

The Impact of Work Design and Total Rewards on Employee Retention in the Sri Lankan IT Industry

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Background

Global IT Industry : Continuous innovation and high demand for skilled professionals (*Ashmel, 2021, Jeewendra et al., 2023 ; Silva, 2014*).

Sri Lankan IT Context : IT sector in Sri Lanka is facing a significant concern regarding employee retention (*Hewapathirana et.al, 2023*).

Retention Challenges : High turnover rate, which results in concerns such as a shortage of experienced workers, increased recruitment and training costs, and decreased productivity (*Sumanarathna et.al, 2019 ; Jeewendra et al., 2023*).

Motivation

Strategic Importance of Retention: Critical aspect for organizational stability and success (*Suprayitno, 2024*).

Avoiding Negative Impacts: Replacement costs, additional training needs and detrimental effects on learning and experience (*Jeewendra et al., 2023*).

Competitive Advantage: Effective retention strategies to achieve company goals (*Zainal et al., 2022*).

Addressing Industry Needs : Unique characteristics and cultural context of the Sri Lankan IT sector, aligning with employee needs and preferences (*Jeewendra et al., 2023*).

Research Scope

Focus: Understanding the impact of Work Design and Total Rewards on Employee Retention.

Geographical Context: The study is specifically within the Sri Lankan IT Industry.

Key Variables: The primary variables under investigation are Work Design, Total Rewards and Employee Retention.

Problem Statement

The Sri Lankan IT industry faces a significant challenge with high employee turnover, which negatively impacts productivity, increases costs, and hinders long-term success (*Sumanarathna et.al, 2019, Jeewendra et.al, 2023, Hewapathirana et.al, 2023*).

Despite the critical importance of retaining skilled IT professionals, there is a need for a comprehensive understanding of how specific organizational strategies related to total rewards and work design influence employee retention within this unique industry context.

Research Objectives

Understanding



To identify and categorize the key factors of Work Design and Total Rewards that influence Employee Retention in the Sri Lankan IT industry.

Applying



To implement and execute a structured questionnaire to IT employees and HR professionals to gather measurable data on perceptions of work design, total rewards, and retention factors.

Analyzing



To analyze and interpret the collected data using statistical techniques to evaluate the relationships between work design, total rewards and employee retention.

