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# FACTORS AFFECTING HIGH EMPLOYEE TURNOVER IN IT INDUSTRY OF SRI LANKA

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## DECLARATION

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## **ABSTRACT**

Among most promising sectors in Sri Lanka, the information technology sector has grown significantly since the country's post-war era. This sector is vital to Sri Lanka since it is currently one of the main ways the nation earns foreign exchange revenue. Despite its significance, the industry was seeing an increase in staff turnover, which may be extremely dangerous if it keeps up. This research was carried out based on four factors named work life balance, rewards, opportunities for career progression and the leadership style to determine the association between each element and employee turnover as well as which ones are most influencing the high turnover. The study's findings demonstrated that, among the four variables linked to employee turnover, reward has been the most important.

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# 1. INTRODUCTION AND BACKGROUND

## 1.1 Introduction

Staff turnover has developed into a challenging subject in the current competitive business world. Therefore, it has become crucial to manage people in an organization. In order to develop and keep their employees in their company and get the most productivity out of them, organizations invest heavily on their employees. Therefore, businesses need to make every effort to reduce staff turnover. For that, it is indeed important to gain a thorough grasp of the factors that contribute to staff turnover and the effective strategies that should be implemented to reduce it.

Worker mobility within the labor market, encompassing different organizations, roles, and occupations, is known as employee turnover. Hollman, Abassi (2000). Turnover is calculated by dividing the average number of employees employed by the company during a given period of time by the number of employees that left the company during that same period. Price (1977).

The research focuses the variables influencing staff churn in Sri Lanka's IT sector. The information will be gathered from the employees who are working for a IT organization for a core business within the organization. The IT industry of Sri Lanka is facing high amount of employee turnover recently. IT industry is one of the main contributing factors when it comes to economic development of the country. Top IT companies around the world have chosen Sri Lanka as the global hub when delivering quality output to their clients and that is why it is important to address employee turnover issue because this will surely have significant adverse effects on the future of the IT industry.

## **1.2 Background Of The Information Technology Industry**

Over the last few decades, in the Sri Lanka's IT industry has grown significantly. Along with the globalization and economic liberalization, software powerhouses in the world's began to invest extensively in Sri Lanka, Jinadasa, L, & Wickramasinghe V (2005). Furthermore, with the expansion of IT knowledge in the country, new software development firms began their operations in Sri Lanka as well. Early in the 1980s, Sri Lanka's software sector had its start. Nearly all software companies first concentrated only on the home market. During 1997, Sri Lanka's software industry experienced a boom because of rising global demand. According to Global Services Magazine, Colombo, Sri Lanka's capital, ranks among the top 20 information technology cities in the world. Sri Lanka's IT industry is the fourth largest export earner, accounting for nearly 2% of the country's GDP with revenue of USD 1.5 billion and expected to reach USD 3 billion revenue by 2024, Namal S (2022). There are over 300 companies currently operating in Sri Lanka with over 80,000 employees. The industry strictly follows global labor and environmental standards. Sri Lanka's ICT industry has always been financially viable due to a skilled talent pool and operational capability. In the last three years, the industry has evolved to support hybrid workplaces. The main product and services which are supported by Sri Lankan ICT enterprises are Automated application testing, Mobile Applications, research and development services, infrastructure outsourcing, ERP systems and Cloud Technology.

## **1.3 Impact & Effect Of Employee Turnover**

Many negative impacts are associated to an organization due to high employee turnover. turnover will adversely affect operational efficiency, particularly for IT organizations where there are advanced processes that need close cooperation and high amounts of knowledge. wherever there's continued instability within the team, this could lead to inflated stress and tension amongst those remaining staff who not got to fill the gaps left by outbound workers. The consequences of that can include reduced employee morale and diminished productivity because of loss of labor group action. Long-term employees frequently take valuable institutional knowledge or intellectual assets with them when they leave.

Employers would have to spend a lot of time and money replacing these assets. Before an employee gives a notice, he or she might have mentally checked out for weeks or months costing the organization a significant amount of money on a low productive employee. When the current employees see one of their coworkers leaves it will result a change in office atmosphere. And the current employees begin to be questioning their own career choices. To catch up on the vacant position, workers those who are currently working are given enlarged workloads. This results in burnout, less efficiency, and unproductivity of the employees, all of which may be costly. It is crucial to realize that it often takes a new hire six months to become fully operational. For the employer those initial six months are an expensive investment, with no real benefits for the newly hired candidate or the company until six months or more later.

#### **1.4 Problem Identification**

Success mostly depends on its labor force of an organization. If an organization has skilled and unique work force who can add value to their product or service to satisfy their customers or clients, that organization will have a competitive advantage over other competitors. Therefore, it is the higher management's responsibility to make sure that they have the best employees working for them. IT firms rely heavily on knowledge workers. As a result, talent acquisition of skilled and qualified software engineers, system engineers, and functional consultants has been critical for core business. This has created massive competition in the industry where every company is doing their very best to acquire the best employees in the market by offering better salaries, working environment and opportunities for career growth.

Despite the significant success shown by Industry, organizations have now come into contact with a substantial employee turnover rate. This has resulted in negative consequences such as operational disruption, increased time and cost for new hires and training, decreased productivity, and low employee morale. According to Ongori (2007), one of the most important elements influencing performance and the accomplishment of business goals in the information and technology sector is excessive personnel turnover. Thus, the goal of this study is to pinpoint the primary underlying causes of employee turnover so that management may develop appropriate strategies to deal with it.

## **1.5 Significance Of The Research**

Due in large part to the industry's substantial foreign exchange revenues, Sri Lanka's information technology sector is one of the most vital in the nation. The industry demands special set of skills, high employee turnover will result in a significant decrease in the quality of output in terms of the proposed solutions for their clients or the customers. In such a case, it is critical for the organization to evaluate what is causing the high employee turnover. Even if internal HR audits provide firms with some insights, systematic research should be carried out to precisely describe the issue and offer long-term solutions. The purpose of this study is to identify the factors that affect employee turnover in the IT business in order to develop recommendations for reducing turnover and enhancing staff retention.

## **1.6 Research Limitations**

The goal of the study is to determine and track the variables influencing Sri Lanka's high staff turnover rate in the IT sector. The information was gathered from 300 employees. IT industry in Sri Lanka has a significant number of employees. Consequently, the research sample size is relatively small compared to the total workforce, suggesting that the conclusions drawn from this study will be based on limited input. Another limitation is that the independent variables (Work condition, Rewards, Career advancement, Leadership style) were sourced from other searchers' research and articles (deductive reasoning). Hence there could be some factors which are not considered in this research but might have a significant contribution towards employee turnover.

## **1.7 Purpose Of The Study**

The purpose of the research is to determine the factors which affect employee turnover in IT industry.

## **1.8 Research Objectives**

The following questions served as the basis for this study.

- What is the relationship between factors and employee turnover in IT Industry?
- What is the most significant factor affecting employee turnover IT Industry?

## **1.9 Scope Of The Study**

To identify the variables for the large number of staff turnover in the IT sector, this study involved collecting information from 300 employees who are currently working and who resigned recently. The study was conducted from December 2023 to May 2024. The following defined criteria were used when deciding the population.

- Should be a current employee of IT industry or an ex-employee who has resigned within the past 4 months.
- Should be employed in any of the core functional departments of the company.
- Should have (or had) a service history of 2 years or more.
- Should be working in a position of middle management level or below.
- Should be within the ages 21 to 45 years.
- Can be either male or female.

## **2. LITERATURE REVIEW**

### **2.1 Introduction**

The chapter contains a review of the literature as sourced from other searchers' research and works obtained from journal articles, manuals, magazines, and the internet. It also includes a theoretical review as well as the conceptual framework. Study intention is to aid in the definition of the problem and to facilitate understanding of the contributions made to the subject by other writers and researchers.

### **2.2 Theoretical Review**

The focus of the study was on theories that offer an explanation for the various factors influencing employee turnover in the workplace. When it comes to employee turnover, motivation and satisfaction are key topics that decides employee's decision to resign or continue working for the same employer. Hence this chapter includes the different theories related to motivation and satisfaction and how it will influence the employee turnover.

### **2.3 Employee Turnover**

Employee turnover and retention are two of the most essential practices for Sri Lanka's highly promising IT industry as an emerging and developing country. Employee turnover is a major disadvantage for this promising industry. Following the outbreak of the Covid pandemic, no significant research has been conducted to rationalize workplace satisfaction in Sri Lanka's IT sector. Employee turnover has been widely studied from various viewpoints, and different factors have been proposed as the causes of employee turnover in an organization. Some factors are demographic, while others are biographic. For example, monetary incentives, workplace environment, advancement, employee sense of achievement and self-recognition, employee overstress, and so on. Employee turnover has become one of the most stressful matters in today's business because the employee is the heart of the organization. The organization will perish if well-trained employees leave.

Employee turnover can be caused in a variety of ways, but it is primarily classified as voluntary and involuntary. When an employee withdraw from an organization on his or her own freewill rather than that of the employers. It's known as "voluntary turnover.", Gomez (1998). This could include resigning, retiring, relocating, or looking for a new job. Due to factors such as unpredictability and uncontrollability, this is the most common type of turnover and ended up causing major worry among corporate leadership. Involuntary turnover occurs when an employer requests that an employee should leave the organization. This could be as a result of poor performance, unprofessional conduct, or forced downsizing, Lyons P. & Bandura R (2020). Both voluntary and involuntary employee departures have the potential to negatively impact operations, team dynamics, and unit performance. The company loses money and time as a result of both kinds of turnover. When an employee leaves an organization, the substantial expenditures they have made in their training and development are forfeited. Mello (2011).

By comprehending the nuances of the turnover issue, a company can determine whether to implement focused retention action plans, such as at certain locations or worker groups, or to manage all the levels as there will be adequate labor. Dean and Hogarth (2008). An organization's employee turnover rate is influenced by a variety of factors, which might originate from both the employer and the workforce. Pay, benefits, work performance, and employee attendance are all significant contributors to employee turnover. Companies are particularly interested in personnel turnover since it is an expensive aspect of operating a firm. Beam (2008). Employee turnover can result in business disruption, demoralization, negative public relations, staffing costs, corporate strategy opportunity costs, and decreased social integration.

Employee motivation and job satisfaction are the two main factors which decide whether an employee would stay in an organization or not. The word "Motivation" was originated from the Latin word "Movere" which means "To Move" Vroom (1964). Motivation is an internal force which guides someone to achieve something depends on the needs. In order to effectively motivate their workers to behave, managers need to have a solid understanding of needs and motives, according to Schulze and Steyn G.M. (2003). It is common knowledge today that workers who work together with the goal of achieving exceptional results through cutting-edge organizational culture are at the core of every successful and productive company. Numerous studies have shown that one of the key factors influencing success is motivation, according to Hunter & Schmidt

(1996). As a result, managers in the current day need to figure out how to foster an environment in their company where workers are constantly motivated and productive. Motivation has a direct impact on the performance as a catalyst for employees who has a major contribution to the success of an organization, Sekhar (2013).

The phrase "employee satisfaction" describes how content and happy workers are with their jobs. Because contented workers must perform their duties and make the contributions that their employers demand, employee satisfaction is essential. Employment satisfaction has been defined as a projection of how well an employee's job expectations match the reality of their work, Lund, (2003). Workers evaluate their level of job satisfaction based on both internal factors, like their purpose, and external factors, such their pay. A worker's level of job satisfaction indicates how many of their expectations have been fulfilled. Put another way, workers anticipate that their position will provide a mix of these aspects, each of which they value differently. Egan and associates (2004). The scope and importance of these options differ for each employee, but when a substantial threshold is crossed, job satisfaction declines and there's a greater chance of employee discontent, which raises the risk of employee turnover.

