INFLUENCE OF DEMOGRAPHIC DIVERSITY ON EMPLOYEE TURNOVER IN THE INSURANCE INDUSTRY IN KENYA

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ABSTRACT

The purpose of this paper was to establish the influence of demographic diversity on employee turnover in the Insurance industry in Kenya. The Insurance Industry is a growing industry that contributes a lot to the Gross Domestic Product of Kenya. The objectives of this paper were to establish whether demographic diversity affects employee turnover and the moderating effect of firm characteristics on the relationship between demographic diversity and employee turnover. The theories underpinning the variables in this study were: resource based theory and the Aston group theory. The study adopted the descriptive research design which used both quantitative and qualitative approaches. The units of analysis were the 55 licensed insurance companies in Kenya, which have a total population of 10,634 employees and the units of observation was top five performing insurance companies with a total population of 2,167 employees. The sample size was 95 employees. Data was collected using a structured questionnaire for employees which had both close-ended and open-ended questions. Data was analyzed using Statistical Packages for Social Sciences (SPSS) and it was presented using graphs, pie charts, and tables. The study established that demographic diversity had a significant and positive influence on employee turnover among insurance companies in Kenya. The study further established that firm characteristics had insignificant and negative moderating effect on the relationship between demographic diversity and employee turnover. The study concluded that as a result of diversified demographics, employee turnover was high in Kenyan insurance industry. The study therefore recommended that that the management of the insurance firms should embrace effective remuneration, well-streamlined demographics so as to minimize employee turnover and enhance employee retention.

Key Words: Demographic diversity, Employee turnover, Insurance Industry
1.0 INTRODUCTION

1.1 Background of the Study

Modern organizations operate in a turbulent environment due to globalization and this has led to the need for organizations to be highly competitive in order to succeed. Jackson, Schuler and Jiang (2014) postulate that one of the drivers of competitiveness is Human Resource Management and Effective HRM contributes to business effectiveness. Gossen (2016) in his study adopts the definition of workplace diversity as the collective mixture of human differences and similarities, including educational background, geographic origin, sexual preference, profession, culture, political affiliation, tenure in an organization, and other socioeconomic, psychographic and ethnic-racial characteristics.

Employee turnover rates continue escalating with no sign of slowing down. The 2011 turnover rates in Hong Kong and Singapore were close to 10% with China at a shocking 20%. Among firms in China and Hong Kong, 30% reported turnover rates of 11% to 40%. It is therefore pertinent to identify the reasons behind voluntary employee turnover in this changing market environment (Guha & Chakrabarti, 2014). Martin (2016) reveals that there is no minimum skill or educational level required to enter the U.S. insurance industry. A study of more than 120 insurance Chief Executive Officers (CEOs) found out that between 50-60% of the insurance executives stated that identifying and attracting new talent is becoming increasingly difficult (Johansdottir, Olaffson, & Davidsdottir, 2014).

According to Jong, Jinill and Jungjin (2014) demography are socio-economic characteristics of a population expressed statistically, such as age, sex, education level, income level, marital status, occupation and religion. Gossen (2016) insinuates that progressive Canadian companies see the value of a diverse workplace and are working strategically to assimilate immigrants and capitalize on diverse labour markets. These diverse markets are not limited to immigration, but also include demographic differences including gender, age, sexual orientation, and family status among others. Apfelbaum (2016) discourses that although women and racial minorities are often considered under the same umbrella of stigmatized groups, but in the U.S., white women often comprise close to 40% of all employees in professional settings, black women and men, however, rarely comprise more than 5% of employees.
Hunt, Layton and Prince (2015) argued that in the United States, companies have made efforts in recent years to increase the number of women on executive teams and boards. Gossen (2016) discourses that in recent years; research has focused on the benefits and opportunities that arise from a diverse workforce. Successful organizations with diverse work teams report that these teams are more effective and produce better financial results as well as better results in innovation (Nelson, 2014). In terms of economic benefits, organizations with a high percentage of women in senior positions realized better returns on equity, results in sales revenue, number of customers and profitability.