Evaluating

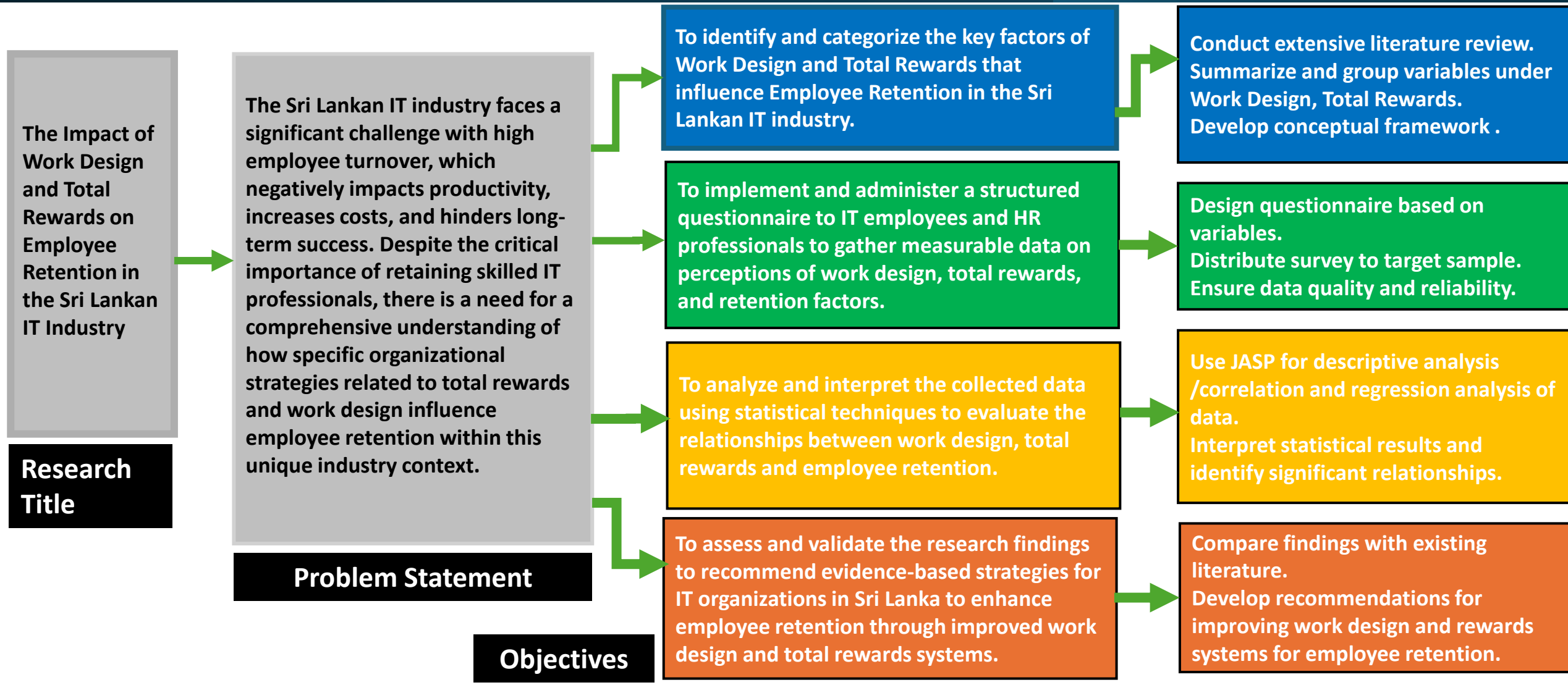


To assess and validate the research findings to recommend evidence-based strategies for IT organizations in Sri Lanka to enhance employee retention through improved work design and total rewards systems.

Gap Analysis

- While the general importance of employee retention is acknowledged, and various factors influencing it have been studied, there is a specific gap in research of comprehensively examining the combined impact of 'Work Design' and 'Total Rewards' on employee retention within the unique context of the Sri Lankan IT industry.
- Existing literature addresses these factors in isolation or in different geographical/industrial contexts.

Mapping Diagram



Literature Review

- Introduction
- Theoretical Framework
- Employee Retention
- Work Design and Job Design
- Total Rewards

Literature Review Summary

Factor / Summary	Industry	Country /Context	Key Variables(IV→ Mediator/ Moderator → DV)	Source/ Reference No	Research Limitation(s)
Perceived Organizational Support and Turnover Intention in the IT Sector in Malaysia	IT Sector	Malaysia	Perceived Org. Support (POS) → Turnover Intention (TOI)	(Yapabandara et.al,2025)	Limited existing theories and literature on tacit knowledge. Response bias. Difficulty in engaging stakeholders and accessing confidential corporate data due to strict banking regulations.
The Effect of Work-life Balance Policies on the Retention Intention of Executive Women Employee in IT Industry in Sri Lanka	IT Industry	Sri Lanka	Work-life Balance Policies → Retention Intention (RI)	(Sumanarathna et.al, 2019)	Selected only five work-life policies.
Retention of Generation-Z in Information Communication Technology Sector of Sri Lanka: A Conceptual Paper	ICT/IT Sector	Sri Lanka	Org. Justice, Teams, Performance Mgmt, Job Stress → Employee Retention (ER)	(Jayathilake, 2019)	Need for real-world simulation and a pragmatic worldview research approach with an explanatory sequential method to enhance reliability.

Literature Review Summary

Factor / summary	Industry	Country/ Context	Key Variables (IV → Mediator/Moderator → DV)	Source/ Reference No	Research Limitation(s)
The mediating effect of happiness at workplace on the relationship between hybrid work model and employee retention in IT industry	IT Industry	Cross-Cultural	Hybrid Work Model (HWM) → Happiness at Work → Employee Retention (ER)	Selvi, R. S. A., & Madhavkumar, V. (2023)	Focus solely on the IT sector, suggesting a need for future research across other industries.
The Impact of Perceived Organizational Support on Employees' Work Outcomes in Sri Lanka and the United Arab Emirates	IT Offshoring (ITO)	Sri Lanka / UAE	Org. Fairness, Sup. Support, Pay Level → POS, Felt Obligation → TOI, OCB, IRP	Ashmel, M. (2021)	The POS scale used was designed for non-ITO employees. Actual turnover data was not included, limiting validation of turnover intentions.
Work design, employee well-being, and retention intention: A case study of China's young workforce	Multi-Industry	China	Job Characteristics, Work Relationships → Employee Well-being → Retention Intention (RI)	Chen, X., Al Mamun, A., Hoque, M. E., Hussain, W. M. H. W., & Yang, Q. (2023).	Limited generalizability due to small sample size and focus on the Chinese population. Could integrate more work design constructs.