## **2.4 Work Life Balance**

The work-life balance factor can indeed significantly influence employee turnover rates in IT firm in Sri Lanka, as it does in many other countries and industries. Here's how work-life balance affects turnover in this context:

Employees frequently place a high value on having a healthy work-life balance, particularly in the IT sector where long hours and high stress levels are typical. Businesses that provide flexible work arrangements, like remote work or adjustable hours are more appealing to prospective hires and are more successful in keeping their present workforce. Some workers could find it uncomfortable to work in unfavorable circumstances and might be drawn to other businesses that offer better work environment. Workplace organization, employment security, and the working environment were found to be the most important factors for employees in the public sector (Pillay, 2009), whereas professional practice, employment security, and workplace organization were found to be the most important factors for employees in the private sector.

Since the Labor Department of Sri Lanka regulates the working conditions, including the number of hours worked and overtime, termination, minimum wages, holidays and leaves, compensation, health, and safety, it follows that employment in the public and private sectors must at very least abide by these regulations. Continuous improvement of working conditions is necessary. But the benefits package needs to be attractive if the business hopes to retain its bright employees. As a result, companies need to show their commitment to ensuring that all workers, regardless of specialization, receive equal treatment. It must be acknowledged that certain employers offer benefits that go above and beyond the bare minimum, and as a result, employees will always have the choice to transfer to a new company.

Employees who feel they have a healthy work life balance are generally more satisfied with their jobs. They are less likely to actively look for alternative employment options and more likely to stick with their current employer. Work-life balance is closely linked to employee well-being. Employers that prioritize the well-being of their employees by promoting work-life balance initiatives, such as offering wellness programs or encouraging employees to take regular breaks, tend to have lower turnover rates.

As stipulated in the National Institute of Occupational Safety and Health Act, No. 38 of 2009, all organizations must have the necessary tools and equipment. If the workplace is lacking essential amenities like clean restrooms, comfortable seating, health and safety safeguards, and sufficient lighting, employees won't put up with the problems for very long. Handelman (2009). It also takes new equipment and routine, periodic maintenance to keep up with technological improvements. The need for these facilities has grown recently as a result of modifications to national and municipal laws as well as an increase in employee awareness of their human rights. An important factor to take into account while discussing working conditions is the work schedule. Different jobs have different work schedules; some can be finished in the course of regular office hours and workdays, while others require night shifts, weekend work, and required overtime. As an IT company that is considered necessary to provide 24/7 customer service to their clients around the world, handling the work schedule in a way that does not negatively impact the idea of work-life balance is critical. Because employees will become demotivated if they start believing there is no balance among both their work and their lives outside of work.

Research has shown that working flexible hours can help to have a more balanced life, and can help reduce stress at work, Pearce & Mawsons, (2009). In order to ensure that everyone completes the work they need to, companies should be allowed to provide their staff the option of working flexible hours. Research indicates that when a family consists of both adults and children, men and women prefer to divide up the responsibilities more conventionally, assigning jobs based on gender rather than aptitude or interest. Dean and Hogarth (2008).

In Sri Lanka's IT industry, where demand for talent is high and competition among employers is fierce, addressing work-life balance concerns can be crucial for reducing turnover rates and maintaining a satisfied and productive workforce. Companies that prioritize work-life balance initiatives are likely to see benefits in terms of employee retention, job satisfaction, and overall organizational success.

## **2.5 Rewards**

In return for their services to the company, employees receive compensation. A well-thought-out compensation strategy can improve job satisfaction and have an impact on performance. Armstrong (2009). An employment contract indicates that workers are compensated for their labor, which is typically money. The level of this trait is strongly linked to important things like absenteeism, turnover intentions, and people's opinions of the organization's attractiveness as a place to work, Vilma and Egle (2007). Employee benefit and pay packages have been shown to positively affect organizational performance and profitability in several studies conducted worldwide. This is especially true for businesses of all sizes, Mangel and Useem (2008). In order to stay competitive in product markets, employers in highly competitive industries usually evaluate their competitors' compensation policies.

Heneman and Berkley's (1999) research found that small enterprises attracted many more job candidates than larger ones because of their very effective benefits and compensation packages. In 2003, MetLife found that work satisfaction was higher in small organizations compared to large organizations (54 percent versus 37 percent), but benefit satisfaction did not vary according to organizational size. Additionally, they found that 42% of employees said that their company's benefits were a major factor in their decision to stay with the company, despite the fact that 27%

of employers still felt that employee benefits were an important factor in hiring new staff (2003). Employees may require benefits more than pay in some instances. Employees are always drawn to companies that provide lot of advantages, Rampur (2009). Benefits can indicate to staff members which a business is reasonable and supportive. Research has shown that consistent benefits like housing, paid time off, medical coverage, health insurance, and paid time off rank highly among the factors that encourage employees to join or remain with a company.

Together with compensation and perks, workers also need acknowledge for a job well performed. Long (2012) claims that incentives and recognition, which affirm achievement and inspire workers to pursue ongoing development, satisfy this requirement. An incentive program makes the organization's commitment to excellence visible to everybody. Reward systems have an effect when they are compelling. Incentives and recognition ought to be predicated on a precise set of rules and performance that can be measured or shown. Tanner, 2012. Employees need positive, constructive feedback for their efforts, and recognition for a job well done. Positive reinforcement for good performance is necessary, which can occur in the form of monetary rewards, words of encouragement, written awards, or special rewards. Positive behavior may not be sustained in the absence of recognition and reinforcement. When an employee is well compensated, they perceive a high regard from their employer. People are motivated to work harder and better when they know that their employers cherish their well-being and are dedicated to helping them develop in their jobs and improve personally. Employees are the lifeblood of organizational vehicles, and reward is the gas that keeps them going. Without a strong workforce, no organization can achieve its goals, Vilma & Egle, (2007).

## **2.6 Opportunities For Career Development**

Career development is a set of activities offered by employers to their employees in order for them to reach their career objectives. This can be accomplished by providing sufficient training, coaching and mentoring and providing career advancement opportunities. When a new employee joins the organization, training and development programs typically begin with employee orientation and skill building, Wendell, (2007). Through employee orientation, new hires can learn key organizational values and customs, build relationships within the workplace, and become

proficient in their job duties. After then, the breadth of technical training programs and skill sets is reduced to educate the new hire a specific set of abilities or specialty. Human resources efforts should transition to greater development programs, such coaching and counseling, once new personnel have mastered their tasks.

Efficient training styles can yield significant business outcomes, particularly in customer support, design and development, and the ability to acquire new skill sets. This link between training and corporate approach provided lot of businesses with the necessary strategic edge in the current worlds' marketplace. Furthermore, successful training and development enhances the culture of excellence in business, the workplace, and, ultimately, the quality of the finished product, Huang (2011). A skilled and well-trained workforce is regarded as critical to a company's ability to maintain its competitive edge in a global economy. According to Phillips and Connell (2003), workers today want to be able to grow in their careers by expanding their skill set and gaining experience in desired positions. Workers also aspire to advance within the company, albeit sometimes not via conventional promotions. Employee development may involve assigning them to projects or putting them in special teams that present new difficulties. Employees will always leave an organization unless leaders resolve fundamental issues about personal career advancement. A developmental project should be tailored to the person's skills. When designed properly, developmental tasks can prepare employees for greater responsibilities. Such assignments foster development and growth by demanding employees to apply specific abilities that were not previously required in their jobs. New projects and assignments promote learning and offer methods for employees to improve their job skills by completing new tasks.

## **2.7 Leadership Style**

During a tenure at a working place, many workers had direct reports who exhibited one of two characteristics. For example, they had a manager/Leadership who was extremely supportive of them and made a significant contribution to a productive manager-employee relationship. It's also likely that there once was a boss who had a poisonous relationship with his staff and was indifferent to positive interactions. Examining the issue requires beginning with the positive aspects of good interactions between employees and their managers. In line with Joseph Carl Vann's (2017)

research, "The Relationship Between Job Satisfaction, Supervisor Support, and Profitability of Quick Service Employees," productive working relationships with supervisors have the potential to reduce expenses or boost productivity. In this field, employee motivation is critical due to the importance of motivation and the need for quick completion of tasks. Vann asserts that contented workers are more likely to be productive, which enables a company to grow more quickly than it otherwise could. To bring out the best in their employees, managers should adopt a management mentorship role, according to Raza, Moueed, and Ali (2018). The research reflects that ill-treatment of subordinates by managers or an absence of positive connections between the two sides, particularly due to supervisor limitations, which could indeed result in a both quantitative and qualitative decline in subordinate output level.

Two critical components of employee retention, employee withdrawal behavior and absenteeism, were the subject of certain research findings. Workers who enjoy their jobs and perform well are more likely to have open lines of contact with their managers. Within an organization, this kind of communication helps to forge personal bonds amongst group members. Maintaining a positive relationship with the people they oversee is the most crucial duty of a supervisor, according to Chapman, out of all of their tasks. According to the author, when a manager chose to invest in his or her employees, they are more likely to be productive on a consistent basis, which leads to a higher overall workplace performance, Kalliath and Beck, (2001). Individuals who perform inadequately frequently believe they are at the bottom of the organizational hierarchy. Employees understand their position in the supervisor's mind. Employees who think they are undervalued are more likely to do poorly. When workers feel that they are a part of the management team that they directly report to, they are more likely to love their jobs. At this point, job satisfaction is necessary for workers to feel engaged with the goals of the organization. A worker who is deeply committed to his employer's objectives will surely stay loyal to him. One of the most typical effects of loyal conduct is staff turnover.

## 2.8 Theories Related To Factors Affecting Employee Turnover

### 2.8.1 Herzberg Two Factor Theory

Herzberg two factor theory was designed in 1968 based on the feedbacks gathered from engineers and accountants regarding their opinion on the working environment in the USA. This theory explains various factors which influence employee's satisfaction and dissatisfaction in a workplace. Herzberg discovered that there were a number of other aspects that were far more significant than money, particularly a number of non-financial factors that were essential for successful employee motivation. These factors can be divided into two, motivator factors and hygiene factors hence the name two factor theory. The theory posits that motivator factors are those that encourage workers to put in more effort, while hygiene factors, on the other hand, demotivate workers if they are absent. However, hygiene factors by themselves are insufficient to serve as motivators, so it's important to keep in mind that while they can be demotivating if they are present, they are not sufficient on their own to do so.

#### Motivational Factors

- Recognition : Recognizing people for the good work they have done motivates employees to improve their job performance. Motivation theory states that this would result in increased job satisfaction.
- Autonomy : This is a crucial aspect of this theory where employees are given greater autonomy and responsibility within an organization. When it is given, employee will feel the sense of achievement and motivation.
- Meaningful Work : This mean helping employees to see how their hard work contributes to a valuable end product. When the employees' sense that their job is meaningful this would again result in increased job satisfaction.

#### Hygiene Factors

- Pay : Low pay will cause dissatisfaction. Hence employees should adequately be compensated to avoid this.

- Benefits : Competitive benefits will make employees satisfied and motivated at work therefore fall into the category of hygiene factors.
- Job Security : When job security is secured employees do not need to look for other opportunities. Hence it is vital that employees feel like they are secure in their position.
- Work Conditions : It's important to have safe and comfortable working condition as it is considered as a basic need employees demand from the employer.

Giving workers far more responsibility in their job functions, for instance, is one method to inspire them in addition to creating a career that they find hard, rewarding, and fulfilling—not merely financially. Herzberg emphasized the value of acknowledging accomplishment as well. Identifying instances in which workers excelled and made a positive contribution to the development of the company. While the hygiene factors are things that businesses must ensure are present and functioning properly, if they aren't, they can have the opposite effect of inspiring employees. In his opinion, all of those factors have the potential to inspire employees at work.