Kenya is the largest insurance market in East Africa and its insurance companies have established subsidiary and associate companies within the region. There are 55 licensed insurance companies in Kenya (Insurance Regulatory Authority, 2016). Kenya’s insurance industry has continued to grow though marginally in real terms. General insurance business grew by 11.4% (3.4% in real terms) slightly below the global real-terms growth of 3.6%. Life business grew by 9.7% (1.7% in real terms) compared to the global real terms growth of 4% (Abdi, 2015). It currently contributes about 4% to Gross Domestic Product (GDP) (Kibati, 2016).

1.2 Statement of the Problem

Employee turnover is the rate at which an employer gains and loses employees. The simple way to describe it is "how long employees tend to stay" or "flow rate through the revolving door" (Anvaria, JianFub, & Chermahinic, 2014). There has been a lot of employee turnover in the last five years in the insurance industry in Kenya. The industry significantly contributes to about 4% Gross Domestic Product to financial intermediation of the economy in Kenya (Kibati, 2016). Kinyanjui (2015) reveals that employee turnover in the insurance industry in Kenya is between 10% and 20%.

Flaxington (2013) states that turnover costs can be between 8 and 20 times the employee’s salary if he or she leaves within the first 2 years. High rate of employee turnover brings about negative publicity to an organization and causes dissatisfaction amongst employees resulting to negative production (Maru, 2013). Various insurance companies have continuously been experiencing the problem of high rate of turnover which has led to many companies losing billions of shillings due to poor retention (Okiko, 2014).
Githinji (2014) researched on how staff turnover affects financial performance but did not look at what contributes to staff turnover. Gossen (2016) explains how workplace diversity is beneficial to Canada but did not show how it affects employee turnover. Okiko (2014) focused on sales agents only. Kinyanjui (2015) studied employee turnover in the insurance industry in Kenya but she concentrated on compensation, lack of upward mobility and hiring process as contributors to labour turnover. This research sought to fill these gaps by establishing the influence of demographic diversity on employee turnover in insurance companies in Kenya.

1.3 Objectives of the Study
i. To establish the influence of demographic diversity on employee turnover in the Insurance industry in Kenya.
ii. To examine the moderating influence of firm characteristics on relationship between demographic diversity and employee turnover in the Insurance industry in Kenya.

1.4 Research Hypotheses
i. \( H_{A1} \): Demographic diversity has a significant influence on employee turnover in the Insurance industry in Kenya.
ii. \( H_{A2} \): Firm characteristics have a significant moderating influence on the relationship between demographic diversity and employee turnover in the Insurance Industry in Kenya.

2.0 LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Resource Based Theory
A resource is non-substitutable when competitors cannot find alternative ways to gain the benefits that a resource provides. Zikic (2015) opines that in considering the implications of Resource Based Theory in the context of the diverse workforce, one would argue that diverse workforce brings diverse knowledge and experience to organizations, and this way organizations benefit from new ways of thinking about problems, finding new and unique solutions and in general having more innovative ideas for superior products and services (Richard, Kirby, & Chadwick, 2013).

The complex relationship between diversity and firm performance as conceptualized by RBT is found to depend on many contingencies and is examined mainly in the context of racial or gender diversity. However, Binggeli, Dietz and Krings (2013) broaden the focus of RBT and diversity to
include skilled migrants’ career capital as a source of diversity. Demographic diversity is anchored on the resource-based theory which contends that the possession of strategic resources provides an organization with a golden opportunity to develop competitive advantages over its rivals.

### 2.1.2 The Aston Group Theory

The Aston Group (1974) study found out that size was related to organizational structure. In this study factors such as size, technology, location and type of ownership affect the structure of the organization (Cole, 2011). It operationalized organizational size as the number of full-time employees (with part-time employees counted as being half an employee). This was satisfactory in studies of firms and government organizations (Donaldson & Warner, 1974). This theory is relevant to this study in relation to firm characteristics as a moderating variable in the relationship between demographic diversity and employee turnover.

Donaldson and Luo (2014) postulate that the results of the Aston and Aston-type studies lent support to the earlier proposal that the Astonian type of relationships between size and structure might be culture free so that all countries would have them, or have them modified to only a degree, according to cultural regions of the world (Brossard & Maurice 1976). Inkson, Schwitter, Pheysey and Hickson (1970) found similarities regarding both organizational structure and managerial roles between managers in England and the USA. The moderating variable of this study, firm characteristics is anchored on the Aston Group theory.

