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Socio-economic Diversity and Employee Turnover in the Insurance Industry in Kenya

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Abstract

Aim: The aim of this study was to examine the nexus between socio-economic diversity and employee turnover in the Insurance Industry in Kenya. The study also aimed to evaluate the moderating effect of firm characteristics on the relationship between socio-economic diversity and employee turnover in the insurance industry in Kenya.

Methods: This study adopted a combination of descriptive and correlational research designs. The insurance companies from which data was collected were the top 5 insurance companies based on market share in general insurance. The employees of those companies were drawn from the following cadres: middle-level managers, heads of departments, supervisors, and operational staff. This study utilized multi-stage sampling technique involving deliberate sampling and stratified random sampling. A sample size of 338 employees was used in the study and data was collected using a semi structured questionnaire. Descriptive analysis entailed means and standard deviations while inferential analysis entailed regression analysis.

Results: The study found a positive and significant relationship between socio-economic diversity and employee turnover in the insurance industry in Kenya. It was also found that firm characteristics have no significant moderating effect on the relationship between socio-economic diversity and employee turnover in the insurance industry in Kenya

Conclusion: The study concluded that through effective and competitive salaries, rewarding and giving benefits and commissions to the employees without favoring others, the employees would not think of leaving their respective companies.

Recommendations: The insurance companies through the management should ensure that they come up with competitive compensation structures for their workers, ensuring that varied pay is justified to mitigate employee turnover. The insurance companies should offer competitive salaries. Benefits, and commissions, should be given competitively to employees who are talented and who contribute much to the companies. This helps in steering employee productivity and retention thus enhancing firm performance. The Insurance Regulatory Authority and the Association of Kenya Insurers should put in place effective policies to ensure that the companies pay their employee's reasonable salaries.

Keywords: *Socio-economic diversity, employee turnover, insurance industry*

1.0 INTRODUCTION

1.1 Background of the Study

Organizations have internal setups where the socio-economic aspects of the employees and other stakeholders are diverse. This diversity contributes strongly to the effectiveness, efficiency, and continuous flow of processes in an organization. The diversity in socio-economic aspects comprises two classifications of diversity (Jelenko, 2020). These include social-based diversity and economic-based diversity. Social-based diversity consists of aspects based on social characteristics such as the cultures of the employees and the aspects of how people identify themselves as groups. The economic aspects of diversity include the aspects that define the decisions that people make in buying and selling utilities.

According to Hsiao et al. (2015), the economic status of an individual determines his/her success in many factors, including career success and the ability to be committed to the job and focus on other job matters. Moreover, Jayawardana and Priyashantha (2019) add that social-cultural factors such as poverty, educational background, occupational and income level of an employee, and their cultural practices determine how better they perform and their continuous commitment to the organizational goals. Kirton and Greene (2015) emphasized that the level of income as an economic diversity factor has a strong association with the low achievement of the employees. The low-income level increases the number of resignations, failure to meet the assigned targets, and organizational disengagement of the employees. The longer an employee feels left out in economic progress, the more detrimental the employee's motivation and ability to perform diligently. According to Rizwan et al., (2016), the differences in cultural characteristics were predictive of team scores, which can be interpreted as the advantage of having different religious views for team problem-solving resulted in increased team performance after the teams learned how to utilize these differences to their benefit.

1.2 Problem Statement

The process of globalization has reduced the labour market to a small village where there is an increase in cross boarder labour search. This has been complicated by a high rate of unemployment and underemployment, resulting to labour migration. In Africa, labour migration has brought about cross-cultural, socio-economic mix and a new gender interaction. These have highly promoted the concept of workplace diversity. It is revealed that employee turnover in the insurance industry in Kenya is 20% (IRA, 2021). Retaining employees has become so volatile. In 2021 Britam Holdings in Kenya retrenched up to 130 employees in a process that cost up to Sh700 million. That was a second wave of layoffs at the company because in 2018 it spent Sh664 million to lay off 110 employees (Juma, 2021). UAP Old Mutual Holdings Limited posted a loss of Kenya shillings 518 million in the year 2018 (Owino, 2019). The company attributed the loss to the one-off restructuring that saw 89 employees leave the insurance at a cost of Kenya shillings 342 million in the first half of 2018 (UAP Old Mutual Holdings, 2020). This is a big dip in profit that affected the market share of the company.