Literature Review Summary cont..

Title	Industry	Country/ Context	Key Variables (IV → Mediator/Mode rator → DV)	Source/Reference No	Research Limitation(s)
Effect of Job Design and Organizational Commitment to Employee Retention in a Lighting Company	Manufacturing	Sri Lanka	Job Design, Org. Structure → Job Satisfaction (JS)	Soenanta, A., Akbar, M., & Sariwulan, R. T. (2021)	
Analysis of Employee Satisfaction using Artificial Neural Networks: A Case Study in the Information Technology Industry in Sri Lanka	IT Industry	Sri Lanka	Retention Strategies → Org. Commitment → Employee Retention (ER)	Hewapathirana, I. U., & Thilakarathna, W. A. S. M. S. (2023)	Single case analysis with a small sample size. Less generalizability of its findings to a broader population
IMPACT OF KNOWLEDGE MANAGEMENT PRACTICES ON JOB SATISFACTION AND EMPLOYEE RETENTION IN BANKING AND IT INDUSTRIES IN SRI LANKA	Banking / IT Industry	Sri Lanka	KM Practices (Org/Tech) → Job Satisfaction → Employee Retention (ER)	Madhushani, M. D. T., & Mudalige, D. M. (2020)	

Literature Review Summary cont..

Title	Industry	Country/ Context	Key Variables (IV → Mediator/Moderator → DV)	Source/ Reference No	Research Limitation(s)
The Impact Of Reward System On Employee Turnover Intention: A Study On Logistics Industry Of Sri Lanka	Logistics	Sri Lanka	Remuneration, WLB, Sup. Support, Recognition → Turnover Intention (TOI)	Mendis, M. V. S. (2017)	Reduce generalizability and may not apply to other sectors or roles
Staff Turnover as a Strategy of Knowledge Management: Empirical Evidence from Information Technology Industry in Sri Lanka	Cross-Industry	Cross-Cultural	Org. Structure, Org. Culture → Job Satisfaction, Org. Commitment	Dasanayaka, R. S., & Kuruppuge, R. H. (2015).	
THE MEDIATING EFFECT OF WORK ENGAGEMENT ON THE RELATIONSHIP BETWEEN TOTAL REWARD PERCEPTIONS AND EMPLOYEE RETENTION	Banking	Sri Lanka	Organizational Culture → Employee Retention (ER)	Fernando, K. J. M., & Nishanthi, H. M. (2021)	Limited generalizability of results

Literature Review Summary cont..

Title	Industry	Country/ Context	Key Variables (IV → Mediator/Mod erator → DV)	Source/ Reference No	Research Limitation(s)
Career Management Practices: Impact of Work Design on Employee Retention	Multi-Industry	South Africa	Work Design (Job Enrichment, Variety, etc.) → Employee Retention (ER)	Ngirande, H., & Musara, M. (2014)	
The Impact of HR Practices on Employee Retention: A Case of BPO Sector, Sri Lanka	BPO/IT Sector	Sri Lanka	HR Practices (Recruitment, Training, Comp., WLB) → Employee Retention (ER)	Wijesiri, Paranagama, Sirirwardhana, Thilakathna, Weeraratna, & Pathirana (2018)	Limited access to management, and unwillingness to reveal information on employees due to confidentiality. Only discussed HR practices highlighted in previous research.
The Impact of Employer Brand on Retaining the Knowledge Employees in the Telecommunication Sector in Sri Lanka	Telecommunication	Sri Lanka	Employer Brand Dimensions (Economic, Social, etc.) → Job Satisfaction → Employee Retention (ER)	Jenitta, J. N. (2021)	Limited to investigating the impact of employer brand on knowledge employee retention. Limited to telecommunication sector firms

Literature Review Summary cont..