### 2.2 Conceptual Framework

![Conceptual Framework Diagram]

- **Independent Variable**: Demographic Diversity
  - Age
  - Gender
  - Nationality

- **Moderating Variable**: Firm Characteristics
  - Firm Size
  - Firm Environment
  - Rules and Values

- **Dependent Variable**: Employee Turnover
  - Resignation
  - Dismissal
  - Retirement
2.3 Empirical Review

2.3.1 Demographic Diversity and Employee Turnover

Wolcke and Heymann (2012) investigated the role of demographic variables as extended factors in the voluntary turnover process in South Africa. Their findings indicate that various demographic variables (for example age, race and gender) influence whether pull or push factors are cited in the turnover process. They also found that level of education has a stronger relationship with employee mobility than race. Based on their results they asserted that employee demographic variables should be considered in the extension of contemporary turnover models (Schlechter, Syce, & Bussin, 2016).

McKinsey (2012) reveals that China’s strict family planning policies have resulted in a population that is both shrinking and aging, with dire effects for the workplace and society. The government has been making large investments to strengthen its social security systems, and it has made other expenditures to support china’s aging population as well. But those moves will also require a host of workplace changed to accommodate an ageing workforce; intergenerational workforce management.

2.3.2 Firm Characteristics and Employee Turnover

Getachew (2016) argues that there are many factors which are attached with an organization and work as push factors for employees to quit. Among them which are derived from various studies are: salary, benefits and facilities; Size of organization (the number of staff in the organization); location of the organization (small or big city); nature and kind of organization; stability of organization; communication system in organization; management practice and polices; employees’ empowerment.

According to a Millenial Survey (2012) done in the US, Less than one in ten said they were very interested in working in the insurance industry, including just 5% of students. There were 25% of Millennials who were somewhat interested in working in the insurance industry. The top reasons that people did not want to work in the insurance industry is that they did not want to sell insurance (52%) and the insurance industry sounds boring (44%).
3.0 METHODOLOGY

3.1 Research Design
This study adopted descriptive research design which used both quantitative and qualitative approach to determine the relationship between demographic diversity and employee turnover. Kothari and Garg (2014) opine that descriptive research studies are those studies which are concerned with describing the characteristics of an individual or of a group.

3.2 Target Population
The target population for this study was the 10,634 employees in all the 55 licensed insurance companies in Kenya (IRA, 2015). This population had heterogeneous characteristics since it consisted of insurance companies that deal in life insurance only, general insurance only, and those that deal in both life and general insurance. These were the units of analysis.

3.3 Sampling
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 thus:

\[ n = \frac{N}{1 + Ne^2} \]

\[ n = \frac{2167}{1 + 2167(0.10)^2} \]

\[ n = 95 \]

3.4 Data Collection
In this study, primary data was collected using a questionnaire that was designed with both structured and unstructured questions and an interview guide for the Human Resource managers. The questionnaire contained Likert scale type of questions where the respondents was required to indicate their level of agreement with the statements that express a favourable or unfavourable opinion towards the variables of the study.
3.5 Data Analysis and Presentation

Descriptive statistical technique was used to analyze data. This consists of graphical and numerical techniques for summarizing data, thus reducing a large mass of data to simpler, more understandable terms. The Statistical Package for Social Sciences (SPSS 2017 Version) which is computer software was used for the purpose of analyzing the data. The data was presented in figures, tables, charts and graphs. The multiple regression model in this study is derived from the conceptual frame and is as shown below:

\[ Y = \beta_0 + \beta_1 X_1 + e \]

Where:
- \( Y \) represents the dependent variable, employee turnover
- \( \beta_0 \) = Constant
- \( X_1 \) = Demographic diversity
- \( \beta_1 \)…\( \beta_4 \) are the regression coefficients
- \( e \) = the residual in the equation

The study used multiple regressions analysis (stepwise method) to establish the moderating effect of firm characteristics (Z) on relationship between the four independent variables and the dependent variable.

\[ Y = \beta_0 + \beta_1 X + e \]