Therefore, if a workforce is considered demotivated, Herzberg would argue that the lack of appropriate hygiene components is probably the root cause of this. For example, compensation may be much less than what workers feel they are entitled to, working conditions may be unsuitable and subpar, or there may be some other issue with the way the business is managed, such as unclear guidelines or company policies regarding health and safety. These elements would be demotivating if they were absent or unrelated to the firm, according to Herzberg.

This theory has widely been used in many industries to evaluate the staff satisfaction. In a study conducted in the Pakistan context, it was identified that these factors were found to have a significant moderating effect on job satisfaction in insurance firms, Rahman & associates (2017). So far there is no comparable study done in Sri Lanka on IT industry as how these factors affect employee motivation.

Despite the fact that the theory is greatly appreciated it has not gone unchallenged. The theory has been criticized for not being conclusive. Herzberg put forward this theory based on a study which was limited to the engineers and accountants. Critics argue that while professionals may value aspects like autonomy, responsibility, and meaningful work, the primary motivators for general workers are pay and benefits. Thus, when it comes to other professions, the impact of motivational factors and cleanliness may be completely opposite. Another criticism of this theory is job

enrichment. The critics say that this theory has ignored job satisfaction of the workers but has given extreme emphasis on job enrichment. Another criticism is that Herzberg has not considered factors such as age, sex, social status, and education level in this theory and to what extent these factors have an impact on employees' decision making.

The concept concludes by saying that management and leadership are responsible for making sure the motivators are in place before they are responsible for making sure the hygiene requirements are met. This study employed the Herzberg two factors theory to quantify the impact of cleanliness and motivational factors on employee turnover in the IT sector.

## **2.8.2 MASLOW HIERARCHY OF NEEDS THEORY**

Mr. Abraham Harold Maslow, a psychologist, proposed this theory of human motivation in 1943. The notion was predicated on the Human Needs Hierarchy. This theory holds that human behavior and human needs are connected. In this theory, Maslow identified five groups of human needs that are ranked hierarchically based on their importance and priority. This idea holds that each person experiences these five needs at a distinct period, based on their unique circumstances Woods RH (2002). Maslow's theory is based on three assumptions. Prior to addressing the subsequent need in the hierarchy, the lesser requirements must be met. Secondly, the only thing driving this conduct (or incentive) is unfulfilled wants. Thirdly, needs range from the most basic to the most complicated. The most basic needs are at the base of a pyramid, and the need for transcendence and self-actualization is at the summit, representing Maslow's hierarchy of needs. The "deficiency needs," or "d-needs," that Maslow referred to as esteem, friendship and love, security, and physical needs are found in the first four strata of the pyramid. If these "deficiency needs" are not met aside from the most basic (physiological) need the person may experience tension and anxiety without showing any outward symptoms. According to Maslow's Hierarchy of Needs, in order for an individual to crave (or focus motivation on) secondary or higher-level needs, the most basic level needs must be met. In addition, Maslow coined the term "metamotivation" to describe the motivations of individuals who strive to continuously improve while not fulfilling their basic needs. The five different levels of Maslow's hierarchy of needs are,

- **Physiological Needs** : These are the necessities for breathing, eating, drinking, sleeping, resting, and sheltering that must be satisfied for a person's biological systems to continue. Maslow stressed the significance of two key elements and described these needs as physiological drives, which form the basis of motivation theory. First and foremost, humans need water, salt, sugar, protein, fat, minerals, vitamins, and so on in order to sustain "homeostasis" in their bodies. However, not all physiological needs can be described by homeostasis. Taste, smell, touch, sleep, and sexual desire are examples of physiological demands as opposed to homeostatic ones.
  
- **Safety Needs** : Safety needs are wants that arise after physiological needs are satisfied. These are the necessities like security, self-assurance, and the lack of fear. Possessing financial security is one facet of human safety. The insurance concept, which was created from the pension system and problems like flood, fire, and theft, is based on this requirement. The military and police forces in the villages are also a result of their demand for safety. Additionally, safety criteria may alter in reaction to national security issues or social concerns.
  
- **Social Needs** : After the demands for safety and physiology are completely satisfied, the need for love, loyalty, and belongingness manifests. At this point in Maslow's theory, it shows clearly that the social nature of humans. People's demands for love and belongingness are complex and include a variety of wants, such as a sense of husband, child, and mother love. People want love to be in their interactions with other people, to be loved themselves, and to exist in the hearts of both groups and individuals. This category of needs, which includes the needs to be loved and loved in return, to be accepted by others, to make friends, to be with family, and to demonstrate love to others, comes largely from the impulses of cohabitation.
  
- **Esteem Needs** : This is split into two parts. The first is the urge to have respect and admiration from other people. This has to do with an individual's reputation, which includes social standing and acknowledgment. The demand for self-appreciation, which includes

talent, accomplishment, and confidence, is the second. Everyone engages in various activities throughout their lives, whether as a profession or as a hobby, that provide a sense of achievement or accomplishment. When one's esteem needs are not met, it can lead to issues with self-esteem or inferiority.

- **Self-Actualization Needs** : The person will still feel uncomfortable and unsatisfied even if the requirements of everyone else in the hierarchy are satisfied. People ought to behave in line with their individual capacities as a result. A writer should write, an artist should create art, and a musician should perform music if they are pleased. A person ought to embody all of their potential. This is a personal endeavor to increase one's ability to develop new talents and become the best version of themselves. Since there is a desire for improvement and needs grow in proportion to rates of fulfillment, there is no saturation point.

Even though it was stated that the lower needs must be satisfied before proceeding to the next need in the hierarchy. According to Hodgetts (2006), achieving total fulfillment is not a prerequisite for moving on to the next demand. Sometimes, people who are content with certain requirements at the top level will also have needs at the lower level. For instance, in times of emergency like disease outbreaks, natural disasters, and war, lower-level demands could take precedence. While the proportions are unknown, Maslow claims that it is sufficient to meet 85% of physiological needs, 70% of safety needs, 50% of love and belongingness needs, 40% of appreciation and esteem needs, and 10% of self-actualization needs, Maslow (1954).

The theory hypothesis supported using a plethora of studies and opinions throughout the years, yet it has also drawn criticism. Feminists, existential philosophers, environmentalists, and others have attacked Maslow's hierarchy of wants, arguing that it leans too much on Western thought. They also criticize the theory for being solely focused on personal development. While Maslow's theory doesn't completely ignore relationships, it lacks them because individuality takes precedence, according to the authors. Maslow was unable to separate himself from the hard work and struggle of the conservative, utilitarian milieu in which he studied in the United States. For an example, in the study conducted in China, people satisfy their need for belongingness before anything else, while in the study conducted in Turkey, people prioritize their need for safety. Varoğlu (2000) & Yang (2003). Frei (2004) argues that the Maslow hierarchy of needs hypothesis does not appear

to be able to explain why emotions exist. The theory states that feelings won't arise unless basic necessities, including health, are satisfied.

Regardless of above criticism, in a workplace it is important to meet employees' needs. Especially needs such as recognition and rewards. If an organization failed to meet that then there will be decreased job satisfaction among employees which will lead to higher turnover, Handelman (2009). Maslow theory explains how factors such as pay, career progression, reward and recognition influences employee turnover. This tool helps managers understand the behavior of their employees and provides the right financial and non-financial motivation to help them be as productive and efficient as possible. Therefore, this theory was used in this study to elaborate how these factors have contributed when employees making their decisions on leaving or staying within the organization.

### **2.8.3 McClelland's THEORY OF NEEDS**

A Harvard professor, David McClelland who was doing 3 decades on researching motivation, developed this theory called "Three Needs Theory" in the 1960s which is also known as need theory. McClelland's theory of three needs defines the three desires that people may have. The theory states that every individual is motivated by power, affiliation, or achievement. According to Winter (1992), these demands encompass many of the most significant human objectives and concerns and serve as a source of motivation for people.

**Power Needs :** Power is a need that manifests itself in attempts to make others do what one wants or to get them to do something they might not have otherwise done. People with a high need for status tend to seek positions of power in order to influence the others behavior towards. People who are in positions of power often prefer competitive, status-driven situations, and are often motivated by the desire for increased prestige, Veroff (1992). They also want to make sure that they have control over the means by which they persuade other people. However, people who need a lot of power often have to control themselves in order to stay in good relationships, Yamaguchi (2003). According to earlier studies, communicating your demand for power may or may not affect

how other people see you. McClelland found that individuals driven by power make the best leaders inside an organization. If they could delegate tasks to colleagues in the office effectively, they were usually effective leaders. This is because they knew how to get the most out of their team members and manage their workloads in a way that allowed them to be successful. However, it is not always easy to determine whether someone is a good leader based on their behavior alone. Some people may be aggressive and authoritative, which may lead to decreased work performance among their employees. However, each individual is unique, so it is important to take into account their personality and background when making this judgment.

**Affiliation Needs** : People's need for affiliation, according to Robbins (2003), is the urge to develop close, social, and personal relationships with other individuals or a specific group of individuals. They want to be liked by others and they like to work in groups by building friendly and lasting relationships. They normally dislike uncertainty and high-risk circumstances and prefer to collaborate with others in order to compete. People in this group are typically obedient to the norms of the culture at their workplace, even if these norms don't change often. They are afraid of being rejected by their colleagues if they put in effort to change the status. Collaboration is the key to success in the competitive world, hence risk-taking and caution are not the norm for these people. These individuals work effectively in jobs requiring social connection, like customer service and other professions involving customers. Although workers who are motivated by connection tend to be good team players, they are not always the greatest workers. Because they are happy where they are at, they lack the motivation to get better. The employees lack motivation to improve their working conditions, or their personal standing is what makes them least effective workers. People who have a high need for affiliation typically display high levels of group participation, making them good leaders, Stein and Heller (1979).

**Achievement Needs** : As the name suggests, the need for achievement is the drive to be successful in one's endeavors. The motivation behind one's labor and sometimes even struggles is the desire to accomplish a goal. High achievers tend to avoid low-reward, low-risk, and challenging-to-achieve, high-risk situations by favoring moderate risk-taking. These people steer clear of low-risk circumstances because they don't think they can actually accomplish anything and they think

success in these circumstances isn't real. They steer clear of high-risk situations because they think that people's efforts and dedication are less important than chance and luck. People that are achievement-oriented tend to be very goal-oriented and are more willing to adjust circumstances or settings if they believe they are not satisfying their needs. They may not enjoy working in groups because they don't like that they have less control over the final product. Rather, people favor working in environments where the outcomes are evident and comprehensible. People who have a lot of ambition with a strong emotional need for achievement are often good leaders. This means that they're willing to work hard and push their team to produce high volumes of work and excellent results. However, for these leaders, this drive can also be a vulnerable point. These individuals risk overworking their members of the team and having lost their followership and support if they do not evaluate their desire and effectively manage their own teams. They also run the risk of experiencing personal burnout. They may require assistance in allowing themselves time to recover from the demands of their jobs.

Business organizations and decision-makers can benefit from using a McClelland theory of motivation model to better understand the types of occupations that best fit employees and the types of people who can contribute to the success of enterprises. This model can provide guidance for choosing which positions to fill and for assessing the abilities of potential employees. It also offers a framework for managing personnel and inspiring workers to start and maintain projects that could improve service productivity directly or indirectly. It may also assist in determining the primary motivators of members of the team. This knowledge can then be applied to how to create specific goals and leave comments, as well as how to motivate and compensate team members.