Alushula (2020) opines that Jubilee Insurance Holding determined that 52 roles, representing 8.2 percent of the more than 600 full-time positions, were declared redundant and a severance pay of 15 days for every year of completed service paid. The turnover rate in most insurance companies has been of great concern to insurance company managers. This is not good news because the industry significantly contributes about 4% of the GDP to the financial intermediation of the economy in Kenya (IRA, 2022). According to the African Insurance Organisation (AIO) (2021), increased employee turnover in the insurance industry is a major impediment to the overall success of the sector, and this could have damaging effects on continued insurance penetration across Africa.

Empirical evidence shows that workplace diversity is one of the fundamental determinants of employee turnover, especially in the current global economy (Ahmad & Rahman, 2019). A study by Chapman et al. (2022) on the role played by workplace diversity on employee turnover among companies in the United Kingdom revealed that diversity based on demographic factors and socio-economic factors had a significant impact on employee turnover. Rodprayoon and Maj (2021) while evaluating the effect of workforce diversity on employee retention among organizations in Thailand, revealed that diversity through job characteristics and personality traits significantly influenced employee retention. Although these studies portray the essence of workplace diversity on employee retention, they focus on different contexts which may not be generalized to the Kenyan perspective, particularly in the insurance sector.

Moreover, while the studies have conceptualized workplace diversity using the core aspects of diversity as portrayed by Crenshaw (2017) in the intersectionality theory, none of the studies has combined all the four dimensions of workplace diversity. According to Hoch and Seyberth (2021), organization's workplace diversity and the significance of the diversity in steering employee behaviour including turnover is determined by key characteristics of the firm such as size, age and structure. However, most of the available empirical evidence on workplace diversity have left out the concept of firm characteristics, despite this being attributed to play a role in the extent to which a workplace is diverse (Lee & Kim, 2020). The current study, therefore, sought to fill these gaps by examining the relationship between socio-economic diversity and employee turnover in the Insurance Industry in Kenya.

1.3 Objectives

1. To determine the relationship between socio-economic diversity and employee turnover in the Insurance Industry in Kenya.

2. To evaluate the moderating effect of firm characteristics on the relationship between socio-economic diversity and employee turnover in the Insurance Industry in Kenya.

1.4 Research Hypothesis

1. There is no significant relationship between socio-economic diversity and employee turnover in the Insurance industry in Kenya.

2.Firm characteristics have no significant moderating effect on the relationship between socio-economic diversity and employee turnover in the Insurance Industry in Kenya.

2.0 LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Expectancy Theory

The third variable, socio-economic diversity is premised on the expectancy theory which was advanced in 1964 by Victor Vroom of 'The Yale School of Management'. The theory states that

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employees will put forth an amount of work and commitment equal to that which they expect to receive in return. When these expectations are met, the employees will remain loyal in these organizations (Ng'ethe, 2013). Making sure that employees in insurance companies always expect future pay raises, increased bonuses, and potential job promotions can keep them working hard to achieve personal goals. If employees expect little compensation and there is no opportunity for career or personal growth in return for their work, they may put forth the only minimal effort until they ultimately look to a new employer for new opportunities (Kahiro, 2015). This theory, however, does not discuss employees who have reached self-actualization and are not seeking more compensation in terms of money or promotion, with the essence of giving back to the community, as an outcome of the fulfilment they have attained in life.

The importance of this theory in this study was that employees in insurance companies generally expect to be compensated satisfactorily based on their work input to the organization (Mbwana, 2013). The theory helped to explain why a lot of workers are disgruntled and demotivated when they see that their fellow employees on the same job level receive better packages than them. This causes them to do only the minimum necessary to get by. In that context, the theory attempted to convince that an employee will do more if they expect to get more attractive benefits or incentives from their employer.

