

**A STUDY OF THE RELATIONSHIP BETWEEN
RETENTION STRATEGIES AND JOB PERFORMANCE
IN THE IT INDUSTRY IN SRILANKA**

Sachini Dilusha Rajapakse

169128C

Degree of Master of Business Administration in Information Technology

Department of Computer Science and Engineering

University of Moratuwa
Sri Lanka

April 2018

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.....
<Sachini Rajapakse>
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.....
(Dulani Meedeniya)
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ABSTRACT

In today's world, employee turnover is one of the major issues faced by many companies. The turnover rate impacts the employees' performance and organization's stability as well. This study explores and analyses the relationship between retention strategies and job performance in the Sri Lankan IT industry. The main objectives are to determine the job performance of employees in the software industry, discuss the factors that affect the turnover in the software industry, examine the relationship between retention strategies and job performance, and recommend a set of guidelines to improve job performance.

The analysis of the literature review discusses the current research on retention factors such as, employee recognition, flexible working arrangements, rewards, compensation, work-life balance, leadership and management, etc. This study has identified five main retention factors using a pilot test, to be addressed throughout the research. The research methodology is based on a quantitative approach; hence a survey is conducted with 300 employees who work in IT industry. The survey questionnaire contains 30 questions, with five questions per variable. Descriptive analysis is performed to analyze the respondent demographic characteristics based on frequency analysis and the central tendencies measurement of constructs. Then, the scale measurement is used for the reliability analysis. This is followed by inferential analyses using the Pearson correlation coefficient analysis. Finally, the ANOVA test is applied to identify the impact of the five independent variables with the dependent variable, job performance.

According to the analysis results, it can be concluded that flexible working arrangements have a high impact on job performance compared to the other four variables. Management and leadership, employee recognition, onboarding/training and employee relations have a considerable relationship with job performance even though it is of a lower impact. Further, a set of recommendations is proposed to improve the job performance of employees in the IT industry in Sri Lanka. These recommendations will enable the organizations to identify employees' needs and wants. These strategies can be implemented based on a priority level, which includes the most influential ranking with the intention of satisfying and motivating the employees. Thus, by meeting the needs of employees, job performance can be increased and by that, the employee turnover rate can be reduced.

Keywords – Employee retention, Flexible working arrangements, Job performance, Employee turnover, Training and development, Management and leadership

ACKNOWLEDGEMENT

I would first like to thank my supervisor Dr. Dulani Meedeniya, from the University of Moratuwa, for guiding me in the correct direction from the beginning. Whenever I ran into trouble or had a question about my research writing, she consistently allowed this paper to be my own work, but steered me in the right direction whenever it was needed.

I would also like to thank the experts, Dr. Chandana Gamage and Mrs. Jeeva Padmini, who were involved in driving me to the end of this research project by continuously monitoring my work. Without their input, the research could not have been successfully completed.

I would like to thank to every employee in the IT industry who participated in the survey enthusiastically. Without their passionate participation and input, the survey could not have been successfully conducted.

Last but not least, I must express my very profound gratitude to my parents, my sister and to my husband for providing me with unfailing support and continuous encouragement throughout my years of study and through the process of researching and writing this thesis. This accomplishment would not have been possible without them.

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