#### **2.2.4 Douglas McGregor's Theory X And Theory Y**

In the 1960s, social psychologist Douglas McGregor created two competing hypotheses, known as Theory X and Theory Y, which explained how managers' beliefs about what drives their workforce might affect their management approach. McGregor introduced Theory X and Theory Y in his book "The Human Side of Enterprise," and refer to two styles of management: authoritarian (Theory X) and participative (Theory Y) (Theory Y), McGregor (1957). This hypothesis suggests that management may adopt an authoritarian management style if they think

their employees are unmotivated and detest their work. This approach is highly "hands-on," typically requiring micromanaging employees' activities to ensure proper execution. McGregor dubbed this theory "X." However, management is more likely to use a participative management style if they think that their staff members are happy with their work and see it as a difficult assignment. This type of manager has faith in their staff members' abilities to assume accountability and finish tasks efficiently on their own. The name McGregor gave this was Theory Y. The management style will have a big impact on their capacity to motivate the other team members. It's crucial to comprehend how their perceptions of their reasons may affect managing style.

Theory X : Managers that adhere to Theory X have a poor opinion of their staff members, assuming that they are inherently unmotivated and detest their work. According to McGregor, the tenets of Theory X management are as follows.

- Work is implicitly unpleasant for most individuals, and they're going to try to avoid it whenever possible.
- The majority of people lack ambition, have very little willingness for responsibility, and prefer to be guided.
- Most people lack the ability to solve problems in the organization innovatively.
- Only the physiological and security levels of Maslow's hierarchy of needs are responsible for motivation.
- The great majority of people have selfish interests. Because of this, in order to achieve organizational goals, they frequently need to be coerced into participating and must be constantly observed.
- Most people are resistant to change.
- Most people are gullible and unintelligent.

Basically, Theory X suggests that financial rewards rank highly among the factors that motivate employees, with security coming in second. A hard or soft approach to achieving goals might be taken by management, according to Theory X. The hard method to motivating makes use of micromanagement, implicit threats, coercion, and stringent controls. Conversely, the soft approach

seeks balance and is characterized by openness and tolerance, with the expectation that workers will cooperate when requested. However, neither of these options is the best one. The severe method creates hostility, purposeful low output, and intense union demands, whereas the soft strategy leads to a rising desire for greater reward in exchange for decreasing job productivity. It would appear that the best way to manage the workforce is to find a middle ground between the two extremes. However, McGregor believes that this approach is incorrect because the theory's fundamental assumptions are incorrect.

McGregor argues that, once a need is fulfilled it no longer motivates. Organizations use salary and other monetary rewards to fulfill lower-level needs. But, once the need is satisfied, the motivation fades away. Because Theory X management downplays the significance of higher-level requirements in the workplace, it has little to no faith in meeting such needs. As a result of that, employees try to meet higher level demand in order to obtain more monetary rewards. Although money may not be the best tool for achieving self-actualization, it may be the only one available. Individuals will use their leisure time to satisfy their higher-level demands and their work to satisfy their lower-level needs. Conversely, workers can achieve maximum success when their performance objectives correspond with their higher-level requirements. According to McGregor, a command-and-control setting is unproductive since it places a strong emphasis on less important motivating demands. Not because of the nature of the employment, but rather because of the personalities of various people who respond more strongly to this theory, theory X is still in use. The benefit of Theory X is that it helps managers comprehend concepts that center on how workers react to their jobs. Kirton (1976).

Theory Y : According to this theory, the commitment is regarded as one of the critical behaviors that can help an individual achieve their goals. The employee in this environment will be responsible for helping the company and doing their best to come up with creative solutions to problems. This management style assumes that employees are,

- They are willing to work on their own initiative.
- More decision-making power.
- They are self-motivated to finish their tasks.
- They prefer taking charge of their work.

- Seek and take accountability and require little guidance.
- Consider your job to be both fulfilling and challenging.
- Fix problems in a creative and imaginative manner.

Apart from the crucial function that Theory Y explains for workers, managers play an extremely important role, particularly since Theory X changed their position from being authoritarian to being more democratic. People who are committed to their work and take ownership of problem-solving are highly valued by Y bosses. They firmly believe that their staff members actively seek out and embrace responsibilities. These managers are more engaged and effectively interact with all coworkers, allowing them to delegate more roles and responsibility. They value teamwork and think their employees are highly creative and imaginative in identifying issues and formulating suitable solutions. Theory Y states that the best approach to manage people is to provide them with as little supervision as possible. Stewart (2009). McGregor asserts that a person's ideas obviously influence their behavior at work. If managers want to increase and enhance productivity, they should promote higher degrees of mental autonomy and accountability. According to recent research, businesses that prioritize problem-solving and individual input into decision-making processes are most compatible with Theory Y. Additionally, employees have stated their contentment in spite of receiving lower pay and fewer vacation days, according to Morse and Lorsch (1970). Prior to assigning duties, companies must determine how to handle their personnel. Typically, this relationship is described by the terms and conditions that must be met. The psychological contract refers to the employee's beliefs about these norms. It is more particularly what the staff expects from the company in terms of both inputs and results, Robinson et al (1994).

People who use the Theory Y management style are more efficient, dependable, and inspired, and they have higher self-esteem. Theory Y managers provide employees with opportunities to rectify problems and enhance their work. It is a democratic management style that allows people to participate in decision-making. As a result, Liberal supervisors that can inspire their staff and have faith in them for the benefit of a better company are known as Theory Y managers. Psychological contract fulfillment is more closely related to Theory Y than Theory X given all of the previously described features. Thus, theory Y offers a fresh perspective on management that highlights the human aspect.

## **3. RESEARCH METHODOLOGY**

### **3.1 Introduction**

Research Methodology is the section that explain the different kind of processes and methods adopted by a researcher with regards to finding answers to the research questions in a detailed manner. The outcome or the insights generated in research will have to provide answers to the questions, however it should also be done in a manner that is being academically and scientifically proven in order to provide credibility to the outcome of the research. Due to this fact every part carried out in the research will be provided with an explanation which justifies the use of a particular method, strategy or process. This chapter also demonstrates the tentative theories made using the literature referred in the previous chapter showing variables and the impact from them towards each other. Furthermore, variables taken for the study will be also operationalized with indicators identified for them, which allows them to be measured.

### **3.2 Theoretical Framework And Conceptual Framework**

Theoretical framework is a framework generates an argument with regards to the research topic through existing theories and literature. Theories are being developed in order to make certain predications or to explain certain concepts or situations. Using these theories as a guide researcher can show case how those theories will be connected to a given research topic. In this study there are 4 different theories that has been referred with regards to Employee Turnover: Maslow's Hierarchy of Needs, Herzberg 2 factor motivation theory, McGregor's theory X and Theory Y and McClelland's Theory of Needs.

Conceptual Framework is the framework, which has been derived out of the different theories by the researcher which shows the variables that impact the dependent variable. The variables drawn to develop the conceptual framework are usually guided by theories discussed in the literature. This study has identified Working Conditions, Rewards, Opportunity for Career Development, Relationship with Managers.

Rewards is a variable drawn mainly from Herzberg 2 factor theory and Maslow's hierarchy of needs. Both theories place different types of rewards in different end of the spectrum where the common idea is that rewards are mostly financial in the beginning and tends go towards more non-financial aspects when going upwards. Working Conditions, are also drawn from those two theories where falls roughly under the safety needs of Maslow's hierarchy and could either be a hygiene or motivation factor depending on the context. Opportunity for Development is mainly drawn out from the Achievement needs of McClelland's Theory which translates in to the desire of an individual to go further upwards. On the other hand, this variable can also be connected with the Self Esteem needs of Maslow's hierarchy where it is about gaining self-centred achievements. Relationship with Managers variable is drawn out mainly from McGregor's theory it discusses about two different ways how supervisors manage their subordinates and maintain relationships with them. This is also connected to the Affiliation Needs of the McClelland's theory which explains people's desire to get connect with the others and maintain meaningful healthy relationships with them.

In order to match the context of job-related variables, the Theory of Planned Behavior (TPB) main components should be applied in order to analyze factors affecting employee turnover. Three main elements form the foundation of TPB, Fishbein, M., & Ajzen, I. (1975).

- **Attitude Toward the Behavior (ATB):** The degree to which a person has a favorable or unfavorable evaluation of the behavior.
- **Subjective Norms (SN):** The perceived social pressure to perform or not perform the behavior.
- **Perceived Behavioral Control (PBC):** The perceived ease or difficulty of performing the behavior, reflecting the individual's perception of their ability to control the behavior.

## **Reward**

TPB Component - Attitude Toward the Behavior (ATB):

Employee opinions about remaining at their employment or quitting have an impact on rewards. Employee retention is more likely to be positively impacted if they believe that rewards (such as pay, bonuses, and recognition) are good and gratifying.

## **Working Conditions**

TPB Component: Perceived Behavioral Control (PBC)

An employee's perception of their capacity to handle stress at work and execute their job well is influenced by their working environment. While unfavorable working conditions might make individuals feel less in control of their job performance and satisfaction, favorable working conditions increase this sense of control.

## **Relationship with Managers**

TPB Component: Subjective Norms (SN)

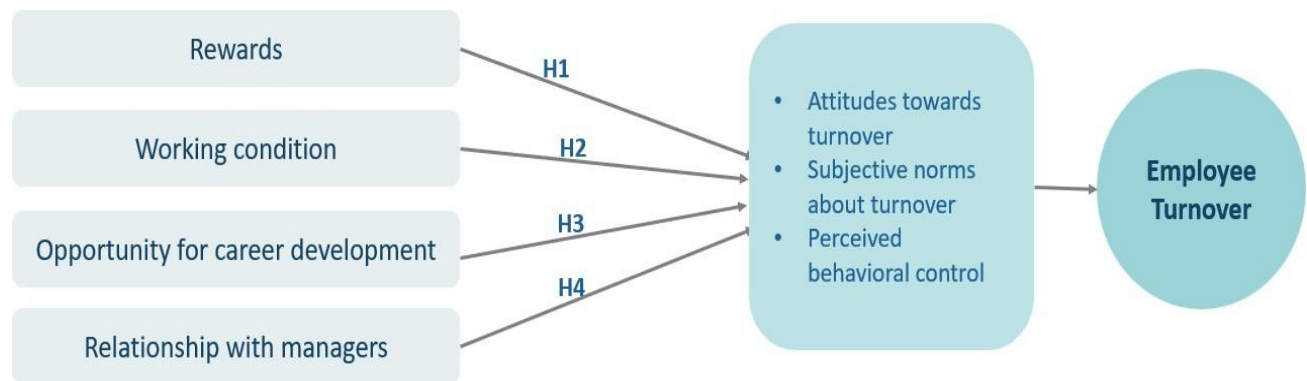
This factor shows how well employees get along with their supervisors affects how they perceive expectations and social pressure. Good working relationships with managers/leaders can foster a supportive atmosphere that conforms to social standards that are thought to promote job performance enhancement or retention in the company.

## **Opportunities for Career Development**

TPB Component: Attitude Toward the Behavior (ATB)

Career development opportunities affect how employees feel about their work and future in the company. Employees are more inclined to view staying in the job and pursuing long-term career ambitions positively when they perceive plenty of prospects for growth and promotion.

The above explanations clarifies that the variables drawn has been connected well from the referred theories. The conceptual framework for this study can therefore be presented as below.



**Figure 1 - Conceptual Framework for the study**

### **3.3 Research Hypothesis**

Research Hypothesis is a tentative statement which regards to the research questions or research phenomenon, which suggest a particular outcome. In this case the research hypothesis are formed with regards to the relationship and influence of independent variables towards the dependent variables. This is providing the basis for the scientific experimentation of the relationship between variables and will be either accepted or rejected based on the results of the experiment.

In this study there are 4 variables, hence a null hypothesis and an alternative hypothesis will be developed for each of the 4 variables.

H01 – Rewards has no significant impact on Employee Turnover in IT industry.

Ha1 – Rewards has a significant impact on Employee Turnover in IT industry.

H02 –Work life balance has no significant impact on Employee Turnover in IT industry.