2.1.2 The Aston Group Theory

The moderating variable of this study, firm characteristics, which can be clearly defined under organizational structure was anchored on the Aston Group theory. According to Donaldson and Luo (2014), The Aston Group of Pugh, Hickson, Hinings, MacDonald, Turner, and Lupton (1963) adopted Weber's view that the growth of bureaucratic administration was functional, leading to efficiency, but they did challenge Weber's concept of bureaucracy. The Aston Group study found that size was related to organizational structure. The theory states that factors such as size (which is one of the most influential characteristics in organizational studies), technology, location, and type of ownership affect the structure of the organization (Cole, 2011). This theory operationalized organizational size as the number of full-time employees (part-time employees were counted as being half an employee).

Donaldson and Luo (2014) postulate that the results of the Aston studies supported the earlier proposal suggesting that the Astonian type of relationships between size and structure should be culture-free. They argue that all countries should adopt these relationships or modify them only to a limited extent, according to the cultural regions of the world (Brossard & Maurice, 1976). Inkson, et al., (1970) found similarities regarding both organizational structure and managerial roles between managers in England and the USA.

1.2 Empirical Review

Jaiswal and Dyaram (2019) did a study on the effect of socio-economic factors on employee performance in the manufacturing industry in Canada. The study aimed at establishing how the income perspectives of the employees and their cultural diversities affect their work performance. A correlational research design was used and the findings revealed that the income disparities among the employees hurt their performance in organizational where the gaps were wide but with a positive impact on performance in organizations where the gaps were minimal. The study further revealed that the diversity in cultures of the employees had a significant impact on their level of output, but with a long-term impact on the employee's career progress and turnover. The findings showed that organizations with low socio-economic disparities had greater performance than those with high disparities in socioeconomic aspects of the employees.

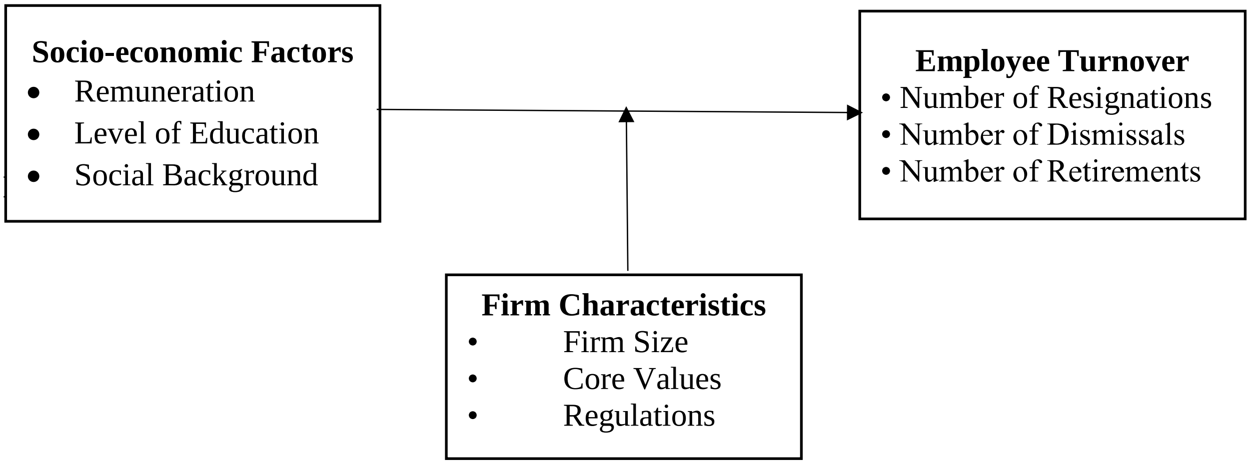
Nasiret al. (2021) studied the relationship between an employee's level of output and the income status and academic achievement of the employee. The study aimed at establishing the role played by the economic disparities among employees and the social prospects on their productivity. The study focused on educational institutions in Pakistan and had a sample of 213 respondents. The findings revealed that there was a substantial relationship between the income status and academic achievement of the employees and their productivity. Nasir et al. (2021) indicated that the highly paid employees were more comfortable working for the organization and dedicated most of their time to their job, while those paid minimal wages created time for other matters outside their job, thus not being productive. Moreover, the study revealed that through a lesser disparity in the economic factors, employees are more unified towards a common goal and purpose, thus performing better.