Where:
- \( Y \) is the dependent variable; employee turnover
- \( \beta_0 \) = Constant
- \( \beta_1 \) = the coefficient relating the independent variable, \( X_i \), to the outcome, \( Y \), when \( Z = 0 \)
- \( Z \) = the moderator (firm characteristics)

4.0 FINDINGS

4.1 Response rate

The study surveyed a sample of 95 respondents using the structured questionnaires. Out of these, 84 respondents dully filled and returned the questionnaires for analysis. This shows a response rate of 88% against the non-response rate of 12%. According to Mugenda and Mugenda (2013), a response rate of 50% is adequate, 60% good while 70% is very good. This implies that the 88%
response rate obtained in this study is adequate for analysis and making conclusions and recommendations of the study.

4.2 Demographic Diversity

The first objective of the study was to examine the influence of demographic diversity as an aspect of workplace diversity on the employee turnover in insurance companies in Kenya. According to Apfelbaum (2016), demographic diversity through aspects such as racial background, gender and professional setting play a major role in enhancing the retention and turnover of the employees. The study sought to confirm this by asking the respondents to rate several aspects of demographic diversity using 5-points likert’s scale and other specific measures which addressed the sub-variables; age, gender and nationality.

The respondents were asked to indicate their level of agreement on given statements on demographic diversity and employee retention. As the findings on table 4.1 revealed that on the first statement that employees enjoy working in workplaces with their age mates, majority of the respondents agreed as evidenced by a mean of 3.83 and a mean of 1.23 while on the second statement that employees prefer working in an environment with diverse genders, majority of the respondents agreed and this is shown by a mean of 4.05 and a standard deviation of 1.11. Further the findings had it that most of the respondents agreed that they preferred working in an environment with individuals from diverse nationalities and this is evidenced by a mean of 3.81 and a standard deviation of 1.21.

The findings compare with those by Hunt et al. (2015) who found that most organizations focused on equalizing the presentation of gender in their work teams by appointing more women in executive positions where traditionally men dominate while doing the same to those positions that women dominate. This gains support from Njeru (2014) who found that age of the employees influenced their retention levels where younger employees are more likely to leave an organization for various reasons as compared to older employees. The findings supports the resource based theory by identifying the need to retain employees to enhance competitiveness just like the theory suggest that employees and human skills are the most crucial in firm’s competitiveness hence modern day organizations should strive to enhance and retain these resources (Barney, 1991; Richard, Kirby, & Chadwick, 2013).
Table 4.1: Demographic Diversity and Employee Turnover

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees enjoy working in workplaces with their age mates</td>
<td>3.83</td>
<td>1.23</td>
</tr>
<tr>
<td>Employees will prefer working in an environment with diverse gender</td>
<td>4.05</td>
<td>1.11</td>
</tr>
<tr>
<td>I prefer working in an environment with individuals from diverse nationalities</td>
<td>3.81</td>
<td>1.21</td>
</tr>
</tbody>
</table>

4.3 Firm Characteristics

The fifth objective of the study was to assess the moderating role of firm characteristics on the relationship between demographic diversity and employee turnover. The values and processes in an organization best describe the characteristics of an organization. The study sought to find out the moderating role played by firm characteristics in either increasing or decreasing the relationship between workforce diversity and employee turnover. The main prospects of firm characteristics considered in the study included; size of the firm, firm environment as well as the rules and values of the firm. The findings are as presented herein.

The study sought to find out the level of rating on specific aspects of firm characteristics and firm performance. The findings as shown in table 4.2 revealed that majority of the respondents highly rated the conduciveness of their working environment as shown by a mean of 1.81 and a standard deviation of 0.84. 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 2.99 and a standard deviation of 1.28 while on the statement that the support and conduciveness the employees got from the organization and colleagues influenced their continued stay in their respective organizations majority were neutral as evidenced by a mean of 3.25 and a standard deviation of 1.15.

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. According to Park and Gursoy (2012), the size of the firm creates trust to the customers and the employees on the continued sustainability but it does not necessarily influence
the employee retention since there are other aspects connected to employees’ retention such as rewarding, promotions and compensation.