Ha2 – Work life balance has a significant impact on Employee Turnover in IT industry.

H03 – Leadership style has no significant impact on Employee Turnover in IT industry.

Ha3 – Leadership style has a significant impact on Employee Turnover in IT industry.

H04 –Career development opportunities has no significant impact on Employee Turnover in IT industry.

Ha4 – Career development opportunities has a significant impact on Employee Turnover in in IT industry.

### 3.4 Operationalization Of Variables

In operationalization is the process of making the variable which are currently in the abstract concepts into a measurable form. As the abstract concepts cannot be directly observable in the real world, it will break into observable subcomponents which can then be measured. Usually under each of the variables, there should be 4 to 5 subcomponents or indicators that should be identified in order to give a proper measurement of the variable. This process makes variable being measured without being subjective and biased thus making the measurement to be reliable and valid. Quantitative research has measurements that will occur as of nominal, ordinal or scale measurements depending on what is required to be measured. Each of the indicators identified should at least have one or more measures.

<b>Variables</b>	<b>Indicators</b>	<b>Measurement</b>	<b>Source</b>
Rewards	Lack of basic earnings Lack of bonus rewards Unfairness in Salary compared to the industry. Lack of Work Recognition	Scale: 5 Point Likert Scale – 1 question per indicator.	
Work life balance	Insufficiency of resources to perform the job. Excessive Workload Poor Work Life Balance	Scale: 5 Point Likert Scale – 1 question per indicator.	

	Lack of safety in workplace		
Leadership style	<p>Fear of expressing opinion</p> <p>Inability to question a decision made by superiors.</p> <p>Being under strict supervision</p> <p>Lack of support when needed.</p>	Scale: 5 Point Likert Scale – 1 question per indicator.	
Career development opportunities	<p>Lack of opportunities available for development</p> <p>Ignorance of hard work</p> <p>Lack of training provided to develop.</p> <p>Lack of counselling offered by superiors for development.</p>	Scale: 5 Point Likert Scale – 1 question per indicator.	
Employee Turnover	<p>Intention to resign from the job for new job.</p> <p>Intension to resign from even without a job.</p> <p>Absenteeism</p> <p>Searching for new job opportunities</p>	Scale: 5 Point Likert Scale – 1 question per indicator.	

**Table 1 - Operationalization Table for the Study**

## **3.5 Research Methods**

### **3.5.1 Research Philosophy**

Philosophy relevant to the research guides on how the phenomenon of the research should be addressed and studied. With regards to the philosophy the two alternatives that are commonly used are Positivism and Interpretivism. According to the Positivist philosophy, there will be a single objective reality, hence this is assumed to be reflected from each individual in a given society through their behavior and thinking. This makes a phenomenon could be easily studied through the behavior and response of a large number of individuals in the society which will give the ultimate objective reality. In the interpretivism philosophy, the reality is highly subjective from individual to individual in a given society, hence argue studying of these different perspectives in order to understand the research phenomenon.

An interpretivist approach is more suitable when it comes to a study aimed at exploring knowledge purely to understand a phenomenon with multiple angles or perspectives, however will not be the most suitable option when it comes to research which is aimed at generating solutions where different perspectives will lead to conflicting solutions. Due to this reason positivism is be the guiding philosophy in this research.

### **3.5.2 Research Approach**

Research Approach addresses how the data obtained will be utilized in order to generate insight and knowledge for the research questions and usually Deductive Approach and the Inductive Approach are the two most common approaches employed. Deductive Approach develops knowledge beforehand using the existing knowledge, through hypotheses are developed, however the data collected in the study will be used to test the pre-developed knowledge or hypotheses with regards to the current context. The testing will eventually result the hypotheses being accepted or rejected. Inductive approach does not rely on pre-existing knowledge and develops them directly through the data collected.

In this research an extensive study has being done on the past literature and the theories that can be connected with the research phenomenon which has provided adequate amount of knowledge to generate hypotheses, therefore the research design will used deductive approach.

### **3.5.3 Research Strategy**

The research strategy addresses how the research aims to obtain data for the study. Usually in a deductive study the aim is to get a range of data from individuals as possible, as the data analysis involves statistical testing, which requires inputs from a sizable number of respondents. For this purpose, the key is to employ a strategy that helps collecting a range of structured data from many individuals in short time period in a convenient manner. In order to achieve this the ideal strategy would be to employ a survey strategy where the survey is executed through a research questionnaire given to respondents.

### **3.5.4 Research Data Choice**

Research can include both quantitative and qualitative data. Quantitative data are numerical and represents a certain kind of value or measurement which makes it ideal for the data analysis where there are many different statistical analyses that needs to be performed. The qualitative data are unstructured, and narrative based in nature which makes more ideal for exploring knowledge, hence there are widely used in referring to the literature in the study.

## **3.6 Collection Of Data**

Secondary Data in research is the kind of data that has been taken from a source which is not the original source. This means these are the data, information or knowledge discovered by past scholars, which is being referred by the researcher to assist on this study. The role played by secondary data in this research has been limited to gathering literature, however these data are critical to set the ground work for the primary investigation by identifying different variables and theories and also to compare the findings and have an in-depth discussion. Through the internet,

there are vast amounts of secondary data that can be found, however the credibility of these sources can be questionable if the content is not coming from verified sources. Due to this reason all the secondary data sources taken into the study are peer-reviewed journal articles and statistics or figure from official and credible non-government sources.

In research, primary data are those that have been extracted straight from the original source. The primary data plays the most critical role in finding answers for the research questions established. The survey that has been planned will be employed to obtain the primary data which allows the extraction of large amounts of data from a sizable sample of participants.

Furthermore, Individuals who chose to participate in the survey might possess distinct viewpoints or backgrounds compared to those who did not. The results could be distorted if the responses are not representative of all the employees. Although the study sample can be expanded to include a wider range of job categories, experience levels, and organizational kinds, the results may not fully represent all the factors influencing turnover across various industry segments. These can be mentioned as limitations within the data collection

### **3.7 Research Instrument**

The survey questionnaire is a tool use for this research to collect data. A questionnaire is a written form with several questions that a respondent must complete in order to supply the study with data. Survey questionnaires can have both open-ended questions as well as closed ended questions, however in a quantitative deductive study the priority should be given towards closed ended questions which allows better chance of quantifying the responses.

The questionnaire will contain two different sections. First would be the questions related to the demographics, where questions are included related to the population characteristics that are being defined. These questions are strictly closed ended and has either a nominal or ordinal measurement. The responses to these questions are critical to analyze the demographics and verify the sample accuracy towards the population. The second section of the questionnaire contains the core questions that are related to the variables. The questions asked under each variable are separately given in the questionnaire, and each of the questions are given as statements where the

respondent will have provide their opinion in a 5 point Likert scale. The data collected from these questions become the main analysis, hence will be used to determine both correlation and regression.

### **3.8 Population And Sampling**

Population in the study is the total group or segment which the research is aiming to draw conclusions. The population of a research is determined by referring to a certain number of qualities and characteristics defined by the researcher. In this research the defined characteristics of the population are.

- Should be a current employee or an ex-employee who has resigned within the past 4 months.
- Should be employed in any of the core functional departments of the company.
- Should have (or had) a service history of 2 years or more.
- Should be working in a position of middle management level or below.
- Should be within the ages 21 to 45 years.
- Can be either male or female.

The study expects to draw a sample of 80 respondents to collect data in order to have a solid reliability to the findings, this sample size can be considered as extremely sufficient given that the total population belongs to segment of employees in a single organization.

When determining the sampling method, both random sampling and non-random sampling options are being considered by the researcher. Random sampling methods are the kind of sampling methods where the whole population has been randomized in the process of selecting units for the sample. Random Sampling methods ensure that every unit in the population has a chance of being selected, hence can be considered more accurate and reliable when it comes to sample and the data that could be extracted from it. The issue with this approach is when it comes to the practicality of making sure every unit of the population is reachable to the researcher (which is impossible) and the effort and resources that are needed to do so. This is the primary reason why the researcher will adopt a non-random sampling technique.

Non-random sampling methods do not ensure a chance of being selected to every unit of the population, hence will be more prone to sampling biasness and other types of issues which could hamper the accuracy of the sample with the population. Even though these issues can arise, a careful consideration can ensure these sampling accuracies can be minimized. For example, instead of relying on methods like convenience sampling or voluntary response sampling, the research will rely on judgmental sampling. Judgmental sampling is a category of non-random sampling that the researcher relies on a strict criterion to judge whether the respondent should be included into the sample or not. In the given research case, the defined population characteristics can be taken as the judgement criterion, hence it could be ensured that anyone that does not fit in to the defined population characteristics will not be included into the sample.

### **3.9 Statistical Treatment Of Data**

The statistical treatment will be subjected to both demographic and variable related scale data. The statistical treatment of the demographic data is focused on summarization in order to represent that the analyzed demographics are able to verify the demographics of the sample to the demographic characteristics of the population that was defined. The tool used for the summarization of the demographic data is Microsoft Excel Software package.

The variable related data are most critical part of the data analysis, hence the statistical treatment will be more in depth. The variable related data will undergo tests of reliability, correlation as well as regression, in order to determine relationship between variables. This makes these data requiring to go through rigorous tests, hence the tool SPSS Software will be used in order to perform advanced computations required to test reliability, correlation and regression.

### **3.10 Conclusion**

The purpose of this chapter was to provide a thorough explanation on what kind of methods and approaches that are being followed by the researcher with regards to executing the research. When a research is being referred by scholars for different purposes, it is important that the how the conclusions were arrived are being explained and justified, hence the knowledge can be relied

upon. This makes this chapter all the more important when it comes to portraying how credible the findings could be.

## **4. PRESENTATION OF DATA AND DISCUSSION OF RESULTS**

### **4.1 Introduction**

The objective in fourth chapter, "Data Analysis," is to derive the proper interpretation by the use of many approaches, instruments, and processes to the sorting, computation, and summarization of data obtained during the data gathering phase. The main pieces of knowledge or insights that enable the researcher to respond to the initial research questions and achieve the predetermined study objectives are the interpretations made from the collected data. This section will mostly test the created hypotheses because the data analysis will be conducted in compliance with the methods and processes outlined in the methodology section of Chapter 3. In order to analyze the sample, the sections will start by looking at demographic information. To make sure the data can be utilized for additional research, the study will first check the normality and reliability of the data in the statistical analysis portion. The two most important topics covered in this chapter are regression analysis and correlation, which will be discussed in more detail later in the chapter.

### **4.2 Demographic Factor Analysis**

A demographics analysis in research is a type of analysis that investigates the qualities of the population under consideration in this investigation. The demographic features relevant to the population are typically stated as a person's age, gender, level of income, nation or area of residence, and so on. Even though technically not classified as demographics, some features are incorporated in modern research under the wide term of demographics. Behavioral and physiological traits are among these kinds of characteristics, and they are employed if they seem to be crucial for classifying the population (Fick, 2015). Determining if the sample used to extract data corresponds to the stated population is one of the most critical tasks of a demographic study when data is obtained by a sample rather than a census. This is because it is imperative that a sample faithfully represent the population, and comparing the sample's demographics to those of the population is a tried-and-true method of doing just that. If the demographic analysis results reveal that the sample and population characteristics match properly, the sample will be good enough to establish population generalizations. In this study, five separate demographical factors

are used to characterize the population: age, gender, location, monthly income, employment time period, and current job position. Microsoft Excel was used to do the analysis.