Gandhi and Sachdeva (2018) studied the effect of social diversity on the retention of employees among commercial banks in Ghana. Their study sought to establish the role played by the cultural background of individual employees on their retention. A concurrent mixed methods research design was used and 93 respondents were surveyed. The findings revealed that the disparities in the social backgrounds and cultural practices had a role to play in the retention of the employees. According to Gandhi et al. (2018), the employees who felt segregated and not the majority in a given organizational setup had lesser chances of spending their time in such an organization. The author further argues that the common aspect that determines the role of social diversity on employee retention was the individual perspective of other cultures in comparison with their own cultures.

Blazi and Awolusi (2020) analyzed the effect of employees' socio-economic diversity on organizational performance among organizations in South Africa. The study sought to assess how the diversities in culture and economic welfare of the employees affected the overall organizational performance. An explanatory research design was used and a sample of 107 employees was surveyed. The findings revealed that there was no significant relationship between the diversity of the employees in terms of their socio-economic aspects and the performance of the organizations.

According to Blazi and Awolusi (2020), while employees might feel unable to adapt to a given cultural set-up based on their background, this takes time before they adopt the new set-up, which however might not necessarily affect their productivity. This compares with arguments by Etimad (2020) who argues that employees with similar backgrounds may not be productive as compared to those with different socioeconomic statuses, since the performance of an individual employee depends on other factors such as the level of experience and their daily motivation.

2.3 Conceptual Framework



Moderating Variable

Figure 1: Conceptual Framework

3.0 RESEARCH METHODOLOGY

3.1 Research Design

This study adopted a combination of descriptive and correlational research designs.

3.2 Target Population and Sampling

The target population of this study was employees in all the 56 licensed insurance companies in Kenya as listed by the Insurance Regulatory Authority (Annual Insurance Industry Report, 2019). The total population of employees in the Insurance Industry in Kenya was 10, 634 according to the Kenya national bureau of statistics' Economic Survey (2015).

The insurance companies from which data was collected were the top 5 insurance companies based on market share in general insurance as listed in (Annual Insurance Industry Report, 2022). These companies were Jubilee Insurance, CIC Insurance, UAP Insurance, APA Insurance, and Britam Insurance with a total of 2167 employees. The employees of those companies were drawn from the following cadres: middle-level managers, heads of departments, supervisors, and operational staff.

The sample size was drawn from the 2167 employees of the top 5 insurance companies based on premium market share (AKI Report, 2015). The study adopted the simplified sample size formula by Yamane (1967) as quoted by Mumo (2017) which states that, the desired sample size is a function of the target population and the maximum acceptable margin of error and it is expressed mathematically. The sample size was 338 employees derived using the formula below:

$$n = \frac{\mathrm{N}}{1 + \mathrm{N}\varepsilon^2}$$

Where:

n = Sample size

N = Target population

ε = maximum acceptable margin of error (5%)

$$n = \frac{2167}{1 + 2167(0.05)^2}$$

n = 338

This study utilized multi-stage sampling techniques to obtain the sample size for the study. In the initial stage, purposive sampling, was used to select the top 5 insurance companies that had high market share. In the second stage, stratified random sampling was used to obtain a representative sample of 338 employees.

3.3 Data Collection, Analysis and Presentation

This study utilized primary data which was collected using a semi structured questionnaire. The obtained data was analyzed using descriptive and inferential statistics. The descriptive statistics were means and standard deviations while the inferential statistics involved regression analysis which was used for hypothesis testing. Data analysis was done using (SPSS) version 23.0. Qualitative data was analyzed using thematic content analysis. These were used to corroborate the findings of this study to communicate findings and make recommendations. The data were presented in figures, tables, charts, and graphs.

4.0 FINDINGS

4.1 Response rate

A total of 338 questionnaires were administered out of which 297 respondents satisfactorily filled and returned the questionnaires for analysis.

4.2 Descriptive Statistics for the Study Variables

4.2.1 Descriptive Statistics for Socio Economic Diversity

The objective of the study was to find out the relationship between socioeconomic diversity and employee turnover in the Insurance Industry in Kenya. The study sought to find out the extent to which the level and effectiveness of socioeconomic diversity influenced the employees who continued to stay at their respective organizations. The findings are presented based on the mean and standard deviation. A mean of 1-2 implies that most of the respondents indicated 1 or 2.5 which were strongly disagree and disagree respectively an indication that the statements are not true as per their view while a mean of 2.5 to 3.5 means that most of the respondents indicated 3 which means they are neutral and a mean of 3.6 to 5.0 indicates that majority of the respondents agreed and strongly agreed with the statements respectively.