Table 4.2: Level of agreement with aspects on Firm Characteristics

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>How would you rate the conduciveness of your working environment? (1= High, 2= Moderate, 3= No sure, 4= Low, 5= Not conducive)</td>
<td>1.81</td>
<td>0.84</td>
</tr>
<tr>
<td>How comfortable are you with the set rules and values in your organization? (1= Very comfortable, 2= Moderately comfortable, 3= Not sure, 4= Less comfortable, 5= Not comfortable)</td>
<td>1.81</td>
<td>0.80</td>
</tr>
<tr>
<td>The size of my organization convinces me of job security/an opportunity to grow thus my continued stay at the firm</td>
<td>2.99</td>
<td>1.28</td>
</tr>
<tr>
<td>The support and conduciveness I get from the organization and colleagues influences my continued stay in the firm</td>
<td>3.25</td>
<td>1.15</td>
</tr>
<tr>
<td>The definition and layout of the rules and values in the organization have a hand in determining my stay at the firm</td>
<td>3.32</td>
<td>1.22</td>
</tr>
</tbody>
</table>

4.3 Employee Turnover

The dependent variable for the study was employee turnover in insurance firms in Kenya. The study sought to find out the rate at which the employee left the insurance firms so as to find a link between the turnover and demographic diversity. The main sub-constructs used to define employee turnover included resignation of the employees, dismissals by the management and retirement.

The respondents were asked specific questions based on these sub-constructs and the findings are as herein presented.

The respondents were asked to indicate the frequency at which they planned or were convinced to leave their respective organizations and as shown in table 4.3, majority of the respondents planned to leave their respective organizations as shown by a mean of 2.19 and a standard deviation of 0.94. The study further revealed that majority of the respondents disagreed that their respective organizations through the management had been encouraging early retirement on some employees while encouraging prolonged stay by others.

The findings imply that many employees considered their stay at their respective firms was not conventional since majority left the firms but did not plan for their exit prior to 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 as a result of saturation in the labor market and unavailability of jobs in the market, the employees would be.

**Table 4.3: Likert’s Scale Rating on Aspects of Employee Turnover**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>How often have you thought/planned of resigning from the organization? (1=Very often, 2=Sometimes, 3= Not sure, 4= Hardly, 5= Not at all)</td>
<td>2.19</td>
<td>0.94</td>
</tr>
<tr>
<td>How frequent are employees dismissed by the management in your organization? (1= Very frequently, 2=Sometimes, 3= Am not aware, 4= Hardly, 5= Not at all)</td>
<td>2.58</td>
<td>1.00</td>
</tr>
<tr>
<td>The resignation level at my organization has been high for the last five years</td>
<td>3.23</td>
<td>1.41</td>
</tr>
<tr>
<td>The organizational management has been keen on dismissing poor performing/unproductive employees</td>
<td>3.36</td>
<td>1.08</td>
</tr>
<tr>
<td>The firm has been encouraging early retirements on some employees and while extending the retirement for others</td>
<td>2.54</td>
<td>1.24</td>
</tr>
</tbody>
</table>

**4.4 Inferential Analysis of the Study Model and Hypothesis Testing**

The main aim of the study was to establish the influence of demographic diversity on employee turnover among insurance companies in Kenya. The independent variables in the study were demographic diversity, leadership styles, compensation diversity and job characteristics while the dependent variable was employee turnover in insurance companies in Kenya. The study also had a moderating variable which is firm characteristics. The study therefore sought to establish the relationship between these variables through inferential statistics. The main measures utilized herein included the R squared ($R^2$), the P-value as well as the Beta coefficients. According to Young (2010), inferential analysis goes beyond just presenting the responses in a study by unveiling the statistical relationship between the variables and how a variable (independent) affects or influences the other (dependent). Through this, concrete conclusions and recommendations in study are made.
4.4.1 Demographic Diversity and Employee Turnover

**Hₐ₁**: Demographic diversity has a significant influence on employee turnover in the Insurance industry in Kenya.

The study sought to find out the influence of demographic diversity on the employee turnover among insurance companies in Kenya. The model for the variable was:

\[ Y = \beta_0 + \beta_1 X_1 + e. \]

The regression analysis was carried out to establish the statistical relationship between demographic diversity and employee turnover.