Row Labels	Count of Your Gender	Count of Your Gender2
Female	130	43.05%
Male	172	56.95%
(blank)		0.00%
<b>Grand Total</b>	<b>302</b>	<b>100.00%</b>

**Table 2 - Representation of Gender in the Sample**  
**Source: Microsoft Excel Output**

In the study on employee turnover in the Sri Lankan IT sector, address gender bias while taking into account the gender representation disparity in the business. Responses included 172 male and 130 female respondents, clearly shows this disparity. To mitigate the effects of this gender gap, the study used a variety of strategies. Above all, the research ensured that our sample accurately reflected the demographics of the industry as a whole. To mitigate the potential impact of gender distribution inequality on research outcomes, the study employed statistical techniques to adjust for gender imbalances in our investigations. Despite the fact that there are less women employed in Sri Lanka's IT sector, these data support a more accurate and equitable evaluation of employee turnover across genders. The population belongs to the study includes both male and female population, even though the population is predominantly male. This makes the sample being required to include a notable number of female respondents in order to avoid being overly biased towards males. As per the table presented above, 130 respondents out of the 302 respondents are female accounting to 43.05% which can be considered as a decent representation of the female employees. Based on this statistic it is confirmed that the sample of used for data collection is accurate enough to the population in research in terms of the Gender representation.

Row Labels(years)	Count of Age	Count of Age %
21 to 29	133	44.04%
30 to 38	149	49.34%
38 to 45	20	6.62%
(blank)		0.00%
<b>Grand Total</b>	<b>302</b>	<b>100.00%</b>

**Table 3 -Representation of Age in the Sample**  
**Source: Microsoft Excel Output**

All participants in the study had to be between the ages of 21 and 45. The main objective for incorporating this age range is to avoid biasing the insights gained towards a specific age category. Ages over 45 were not meant to be included because those people are getting close to retirement and won't be able to provide meaningful answers. The similar scenario can be applied to anyone under the age of 21, when being new to a job may cause their judgments to be inaccurate. The preceding table demonstrates that all of the respondents are between the ages of 21 and 45, indicating in terms of age, the sample accurately represents the population as a whole. Given that the majority of lower positions in the organizational hierarchy are held by people of younger ages, it is acceptable that fewer people from higher age groups are represented in the results, and more people from lower age groups.

Row Labels	Count of employment status	Count of employment status %
Current Employee	269	89.07%
Ex-employee (resigned with the last 4 months)	33	10.93%
(blank)		0.00%
<b>Grand Total</b>	<b>302</b>	<b>100.00%</b>

**Table 4 - Representation of Employment Status in the Sample**  
**Source: Microsoft Excel Output**

Since the study was conducted specifically regarding the organization those are in IT industry, the respondents in the study were required to be currently employed in the organization, however the individuals who were working for the company and resigned recently would also qualify as ideal

individuals as they could provide an accurate insight with regards to the employee turnover in the present scenario since they resigned recently. This has been the reason why ex-employees who had been resigned within the last 4 months were also taken to the study as respondents. As per the table given above, the sample represents a mixture of current employees and ex-employees where the former represents 89.07% of the sample while the later represents 10.93% of the sample. Based on this statistic it is confirmed that the sample of used for data collection is accurate enough to the population of the research in terms of the Employment Status with organizations in IT industry.

Row Labels	Count of Service time period in the company	Count of Service time period in the company %
2 to 5 years	221	73.18%
More than 5 years (blank)	81	26.82% 0.00%
<b>Grand Total</b>	<b>302</b>	<b>100.00%</b>

**Table 5 - Representation of Employment period in the Sample**  
Source: Microsoft Excel Output

The population of this research was also narrowed down by the condition that they have been working in an organization for a minimum of 2 years. The main reason for this condition is that when a person has been working on a organization for a time period of 2 years or more it will give them a fair picture of the organization, hence any intention to resign or to stay will come out of genuine intentions and understanding. According to the statistics presented in the table above all the respondents taken to the study are working or worked at the organization for 2 or more number of years. Based on this statistic it is confirmed that the sample of used for data collection is accurate enough to the population of the research in terms of Number of years worked with IT organization.

Row Labels	Count of primary employee( directly involved in the main functions of the business , secondary employee such as cleaning, security)
Y (blank)	302
<b>Grand Total</b>	<b>302</b>

**Table 6 - Representation of Functional Discipline in the Sample**  
**Source: Microsoft Excel Output**

The population of this research was also narrowed down by the condition that the individuals should be working on discipline or department that is core to the business operation. The main reason for this condition is that what this study aims to uncover is the employee turnover tendency of primary employees instead of the secondary employees (who contribute to the secondary value additions such as the security or cleaning). According to the statistics presented in the table above all the respondents taken to the study are coming from different functions of the organization, however all of them are one of the core functions to the organization. Based on this statistic it is confirmed that the sample of used for data collection is accurate enough to the population of the research in terms of Functional discipline or the department represented.

Row Labels	Count of the highest position you held in the company hierarchy	Count of the highest position you held in the company hierarchy %
Assistant Manager	35	11.59%
Executive	137	45.36%
Manager	30	9.93%
Senior Executive	100	33.11%
(blank)		0.00%
<b>Grand Total</b>	<b>302</b>	<b>100.00%</b>

**Table 7 - Representation of Employee Highest Hierarchical Position in the Sample**  
**Source: Microsoft Excel Output**

The population of this research was further narrowed down by the condition that the individuals should be working on a position that is either a middle management position or below. The main reason for this condition is that the try to uncover the employee turnover of lower tiers rather than the upper tiers. It is unlikely that the reasons for employee turnover could be generalized by including all tiers together, hence the lower half of tiers only taken to this study. According to the statistics presented in the table above all the respondents taken to the study are belonged to the positions of Manager or lower positions of the organization. Based on this statistic it is confirmed

that the sample of used for data collection is accurate enough to the population of the research in terms of Position in the organizational hierarchy.

### 4.3 Statistical Analysis Of The Variables

The quantitative analysis of this study will heavily rely on statistical analysis to assess the correlations between the variables and the impact of one on the dependent. The answers to the 5-point Likert scale questions are used in the study. The study of correlations between variables and the analysis of regressions between variables make up the two portions of the statistical analysis of the data; however, reliability assessment is done on the data prior to analysis. The SPSS program is used to conduct the quantitative analysis in this part.

#### 4.3.1 Reliability Of The Data

Internal consistency is the test that determines if a study's data collection is capable of reliably assessing the construct. Internal consistency is a main techniques that gauging data reliability in the study, which is a critical criterion that must be met if the data set is to be taken further for analysis. When the respondent's responses do not differ considerably from one another, the reliability or internal consistency will be better. Cronbach alpha, which determines the proximity of data of distinct items of a given variable, will be used to verify the internal consistency of the Likert scale measurements. Cronbach Alpha should be 0.7 or greater to have a high enough internal consistency to proceed with further study (McCormick and Salcedo, 2017).

<b>Reliability Statistics</b>	
Cronbach's Alpha	N of Items
.728	5

**Table 8 - Cronbach Alpha Statistic for the Data Set  
Source: SPSS Output**

When referring the reliability statistic represented in the table above, the Cronbach Alpha value is indicated as 0.728 which is above the required Cronbach Alpha value of 0.7. This result leads to the interpretation that given data set used in the research has high level of internal consistency, hence there is sufficient enough evidence to confirm the reliability of the data set.

<b>Item-Total Statistics</b>				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
R	16.2922	4.084	.783	.856
WC	16.2199	3.962	.757	.863
OCG	16.1898	3.999	.753	.864
RWM	16.0693	4.632	.688	.879
ET	16.1566	4.483	.711	.873

**Table 9 - Impact to Cronbach Alpha Value if ah variable is removed  
Source: SPSS Output**

The column “Cronbach's Alpha if Item Deleted” represented in the table above, indicates how the overall reliability of the data set will be changed in case each of the variables are being removed. The Cronbach Alpha vale derived earlier shows high level of reliability, however this could sometimes generated due to an extremely high internal consistency of variable or two, while other variables having low internal consistency. If such is the case, removing such items or variables would result in a significant movement of the Cronbach Alpha vale either upwards or downwards. The changes to the Cronbach Alpha value in the above table are minor which indicates that all the variables are having high levels of reliability. With the reliability of the data set being proven, the data set can be proceeded to carry on with further analysis of the study.

### **4.3.2 Correlation Analysis**

Correlation between variables can be defined as the relationship that two variables have with one another. This is easily identifiable when two variables move along or against each other in a linear

way. Correlation does not reveal the impact of one variable on another; however, correlation must be known before determining the impact of variables (Nesselroade and Grimm, 2018).

Pearson's Correlation test is a popular method of test to ascertain the extent to which variables are correlated, and it will be used to determine the correlation of this study's variables. The test results will provide a correlation value ranging from -1 to +1,

- Between values -1 and 0: Negative Correlation
- Value 0: No Correlation
- Between Values 0 and 0.3: Weak Positive Correlation
- Between Values 0.3 and 0.7: Moderate Positive Correlation
- Between values 0.7 to 1: Strong Positive Correlation

Despite the fact that a value of 0.7 or higher is necessary to be called a Strong Positive correlation, a value of 0.4 or higher is often considered a substantial correlation that is suitable for further investigation (McCormick and Salcedo, 2017).

#### 4.3.2.1 Correlation Between Rewards And Employee Turnover

		<b>Correlations</b>	
		R	ET
R	Pearson Correlation	1	.641**
	Sig. (2-tailed)		.000
	N	302	302
ET	Pearson Correlation	.641**	1
	Sig. (2-tailed)	.000	
	N	302	302

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

**Table 10 - Correlation Between Rewards and Employee Turnover  
Source: SPSS Output**

The table represented above indicates the Correlation between the variables Rewards (R) and Employee Turnover (ET). As per the Pearson's Correlation statistics indicates in the table, P value is indicated at 0.00 therefore  $P < 0.05$ , therefore it shows that there is a significant correlation or relationship between the variables Rewards (R) and Employee Turnover (ET). Furthermore, the Pearson Correlation statistic is indicated as 0.641 which indicates a significant positive correlation as the correlation value is above the requirement of 0.4 to be considered as a significant correlation.

#### 4.3.2.2 Correlation Between Working Conditions And Employee Turnover

		Correlations	
		WC	ET
WC	Pearson Correlation	1	.640**
	Sig. (2-tailed)		.000
	N	302	302
ET	Pearson Correlation	.640**	1
	Sig. (2-tailed)	.000	
	N	302	302

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

**Table 11 - Correlation Between Working Conditions and Employee Turnover  
Source: SPSS Output**

The table represented above indicates the Correlation between the variables Working Conditions (WC) and Employee Turnover (ET). As per the Pearson's Correlation statistics indicates in the table, P value is indicated at 0.00 therefore  $P < 0.05$ , therefore it shows that there is a significant correlation or relationship between the variables Working Conditions (WC) and Employee Turnover (ET). Furthermore, the Pearson Correlation statistic is indicated as 0.640 which indicates a significant positive correlation as the correlation value is above the requirement of 0.4 to be considered as a significant correlation.

### 4.3.2.3 Correlation Between Opportunity For Career Growth And Employee Turnover

		Correlations	
		OCG	ET
OCG	Pearson Correlation	1	.631**
	Sig. (2-tailed)		.000
	N	302	302
ET	Pearson Correlation	.631**	1
	Sig. (2-tailed)	.000	
	N	302	302

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

**Table 12 - Correlation Between Opportunity for Career Growth and Employee Turnover  
Source: SPSS Output**

The table represented above indicates the Correlation between the variables Opportunity for Career Growth (OCG) and Employee Turnover (ET). As per the Pearson’s Correlation statistics indicates in the table, P value is indicated at 0.00 therefore  $P < 0.05$ , therefore it shows that there is a significant correlation or relationship between the variables Opportunity for Career Growth (OCG) and Employee Turnover (ET). Furthermore, the Pearson Correlation statistic is indicated as 0.631 which indicates a significant positive correlation as the correlation value is above the requirement of 0.4 to be considered as a significant correlation.