As the findings portray, the respondents agreed that there were frequent salary increments for employees in their respective organizations as shown by a mean of 3.68 and a standard deviation of 0.77. They further agreed that the base salaries offered in their respective organizations had influenced their continued service to the firms (Mean= 3.81) and that there were monetary benefits given to the employees by the organizations for enhanced retention (Mean= 3.83). The respondents also agreed with the statement that the level of retention in their respective organizations had been adjacent to the level of compensation (Mean = 3.56; standard deviation= 1.22) and that the level

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of education had been instrumental in the employees' retention in the organizations (Mean = 3.97; standard deviation = 1.30). The findings further revealed that most of the respondents felt that there were effective preferences for employees with the highest educational qualification in their organizations (Mean=3.96). They also agreed that there was a set minimum educational qualification for various employee categories in the organizations (Mean = 3.74; standard deviation = 1.20) and that the employees with the highest educational qualification were working for longer in their respective organizations than the lesser educated (Mean = 3.99; standard deviation= 1.02). Assari and Moghani (2018) consider the diversity of educational qualifications as one of the socio-economic aspects of diversity in a workplace to be essential in promoting and overboard learning and skills development, thus enhancing employee effectiveness and productivity.

The findings further revealed that diverse cultures existed in most of the organizations and that the cultural practices and beliefs of employees had been embraced in most of the organizations (Mean = 3.90; standard deviation= 1.01). It was further established that most of the surveyed organizations had set limits on cultural practices in the organization among the employees (Mean = 3.73). The respondents were neutral that the ability of the organizations to integrate the employees' culture and the organizational culture had enhanced employee retention, and this implies that the effective integration of individual cultures and the organizational culture would not have been fully embraced in the organizations (Mean=3.45).

The respondents were further asked to explain their thoughts on the relationship between sociocultural diversity and employee turnover in their respective organizations. Most of the respondents indicated that the disparities in salaries and other remunerations and rewards made most of the employees leave the organization. They explained that through the diversity in cultures, they felt more attracted to working in such environments, but the integration of their cultures into the organizational culture failed to meet their expectations. One of the respondents wrote;

> "The level of salaries given to colleagues explains the perception of the management to your work and commitment. If you are given a lower salary than other colleagues working at the same level and capacity, it may lead to one feeling demotivated thus leaving the job"

The findings concur with those by Roberson (2019) who established that the diversity in socioeconomic aspects among the workforce in an organization contributes to organizational success by enabling the retention of diverse talents, with diverse backgrounds and social beliefs. Akinnusi et al. (2017) pointed out that the employees' income level and economic status have a strong effect on their performance and commitment to the organizational mandates Wanelik *et al.* (2020) indicated that the diversity of cultural beliefs creates the urge of learning and establish stronger ties with varied cultures among the employees, thus enhancing their satisfaction and retention. In tandem with these findings, Jayawardana and Priyashantha (2019) add that social-cultural factors such as poverty, educational background, occupational and income level of an employee, and their cultural practices determine how better they perform and their continuous commitment to the organizational goals. Park et al. (2013) argue that socioeconomic diversity brings together various cultures and social norms, which tend to strengthen teamwork and efficiency in organizations.

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Table 1: Findings on socioeconomic diversity

Measurement Aspects	Mean	Std. Dev.
There are frequent salary increments for employees in our organization	3.68	0.77
The base salary offered in my organization has influenced my continued service to the firm	3.81	1.04
There are monetary benefits given to the employees by the organization	3.83	1.14
The level of retention in the organization has been adjacent to the level of compensation	3.56	1.22
The level of education has been instrumental in the employees' retention in our organization	3.97	1.30
There has been a high preference for employees with the highest educational qualification in our organization	3.96	1.19
There are set minimum educational qualifications for various employee categories in the organization	3.74	1.20
Higher educated employees have been working for long in the organization than the lesser educated	3.99	1.02
There are diverse cultures among the employees in the organization	3.90	1.01
The cultural practices and beliefs of employees have been embraced in the organization	3.24	1.21
There are set limits of cultural practices in the organization among the employees	3.73	1.13
The ability of the organization to integrate the employees' culture and the organizational culture has enhanced employee retention	3.45	1.20
Average	**3.74**	**1.12**