The model summary as shown in table 4.4 revealed that the \( R^2 \) value was 0.538 which implies that the variation of demographic diversity explained up to 53.8% of the variations in employee turnover. This is to mean that demographic diversity has a strong relationship with the employee turnover in the insurance companies in Kenya.

**Table 4.4: Model Summary on Demographic Diversity**

<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>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.734ᵃ</td>
<td>.538</td>
<td>.533</td>
<td>.34137</td>
</tr>
</tbody>
</table>

ᵃ. Predictors: (Constant), Demographic Diversity
ᵇ. Dependent Variable: Employee Turnover

The ANOVA results on the other hand as shown in table 4.5 revealed that Demographic diversity had a significant influence on employee turnover as shown by the P-value of 0.000 which is way less than the standard p-value of 0.05. Moreover, the F-calculated value was 95.655 which is higher than the F-critical hence the illusion that demographic diversity indeed had a significant influence on employee turnover.

**Table 4.5: ANOVA for Demographic Diversity**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>of df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>11.147</td>
<td>1</td>
<td>11.147</td>
<td>95.655</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>9.556</td>
<td>82</td>
<td>.117</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>20.702</td>
<td>83</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
a. Dependent Variable: Employee Turnover

b. Predictors: (Constant), Demographic Diversity

Table 4.6 shows the regression coefficients for demographic diversity and employee turnover. The new model is as follows;

\[ Y = 0.389 + 0.736X1 + e \]

The findings revealed that at a significance level of 0.000, demographic diversity influenced the employee turnover by up to 73.6%. The findings imply that when one unit of demographic diversity increases, the employee turnover is bound to change by up to 73.6%. The model output therefore justifies the decision to accept the alternative hypothesis that demographic diversity has a significant influence on employee turnover in the Insurance industry in Kenya.

### Table 4.6: Regression Coefficients for Demographic Diversity

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.389</td>
<td>.114</td>
<td>3.418</td>
<td>.001</td>
</tr>
<tr>
<td>Demographic Diversity</td>
<td>.736</td>
<td>.075</td>
<td>.734</td>
<td>9.780 .000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Turnover

4.4.2 Moderating effect of Firm Characteristics

**H₂**: Firm characteristics have a significant moderating influence on the relationship between demographic diversity and employee turnover in the Insurance Industry in Kenya.

The last objective of the study was to find out the moderating effect of firm characteristics on the relationship between demographic diversity and employee turnover in the insurance industry in Kenya. The findings as shown in table 4.7 revealed that the p-values for the variables are insignificant an indication that the introduction of the firm characteristics negatively moderated the demographic diversity aspects and employee turnover. The Beta coefficients for the variables reduced to even negative despite them being positive at the overall model without the moderator. This implies that firm characterizes negatively and insignificantly moderates the relationship between demographic diversity and employee turnover among insurance companies in Kenya.
According to Chen, Sun and Xu (2016) and Kogan and Tian (2012), employee turnover is an aspect driven by level of satisfaction by the employee through strategies such as motivation, rewarding and recognition as well as the level of pay but not on influenced by the firm size, values of the firm and the policies.

Table 4.7: Moderating Role of Firm Characteristics

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.016</td>
<td>.049</td>
<td>.328</td>
<td>.744</td>
</tr>
<tr>
<td>Demographic Diversity</td>
<td>.079</td>
<td>.034</td>
<td>.079</td>
<td>2.306</td>
</tr>
<tr>
<td>Firm Characteristics</td>
<td>.947</td>
<td>.058</td>
<td>.949</td>
<td>16.328</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Turnover

CONCLUSION

The study concluded that demographic diversity influenced the employee retention at the insurance companies whereby the employees preferred working in a place with people from diverse backgrounds and in different generation cohorts. The study however concluded that this was not upheld in the insurance companies whereby many of the respondents indicated that they had few or no colleagues from other nationalities and different generation cohorts.

RECOMMENDATION

That the organizational management at the insurance firms should focus on providing a conducive working environment with diverse cultures, employee backgrounds and other social prospects so as to enhance employee retention. This can be possible through recruiting employees from different backgrounds and ensuring every generation cohort is well catered for during recruitment.

REFERENCES