### 4.3.2.4 Correlation Between Relationship With Managers And Employee Turnover

		Correlations	
		RWM	ET

RWM	Pearson Correlation	1	.497**
	Sig. (2-tailed)		.000
	N	302	302
ET	Pearson Correlation	.497**	1
	Sig. (2-tailed)	.000	
	N	302	302

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

**Table 13 - Correlation Between Relationship with Managers and Employee Turnover  
Source: SPSS Output**

The table represented above indicates the Correlation between the variables Relationship with Managers (RWM) and Employee Turnover (ET). As per the Pearson's Correlation statistics indicates in the table, P value is indicated at 0.00 therefore  $P < 0.05$ , therefore it shows that there is a significant correlation or relationship between the variables Relationship with Managers (RWM) and Employee Turnover (ET). Furthermore, the Pearson Correlation statistic is indicated as 0.631 which indicates a significant positive correlation as the correlation value is above the requirement of 0.4 to be considered as a significant correlation.

### 4.3.3 Regression Analysis

The goal of linear regression is to fit a linear equation to observable data in order to model the connection between two variables. The first variable is considered explanatory, whereas the other is recognized as dependent. As a result, the model's dependent variable is work performance, while the explanatory (independent) variables are Rewards, Working Conditions, Opportunity for Career Growth, Relationship with managers.

The precision with which the chosen regression model forecasts the influence of the independent variable on the dependent variable will be ascertained by regression analysis using the ANOVA table that was acquired from SPSS. The amount of variance in the dependent variable that the

regression model explains is shown by the R Squared value in the Model Summary Table. Before building the regression model for each independent variable, the hypothesis test will be conducted using the coefficients' output.

### 4.3.3.1 Impact Of Rewards On Employee Turnover

		ANOVA <sup>a</sup>				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.152	1	10.152	56.459	.000 <sup>b</sup>
	Residual	14.565	81	.180		
	Total	24.717	82			

a. Dependent Variable: ET

b. Predictors: (Constant), R

**Table 14 - ANOVA Table for the Regression Model of Rewards on Employee Turnover  
Source: SPSS Output**

As per the ANOVA table output represented above, the P value is indicated as 0.000, therefore  $P < 0.05$  which leads to the interpretation that the regression model for Rewards (R) and Employee Turnover (ET) is a good enough to measure the impact from independent variable Rewards (R) towards the dependent variable Employee Turnover (ET). This allows the study to proceed with further analysis to measure the impact from Rewards towards Employee Turnover and derive the regression model.

		Coefficients <sup>a</sup>				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.846	.300		6.145	.000
	R	.566	.075	.641	7.514	.000

a. Dependent Variable: ET

**Table 15 - Coefficients Table for the Regression Model of Rewards on Employee Turnover  
Source: SPSS Output**

H01 – Rewards has no significant impact on Employee Turnover.

Ha1 – Rewards has a significant impact on Employee Turnover.

As per the above represented Coefficients table, P value is indicated at 0.000 therefore  $P < 0.05$  where the null hypothesis (H01) being rejected, leading to the acceptance of the alternative hypothesis (Ha1). From the results of the testing of hypothesis, it can be said that there is a significant impact towards Employee Turnover from Rewards. As the impact towards the dependent variable from the given independent variable has been verified, the regression model can be given as below for these two variables.

$$Y = 1.846 + 0.566X$$

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.641 <sup>a</sup>	.411	.403	.42404

a. Predictors: (Constant), R

**Table 16 – Model Summary Table for the Regression Model of Rewards on Employee Turnover  
Source: SPSS Output**

The R squared statistic for the rewards and employee turnover regression model is displayed in the Model Summary table above. This describes the amount of variance in the dependent variable that the specified independent variable can account for. The indicated R squared value of 0.411 can be interpreted as 41.1% of variations in Employee Turnover has been explained by this regression model.

### 4.3.3.2 IMPACT OF WORKING CONDITIONS ON EMPLOYEE TURNOVER

		ANOVA <sup>a</sup>				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.136	1	10.136	56.304	.000 <sup>b</sup>
	Residual	14.581	81	.180		
	Total	24.717	82			

a. Dependent Variable: ET

b. Predictors: (Constant), WC

**Table 17 - ANOVA Table for the Regression Model of Working Conditions on Employee Turnover**  
Source: SPSS Output

As per the ANOVA table out put represented above, the P value is indicated as 0.000, therefore  $P < 0.05$  which leads to the interpretation that the regression model for Working Conditions (WC) and Employee Turnover (ET) is a good enough to measure the impact from independent variable Working Conditions (WR) towards the dependent variable Employee Turnover (ET). This allows the study to proceed with further analysis to measure the impact from Working Conditions towards Employee Turnover and derive the regression model.

		Coefficients <sup>a</sup>				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.975	.284		6.961	.000
	WC	.523	.070	.640	7.504	.000

a. Dependent Variable: ET

**Table 18 - Coefficients Table for the Regression Model of Working Conditions on Employee Turnover**  
Source: SPSS Output

H02 – Working Conditions has no significant impact on Employee Turnover

Ha2 – Working Conditions has a significant impact on Employee Turnover

As per the above represented Coefficients table, P value is indicated at 0.000 therefore  $P < 0.05$  where the null hypothesis (H01) being rejected, resulting in the alternative hypothesis (Ha1) being accepted. From output results of the testing of hypothesis, it can be said that there is a significant impact towards Employee Turnover from Working Conditions. As the effect on the dependent variable from the given independent variable has been verified, the regression model can be given as below for these two variables.

$$Y = 1.975 + 0.523X$$

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.640 <sup>a</sup>	.410	.403	.42428

a. Predictors: (Constant), WC

**Table 19 - Model Summary Table for the Regression Model of Working Conditions on Employee Turnover**  
Source: SPSS Output

The R squared statistic for the regression model of working conditions and employee turnover is displayed in the Model Summary table above. This describes the amount of variance in the dependent variable that the specified independent variable can account for. The indicated R squared value of 0.410 can be interpreted as 41% of variations in Employee Turnover has been explained by this regression model.

### 4.3.3.3 Impact Of Opportunity For Career Growth On Employee Turnover

		ANOVA <sup>a</sup>				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.854	1	9.854	53.703	.000 <sup>b</sup>
	Residual	14.863	81	.183		
	Total	24.717	82			

a. Dependent Variable: ET

b. Predictors: (Constant), OCG

**Table 20 - ANOVA Table for the Regression Model of Opportunity for Career Growth on Employee Turnover  
Source: SPSS Output**

According to the ANOVA table output represented above, the P value is implied as 0.000, therefore  $P < 0.05$  which leads to the interpretation that the regression model for Opportunity for Career Growth (OCG) and Employee Turnover (ET) is a good enough to measure the impact from independent variable Opportunity for Career Growth (OCG) towards the dependent variable Employee Turnover (ET). This allows the study to proceed with further analysis to measure the impact from Opportunity for Career Growth towards Employee Turnover and derive the regression model.

		Coefficients <sup>a</sup>				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.963	.292		6.725	.000
	OCG	.522	.071	.631	7.328	.000

a. Dependent Variable: ET

**Table 21 - Coefficients Table for the Regression Model of Opportunity for Career Growth on Employee Turnover  
Source: SPSS Output**

H03 – Opportunity for Career Development has no significant impact on Employee Turnover.

Ha3 – Opportunity for Career Development has a significant impact on Employee Turnover.

As per the above represented Coefficients table, P value is indicated at 0.000 therefore  $P < 0.05$  where the null hypothesis (H01) being rejected, leading to the acceptance of the alternative hypothesis (Ha1). From the results of the testing of hypothesis, it can be said that there is a significant impact towards Employee Turnover from Opportunity for Career Growth. As the impact towards the dependent variable from the given independent variable has been verified, the regression model can be given as below for these two variables.

$$Y = 1.963 + 0.522X$$

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.631 <sup>a</sup>	.399	.391	.42836

a. Predictors: (Constant), OCG

**Table 22 – Model Summary Table for the Regression Model of Opportunity for Career Growth on Employee Turnover  
Source: SPSS Output**

The Model Summary table presented above indicates the R squared statistic regarding the regression model of Opportunity for Career Growth and Employee Turnover. This explains the extent of variation in the dependent variable explained by the given independent variable. The indicated R squared value of 0.399 can be interpreted as 39.9% of variations in Employee Turnover has been explained by this regression model.

#### 4.3.3.4 Impact Of Relationship With Managers On Employee Turnover

		ANOVA <sup>a</sup>				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.110	1	6.110	26.599	.000 <sup>b</sup>
	Residual	18.607	81	.230		
	Total	24.717	82			

a. Dependent Variable: ET

b. Predictors: (Constant), RWM

**Table 23 - ANOVA Table for the Regression Model of Relationship with Managers on Employee Turnover**  
Source: SPSS Output

According to the ANOVA table output represented above, the P value is showed as 0.000, therefore  $P < 0.05$  which leads to the interpretation that the regression model for Relationship with Managers (RWM) and Employee Turnover (ET) is a good enough to measure the impact from independent variable Relationship with Managers (RWM) towards the dependent variable Employee Turnover (ET). This allows the study to proceed with further analysis to measure the impact from Relationship with Managers towards Employee Turnover and derive the regression model.

		Coefficients <sup>a</sup>				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.884	.428		4.402	.000
	RWM	.526	.102	.497	5.157	.000

a. Dependent Variable: ET

**Table 24 - Coefficients Table for the Regression Model of Relationship with Managers on Employee Turnover**  
Source: SPSS Output

H04 – Relationship with Managers has no significant impact on Employee Turnover.

Ha4 – Relationship with Managers has a significant impact on Employee Turnover.

According to the Coefficients table above, the rejection of the null hypothesis (H01) results in  $P < 0.05$ , where the alternative hypothesis (Ha1) is accepted. The P value is shown at 0.000. It is clear from the testing of the hypothesis's results that relationships with managers have a big influence on employee turnover. Given that the impact of the provided independent variable on the dependent variable has been established, the regression model for the variables can be found as following.

$$Y = 1.884 + 0.526X$$

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.497 <sup>a</sup>	.247	.238	.47928

a. Predictors: (Constant), RWM

**Table 25 – Model Summary Table for the Regression Model of Relationship with Managers on Employee Turnover**  
Source: SPSS Output

The R squared value for the regression model assessing the relationship between employee turnover and managers is displayed in the above table. This describes the amount of variance in the dependent variable that the specified independent variable can account for. This regression model explains 24.7% of the changes in employee turnover, according to the given R squared value of 0.247.

## **4.4 Summary**

Two sections of the data were analyzed: statistics and demographics. The sample was appropriate for generalization since the demographic analysis showed that its characteristics matched those of the intended population. Reliability testing in statistical analysis uncovered better internal consistency in the data set, paving the door for regression and correlation analysis. Every independent variable and every dependent variable had a significant link, according to the correlation analysis. Each independent variable significantly affects the dependent variables, according to the regression analysis.

## **5. CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Summary Of Findings**

The research purpose to find out what causes the high employee turnover in Sri Lanka's IT industry. A total of 302 participants from the mentioned organization participated in the quantitative investigation. 6 distinct variables were used to strictly characterize the study population. The demographics analysis carried included all of the said 6 characteristics of the population and the results verified that all 6 characteristics of the sample represented tallied with the population characteristics and therefore generalization could be made in the rest of the analysis.

The study's core findings demonstrated that four independent factors studied are demonstrating a strong positive correlation with dependent variable in results indicated. The regression analysis conducted to determine the impact of independent variables indicated that each four independent variables have a significant impact on the dependent variable. Based on the results the study has found that high tendency towards employee turnover has been significantly impacted by the factors; Rewards, Working condition, Opportunity for Career Development and Relationship with managers. This chapter, which serves as the study's conclusion, will go over how the findings were able to address objectives, provide an finding for given questions of the study.