4.2.2 Descriptive Statistics for Firm Characteristics

The findings revealed that most of the respondents highly rated the conduciveness of their working environment as shown by a mean of 4.21 and a standard deviation of 0.84. The respondents were further asked to rate their comfort with the set rules and values of the firm where the majority said that they were comfortable with the rules as indicated by a mean of 4.18 and a standard deviation of 0.80. The majority of the respondents disagreed that the size of their respective firms assured them of their job security hence convincing them to continue working for the firm as evidenced by a mean of 3.99 and a standard deviation of 1.28 while the statement that the support and conduciveness the employees got from the organization and colleagues influenced their continued stay in their respective organization's majority were neutral as evidenced by a mean of 3.25 and a standard deviation of 1.15.

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Further, the respondents were neutral that the definition and layout of the rules and values in their respective organizations influenced their retention as shown by a mean of 3.82 and a standard deviation of 1.22. The findings imply that the employees in the insurance firms were not retained by the size of their firms although they considered this as a good aspect of enhancing firm performance and profitability.

The study also sought to find out the respondent's views on the role of firm characteristics on employee turnover. Through an open-ended question where they were to give explanations and elaborations. The study found that most of the respondents indicated that the characteristics of the firm were not a major driver in their retention. The respondents explained that the size of the firm as well as the rules and values did not play much impact in their decision to continue working at the firm since what mattered most was their salary and motivation. This is a clear indication that firm characteristics may not moderate or influence employee turnover directly.

According to Park and Gursoy (2012), the size of the firm creates trust in the customers and the employees on the continued sustainability but it does not necessarily influence employee turnover since there are other aspects connected to employees' retention such as promotions, rewards, and compensation. In addition to this discourse, Getachew (2016) posits that many factors are embedded in an organization and work as push factors for employees to quit. Among those factors which are derived from various studies are salary, size of the organization.

Table 2: Findings on firm characteristics

Statement	Mean	Std. Dev.
My working environment is conducive for me to effectively perform my duties	4.21	0.84
I am comfortable with the set rules and values in my organization	4.18	0.80
The size of my organization convinces me of job security/an opportunity to grow thus my continued stay at the firm	3.99	1.28
Employees have previously left the organization while citing the conditions of work and the unfriendliness of the firm	3.86	1.09
The support and conduciveness I get from the organization and colleagues influence my continued stay in the firm	3.25	1.15
The working conditions and the environment in my firm have influenced my continued stay at the organization	3.81	1.12
The definition and layout of the rules and values in the organization have a hand in determining my stay at the firm	3.82	1.22
Average	**3.74**	**1.09**

4.2.2 Descriptive Statistics for Employee Turnover

The respondents were asked to indicate the frequency at which they planned or were convinced to leave their respective organizations. As shown in Table 3, most of the respondents, to a moderate extent, planned to leave their respective organizations as shown by a mean of 3.54 and a standard

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deviation of 0.94. Most of the respondents agreed that economic conditions and performance challenges have led to the retrenchment of employees in my organization as agreed by most of the respondents (mean=3.88).

The respondents further indicated that the employees were rarely dismissed by the management to a moderate extent as shown by a mean of 3.48 and a standard deviation of 1.0. The findings further showed that most of the respondents agreed that the resignation level of employees was high and that the organizational management was keen on dismissing poor-performing and unproductive employees (mean =3.46). The study further revealed that most of the respondents neither agreed nor disagreed that their respective organizations through the management had been encouraging early retirement on some employees while encouraging prolonged stay by others (mean=3.54). The findings are presented based on the mean and standard deviation. Majority of the respondents also agreed that once an employee leaves the organization a replacement is done immediately (Mean=3.68).

A mean of 1-2 implies that most of the respondents indicated 1 or 2.5 which were strongly disagree and disagree respectively an indication that the statements are not true as per their view while a mean of 2.5 to 3.5 means that most of the respondents indicated 3 which means they are neutral and a mean of 3.6 to 5.0 indicates that majority of the respondents agreed and strongly agreed with the statements respectively.

