beyond restoring insurance industry confidence, there

is need to further deepen the strategies for reducing job hopping intentions and facilitate innovative performance.

Further to the results of various analyses including results of the tested hypotheses, this study discovered that most of the selected companies are good performing insurance organisations, whose reputation and competitiveness were enhanced. Taking a look at the basics of the hypotheses, the study revealed that the selected insurance firms have successfully adopted two metrics to drive an integrated retention system to satisfy the workforce. The first was the strategy of employees' involvement: Encouraging employees to make suggestions and lead in his/her work area; regular assignment of new tasks to employees; and allowing employees to use their initiatives on work schedules.

Secondly, the organisations leveraged on capacity development of their workforce for personal development and official gains. These were pursued through:offer of regular training and development; motivating colleagues and managers to play a mentoring role to help employees; and pursuit of considerate life-work balance development policy. It is noteworthy that from the findings, based on respondents' feedbacks, employees' involvement carried highest weight followed by rewards and compensation while training and development was the third out of the variables that drive employees' satisfaction.

Finally, it can be recommended that the insurance industry should aggressively and proactively pursue review of Insurance Act 2003. There is an urgent need to heal the psyche of the employees by building a robust cordial relationship and promoting employee-friendly policies in insurance companies. Consistent implementation of the retentions strategies and adequate empowerment of the employees for effective surveillance and enforcement is very germane to the promotion of innovative performance.

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