### **5.2 Discussion And Conclusion**

Employee Turnover is the movement of labor between different positions of different organizations in the overall job market. From single organization's perspective, this means an increased tendency of employees leaving the organization while constantly having to obtained new recruits to fill those voids such is the scenario faced currently by the organization. The factors studied and analyzed as the possible causes for the employee turnover showed that all factors contributed to employee turnover, however their impact has been varied even though the variance among the top 3 factors have been low.

## **Rewards**

According to test results, rewards had the highest correlation and regression of any element, making it the most significant factor influencing employee turnover in the business. This insight indicates that the company is not paying their employees sufficiently that their decision to look for a job at another workplace is because they are expecting a better pay cheque and other benefits. Given the current economic crisis in Sri Lanka caused by inflation and higher income tax rates there is a higher probability that the employees are concerned about their financial rewards more than in the past as the cost of living is skyrocketing along with dwindling savings. This factor was also emphasized in literature where Rewards are considered to be the most key factor when it comes to an individual's decision to stay with their jobs or not, since what they earn is the primary factor that the employment contracts are being bound.

## **Working condition**

The significance of Working condition variable is also closer to the Rewards variable, which hints out that the company is not catering their employees. Employees frequently place a high value on having a healthy work-life balance, particularly in the IT sector where long hours and high stress levels are typical. Businesses that provide flexible work arrangements such as remote work or adjustable hour are more appealing to prospective hires and are more successful in keeping their present workforce. The literature also highlights the fact that good working conditions go beyond having tasteful offices, spotless restrooms, or safety precautions. They also include offering a fair treatment that prevents employees from feeling unfairly treated or overworked, as well as a healthy work-life balance. Flexible working has been highly discussed in literature as a solution to maintain a good work life balance, however it was also stated that since IT firms work with clients from many different countries flexible working has proved difficult to practice. This could well be the scenario that has been contributing massively for the employee to look for a job opportunity elsewhere.

## **Opportunity for Career Development**

The impact of Opportunity for Career Development has been the third most significant factor contributing to the employee turnover. This finding gives the interpretation that the employees do not believe that there is opportunity for them to get developed and promoted to higher positions unless they move to another employer. In literature it was emphasized that employees tend to believe that getting promoted would be harder if most of the employees in the organization are in the same position for longer periods without a promotion. While this may not be the case in every organization there is a tendency that this scenario true with a significant number of departments of the organization. The literature also emphasize that employees feel they know or learned something new and feel they are a better version than they used to be when exposed to training and development, however this would not be the case if the training programs are not effective. This could also be a reason why the employees do not see much potential for a long-term career in the organization.

## **Relationships with managers**

The variable Relationships with managers are found to be having an impact, but to a less extent than the other factors. Being the least significant factor may not mean that the relationships that the superiors have with their subordinates are good. Instead, they are problematic, yet the employees feel that there are other issues which are far more problematic. The literature emphasize that the key to good relationships is to have a manager that could make the employees believe they are appreciated. On the other hand, employing the right approach to manage them, is also a key. As the Theory X and Y states, employees that are more skilled and has the ability to think and work should be given autonomy and decision making power reading their work to certain extent if they are needed to be having a good relationship with the managers. Lack of relationships could also mean that the managers in the organization are incapable of understanding how they should be managed.

### **5.3 Recommendations**

As the study has found employee turnover to be occurring as a result of poor rewards, poor working conditions, lack of opportunities for career growth and poor relationships with managers skills can implement below suggested actions to minimize the ongoing employee turnover.

As per the research shows significant relationship between rewards and the employee turnover it is important to organization to investigate their reward structure. Firstly, it would be critical for IT organizations to re-look at the reward structure and determine whether their current rewarding scheme is effective enough. This would involve analyzing each element of their reward structure (both financial and non-financial) and determining which of the components of it requires increasing to make it appear attractive to employees. In the given situation it is highly likely that employees are more concerned about the financial rewards, hence the key would be to make rewards mix with increased financial rewards without hampering the overall cost that the organization has to bear. To compensate this cost organizations can identify other rewards elements that incur costs which are at the least important level to employee and cut expenses from those benefits. When implementing this idea, it is always recommended to get a clear idea on what elements of rewards are considered as most important and least important by the employees through a small survey. Though this method will be able to know precisely what benefits are not much valued by employees rather than relying on guess work.

The powerful relationship between the balancing work life and employee turnover of employees that indicates throughout the research analysis would help to suggest structural changes in work life balance of employee. Organization would also be required to enhance their level of work flexibility that they could offer in order to create a better working condition for the people. Even though it has always been a difficult task to ensure the work life balance in IT sector the successful companies have adopted methods to make the impossible a possibility. Executing such a flexible work schedule involves no special formula, but thorough attention to detail where details of each team member and the work they carryout, time schedules, countries they deal with are carefully analysed. This would allow teams that operate in similar timeline to work together. On the other this also includes re-arranging work responsibilities where employees do not have to be available on conflicting times of their schedule.

The research findings have shown that Relationship with Managers/Leaders and Employee

Turnover is a good enough to measure the impact from independent variable Relationship with Managers/Leaders towards the dependent variable Employee Turnover. Therefore, in order to retain employees with the organization relationship should be maintained in a proper way between employees and leaders. The variable should be considered the practical implications. Such as, How can organizations improve Relationship with Managers/Leaders? What interventions are feasible and effective? These questions are crucial for translating research findings into actionable strategies.

The high impact shown in the analysis of the employee turnover and the career growth opportunities of employees, depicts that the organization should be given more opportunities for employees in order to growth f their career expectations. As per the survey results the percentage of giving career growth opportunities are less and the time for utilize to their career growth has been not in satisfaction level. The availability of career growth opportunities directly influences turnover rates. High turnover may indicate a mismatch between employee expectations and the actual opportunities provided by the organization. Conversely, lower turnover rates can signify that employees perceive sufficient career growth prospects and are less inclined to seek opportunities elsewhere.

In the same way as in the rewards issue, a survey would come as the best method to determine the limitations of the current training programs of organization to determine what are the training program changes are required for an effective training. Similarly, the top management should take more effort to overlook whether the managers are capable of developing an employee. Apart from training development is unique process where the employee learns to think and act more strategically compared to the technical superiority gained by the training programs. Development is more difficult to achieve and should check thorough on whether the managers are actively taking role in developing their employees.

## **5.4 Achievement Of Objectives**

### **Objective 1 - Determining the most significant factor affecting employee turnover**

The initial goal of the research is to identify the reasons influencing high staff turnover. This goal was designed to determine the building components of employee turnover because it would require

diverse views. Because this was a deductive study, the researcher drew on previous literature to identify the components. Following a review of the literature, the researcher identified four characteristics related to the supervisor-subordinate relationship: rewards, working conditions, opportunities for career advancement, and relationships with managers. This makes achieving the first objective a success.

The data analysis carried out in chapter found the Variable “Rewards” to be having the highest correlation with employee retention, while the same result was found with regards to impact in the regression analysis. Based on the results it has been verified that Rewards to be most significant factor contributing to Employee Retention. This result has been further discussed in the final chapter where rewards discussed as being considered more by employees in lower income countries as they tend to put a more emphasis on what they earn compared to other factors. This confirms that the third objective of the research has been fulfilled.

### **Objective 2 - Relationship between factors and employee turnover.**

To evaluate the influence of prior 4 components, correlation and regression analyses were compared to the dependent variable for every independent variable. The results of the correlation study supported the hypothesis that there is a relationship between each variable and employee turnover. All four independent factors showed a strong correlation with the dependent variable. Regression analysis also confirmed how the independent variable affected the dependent variable. This indicates that second goal has been finished in the investigation.

## **5.5 Implications For Future Research**

The four employee turnover relationship factors considered in this study were derived from a survey of the literature. The problem with using literature to identify factors is that it restricts the factors that can be identified to those that have already been identified. There may be elements that are specific to one research context that are not found in another. This necessitates more research into the topic, in which the elements associated to employee turnover linkages are found by a preliminary inductive investigation, followed by a separate deductive study to test and validate the findings.

Future analytical findings will be improved if researchers do large-scale studies with amended classical measuring scales, updated data, and current circumstances. There is not enough time or funding to complete the current investigation in a timely manner. Because resources are limited and time is of the essence, we must make sacrifices. Due to resource limits, there was no option to expand the scope of the investigation. Only a limited number of samples could be gathered due to time constraints. The conclusions would have been more scientific and reliable if more resources had been allocated to the investigation.

The findings of the report can also be used as a first-hand basis to determine whether this tendency of employee turnover is a much larger industry wide issue. In that case based on the findings of this study a larger data collection can be carried out involving all the top IT firms in the country to get a more accurate industry wide picture.

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## APPENDIX

### Survey Questionnaire

Section A – Demographics related Questions.

Please tick on the appropriate answer

Your Gender	Male	<input type="checkbox"/>
	Female	<input type="checkbox"/>
Your Age	Below 21 years	<input type="checkbox"/>
	21 to 29 years	<input type="checkbox"/>
	30 to 38 years	<input type="checkbox"/>
	38 to 45 years	<input type="checkbox"/>
	Above 45 years	<input type="checkbox"/>
Your employment status with the company	Current Employee	<input type="checkbox"/>
	Ex-employee (resigned with the last 4 months)	<input type="checkbox"/>
	Ex-employee (resigned more than 4 months ago)	<input type="checkbox"/>
	Not employed at IT industry	<input type="checkbox"/>
Your Service time period in the company	Less than 2 years	<input type="checkbox"/>
	2 to 5 years	<input type="checkbox"/>
	More than 5 years	<input type="checkbox"/>
Functional Department of the company you were employed	Application Consultants	<input type="checkbox"/>
	Business System Analysts	<input type="checkbox"/>
	Customer success Managers	<input type="checkbox"/>
	Incident Owners	<input type="checkbox"/>
	Pre-sales Consultants	<input type="checkbox"/>
	Project Implementation Consultants	<input type="checkbox"/>
	Service Delivery Managers	<input type="checkbox"/>

	Software Engineers	
	System Engineers	
The highest position you held in the company hierarchy	Intern / Trainee	
	Executive	
	Senior Executive	
	Assistant Manager	
	Manager	
	Senior Manager or above	

### Section B – Variable related Questions

Please tick on the appropriate answer based on your opinion.

1 – Strongly Disagree

2 – Disagree

3 – Neither Agree nor Disagree

4 – Agree

5 – Strongly Agree

Variable	Statement	1	2	3	4	5
Rewards	My basic earnings in the company are / were not sufficient					
	The bonuses are I receive (received) are / were not sufficient					
	I feel that salary scales were not fair compared to salary scales of other companies in the industry					
	Company has not given me due recognition for the hard work I have done					
Work life balance	I am not satisfied with the actual working hours per day I have to work					

	I have not the flexibility to adjust my work schedule to accommodate personal commitments or emergencies					
	I can not disconnect from work during non-working hours (e.g., evenings, weekends, vacations)					
	I feel that my work-life balance has not improved in the past year					
Career development opportunities	I feel company has not provided enough opportunities for me to develop.					
	I feel that role I play / played has been largely unnoticed.					
	The training programs are not effective enough.					
	The superiors lack skills to guide and counsel the employee under them.					
Leadership style	My supervisor is not demonstrating transparency and open communication in their leadership approach					
	My supervisor is not handling conflicts or disagreements within the team					
	My supervisor does not support career development and growth opportunities for team members					
	My supervisor does not advocate for work-life balance and employee well-being					
Employee Turnover	I do wish to resign for a new job.					
	I do wish to resign even without a new job at hand.					
	Whenever it is possible, I apply leave and stay at home rather than going to work.					
	I constantly search for new job opportunities even while at work.					