The respondents were further asked to indicate their views on employee turnover in their respective organizations as far as workplace diversity was concerned. An open-ended question was used and the respondents were to give their responses in terms of explanations. Most of the respondents indicated that the employee turnover in their respective organizations was high and that the employees left their current jobs for greener pastures even in other industries. One of the respondents indicated;

> *"The turnover has been high for the past 2 years. Those who have been leaving the organization are joining other industries such as banking while others opt to venture into other businesses"*

The findings imply that many employees considered their stay at their respective firms was not conventional since the majority left the firms but did not plan for their exit before their retirement, dismissal, or resignation. According to Richard, Kirby, and Chadwick (2013), as much as employees may not be comfortable at their present jobs, they are likely to continue prolonging their stay at such organizations because of saturation in the labor market and the unavailability of jobs in the market as shown in Table 3.

Table 3: Likert's scale rating on aspects of employee turnover

Statement	Mean	Std. Dev.
I rarely think and plan of resigning from my current job in the organization	3.54	0.94
The management rarely dismisses the employees from their job in our organization	3.48	1.00

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Economic conditions and performance challenges have led to the retrenchment of employees in my organization	3.88	1.01
The resignation level at my organization has been high for the last five years	3.23	1.41
Employees in my organization are issued with warnings before they are dismissed	4.44	0.99
The organizational management has been keen on dismissing poor-performing/unproductive employees	4.36	1.08
The level at which the employees have been leaving my organization has been high over the recent past	3.71	0.94
The firm has been encouraging early retirements of some employees while extending the retirement for others	3.54	1.24
Once an employee leaves the organization a replacement is done immediately	3.68	1.03
Overall Mean	**3.76**	**1.07**

4.3 Correlation Analysis on Socioeconomic Diversity and Employee Turnover

A correlation between socioeconomic diversity and employee turnover among insurance companies in Kenya was sought. It was established that the Pearson correlation between socioeconomic diversity and employee turnover among insurance companies was 0.685, while the level of significant was 0.000<0.05. The results implied that the socioeconomic diversity had a strong (68.5%) correlation with employee turnover among insurance companies in Kenya.

Table 4: Correlation results on socioeconomic diversity and employee turnover

		Employee Turnover	Socioeconomic Diversity
Employee Turnover	Pearson Correlation	1	.685**
	Sig. (2-tailed)		.000
	N	297	297
Socioeconomic Diversity	Pearson Correlation	.685**	1
	Sig. (2-tailed)	0.000	
	N	297	297

4.4 Inferential Analysis of the Study Model and Hypothesis Testing

The study aimed to assess the relationship between socio-economic diversity and employee turnover in the Insurance Industry in Kenya. The null hypothesis was:

HO: *Socio-economic diversity has no significant influence on employee turnover in the Insurance Industry in Kenya.*

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The model for this variable was:

$Y = \beta_0 + \beta_1 X_1 + e.$

Where Y is employee turnover, β_0 is the Y-intercept, β_2 is the gradient of the regression line, X_2 is socio-economic diversity while ***e*** is the error term.

The model summary revealed that the R-value was 0.685 while the R^2 value for the model was 0.470. These results show that an increase in socioeconomic diversity accounts for 47.0% of the variation in the turnover of employees in insurance companies in Kenya. Other factors may perhaps explain 53.0% of variations in employee turnover. This means there is a relationship between socioeconomic diversity and employee turnover in the insurance industry in Kenya.

This agrees with the findings by Jaiswal and Dyaram (2019) which revealed that the income disparities among the employees hurt their performance in organizational where the gaps were wide but with a positive impact on performance in organizations where the gaps were minimal. Additionally, the findings by O'Halloran (2012) are in support of the study that through proper analysis of both internal and external employee pay rates, the organization can effectively remunerate its employees without leaving diversities that lead to dissatisfaction among some employees. Farooqui and Nagendra (2014) on the other hand found that proper employee rewards and compensation while considering the differences between employees played a role in promoting employee retention and reducing turnover.

Table 5: Model summary for socioeconomic diversity

Model	R	R Squared	Adjusted R Squared	Std. Error of the Estimate
1	.685[a]	.470	.463	.36591

a. Predictors: (Constant), Socioeconomic Diversity

The ANOVA results for the variable are shown in Table 6 below. The findings revealed that the F-calculated value was 72.62 while the p-value for the variable was 0.000. This is an indication that the model was significant in explaining the relationship between socioeconomic diversity and employee turnover.

Table 6: ANOVA test for socioeconomic diversity

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.723	1	9.723	72.620	.000[b]
	Residual	10.979	295	.037		
	Total	20.702	296			

a. Dependent Variable: Employee Turnover

b. Predictors: (Constant), Socioeconomic Diversity

The regression coefficients for the variable are shown in Table 7. Based on the Beta coefficient of 0.687, the model now becomes;

$Y = 0.458 + 0.687 X_3 + e.$

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This implies that a unit change in socioeconomic diversity could lead up to a 68.7% change in employee turnover among insurance firms in Kenya. The findings, therefore, imply that the study should reject the null hypothesis that socioeconomic diversity has no significant and positive influence on employee turnover among insurance firms in Kenya. This clearly depicts that socioeconomic diversity has a significant and positive influence on employee turnover among insurance firms in Kenya. This agrees with the study Korir (2018) which found the hypothesis that socio-economic factors affected labour turnover in restaurants in Kenya to be true because socio-demographic characteristics and the existence of gross informal human resource management practices in restaurants were seen to contribute to labor turnover. Also, Maritim (2014) found out that because of diversity and gaps in employee compensation, turnover was increased in that most of the employees felt over-utilized and underpaid.

Table 7: Regression coefficients for the socioeconomic diversity

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	**Std. Error**	**Beta**		
1	(Constant)	.458	.122		3.758	.000
	Socioeconomic Diversity	.687	.081	.685	8.522	.000

a. Dependent Variable: Employee Turnover

4.5 Moderating Effect of Firm Characteristics

The second objective of the study was to evaluate the moderating effect of firm characteristics on the relationship between Socioeconomic Diversity and employee turnover in the Insurance Industry in Kenya. The null hypothesis was:

H0: *Firm characteristics have no significant moderating effect on the relationship between Socioeconomic Diversity and employee turnover in the Insurance Industry in Kenya.*

The findings revealed that the p-values for the variables are insignificant, an indication that the introduction of firm characteristics negatively moderated the relationship between Socioeconomic Diversity variable and employee turnover.

The Beta coefficients were reduced to even negative despite them being positive in the regression model without the moderator. The study therefore accepts the null hypothesis that firm characteristics have no significant moderating influence on the relationship between Socioeconomic Diversity and employee turnover in the Insurance Industry in Kenya. This implies that firm characteristics negatively and insignificantly moderates Socioeconomic Diversity and employee turnover among insurance companies in Kenya.

The findings are in line with those by Chen etal. (2016) who posited that firm characteristics did not influence firm performance nor did it determine the level of employee commitment and performance towards the success of the organization. They also concur with those of Ose, Opeke, and Nwokeoma (2018) that showed a negative correlation between organisational culture and turnover intention of library staff in Private universities in Nigeria

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Table 8: Moderating role of firm characteristics

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.016	.049		.328	.744
Socioeconomic Diversity	-.006	.034	-.006	-.170	.865
Firm Characteristics	.947	.058	.949	16.328	.000

a. Dependent Variable: Employee Turnover

5.0 CONCLUSION

The study concluded that through effective and competitive salaries, rewarding and giving benefits and commissions to the employees without favoring others, the employees would not think of leaving their respective companies. Poor remuneration, rewarding systems, and the overall employee compensation are an indication of an environment whereby the growth of employees is not upheld as it simply signifies underperformance and employee turnover thus affecting the overall firm performance.

6.0 RECOMMENDATIONS

The insurance companies through the management should ensure that they come up with competitive compensation structures for their workers, ensuring that varied pay is justified to mitigate employee turnover. The companies should offer competitive salaries. Benefits, as well as commissions, should be given competitively to employees who are talented and who contribute much to the companies. This helps in steering employee productivity and retention thus enhancing firm performance. The Insurance Regulatory Authority and the Association of Kenya Insurers should put in place effective policies to ensure that the companies pay their employee's reasonable salaries.

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