Title	Industry	Country/ Context	Key Variables (IV → Mediator/Moderator → DV)	Source/ Reference No	Research Limitation(s)
Perceptions of Employee Turnover Intention by Herzberg's Motivation-Hygiene Theory: A Systematic Literature Review	Cross-Industry	Cross-Cultural (Asian/Western)	Hygiene/Motivator Factors → Job Satisfaction/Dissatisfaction → Turnover Intention	Low, C. C., & Panatik, S. A. (2019)	
Assessing the Effect of Compensation Packages, Work-Life Balance Policies, and Career Development Opportunities on Employee Retention	MSMEs	Cross-Industry (Indonesia)	Compensation Pkgs, Work-Life Balance, Career Dev. → Employee Retention (ER)	Suprayitno, D., 2024)	
The Impact of Employee Retention Motives on Employee Retention Intention: An Empirical Study of Job Satisfaction in the Apparel Manufacturing Industry in Sri Lanka	Apparel	Sri Lanka	Retention Motives (Comp., Rewards, WLB) → Job Satisfaction → Retention Intention (RI)	(De Silva, N., & Morapitiya, P, 2023)	

Literature Review Summary cont..

Title	Industry	Country/ Context	Key Variables (IV → Mediator/Mod erator → DV)	Method	Research Limitation(s)
Effect of Job Characteristic Factors on Turnover Intention of Skilled Labours in CS2 Category Construction Companies in Sri Lanka: Mediating Role of Organizational commitment	Construction	Sri Lanka	Job Characteristics (Skill Variety, Significance, Feedback) → Org. Commitment → Turnover Intention (TOI)	Manjula, C., Galhena, B. L., & Mudalige, D. M. (2023)	Findings limited to skilled labor in the CS2 category of Sri Lankan construction companies. Only five job characteristic factors examined
Employee Retention in the Service Industry in Malaysia	Service Industry	Malaysia	Work-Life Balance, Work Env., Reward & Comp. → Employee Retention (ER)	Zainal, N. S. B., Wider, W., Lajuma, S., Ahmad Khadri, M. W. B., Taib, N. M., & Joseph, A. (2022)	Data collection limited to online surveys. Sample included only service industry participants. Conducted during COVID-19 amid high unemployment and inflation.

Factor/Variable Table

Category	Variable	Description	Sources
Independent Variable: Work Design	Skill Variety	Job Characteristics Model Diverse activities, use of different skills, develop new skills in job.	Chen et.al, 2023; Silva, 2014; Ngirande et.al, 2014; Darshani et.al,2025; Hewapathirana et.al, 2023; Manjula et.al, 2023; Selvi et.al 2023
	Job Autonomy	JCM, JD-R Resources, Herzberg's Motivators Degree of control over responsibilities and decision-making.	Chen et.al, 2023; Silva, 2014; Lakmali et.al, 2021; Soenanta et.al, 2021; Manjula et.al, 2023; Dangalla et.al, 2024; Hewapathirana et.al, 2023; Chowdhury et.al, 2017; Kanchana et.al, 2023; Hansamali et al., 2024; Madhushani et.al 2024; Fahim, 2018; Zainal, 2022; Ngirande et.al, 2014; Selvi et.al 2023
	Hybrid Work Model	JD-R Resources, Maslow's Growth Needs Integration of remote and office work for flexibility and well-being.	Hewapathirana et.al, 2023; Suprayitno, 2024; Selvi et.al 2023; Jayathilake, 2019; Kanchana et.al, 2023; Hansamali et al., 2024; Almerri, 2023; Chowdhury et.al, 2017
	Workload	JD-R Demands Burden of physical, mental, social activity within a timeframe.	Setiawan et.al 2023; Surangi et.al, 2021; Chen et.al, 2023; Fernando et.al 2021; Sumanarathna et.al 2019; Siromiya, 2025; Low et.al 2019, <i>Jeewendra et.al, 2023</i>
	Knowledge Management	Maslow's Growth Needs Practices for knowledge creation, transfer, and application; professional growth.	Madhushani et.al, 2020; Dasanayaka et.al, 2015; Hendriati et.al, 2024; Yapabandara et.al, 2025

Factor/Variable Table cont..

Category	Variable	Description	Sources
Independent Variable: Total Rewards	Financial Rewards : Salary	Herzberg's Hygiene Factors, Maslow's Existence Needs Monetary payments: salary	Lakmali et.al, 2021; Silva et.al, 2023; Silva, 2014; Senthinathan et.al, 2021; Terera et.al, 2014; Lakmali et.al, 2021; Hansamali et al., 2024; Chowdhury et.al, 2017; Dharshani et.al 2021; Kumar et.al, 2021
	Material Rewards	Maslow's Growth Needs, JD-R Resources Non-monetary benefits: training, growth opportunities, welfare facilities.	Referenced below
	Psychological Rewards	Herzberg's Motivators, Maslow's Growth Needs Non-monetary recognition, supportive environment.	Referenced below

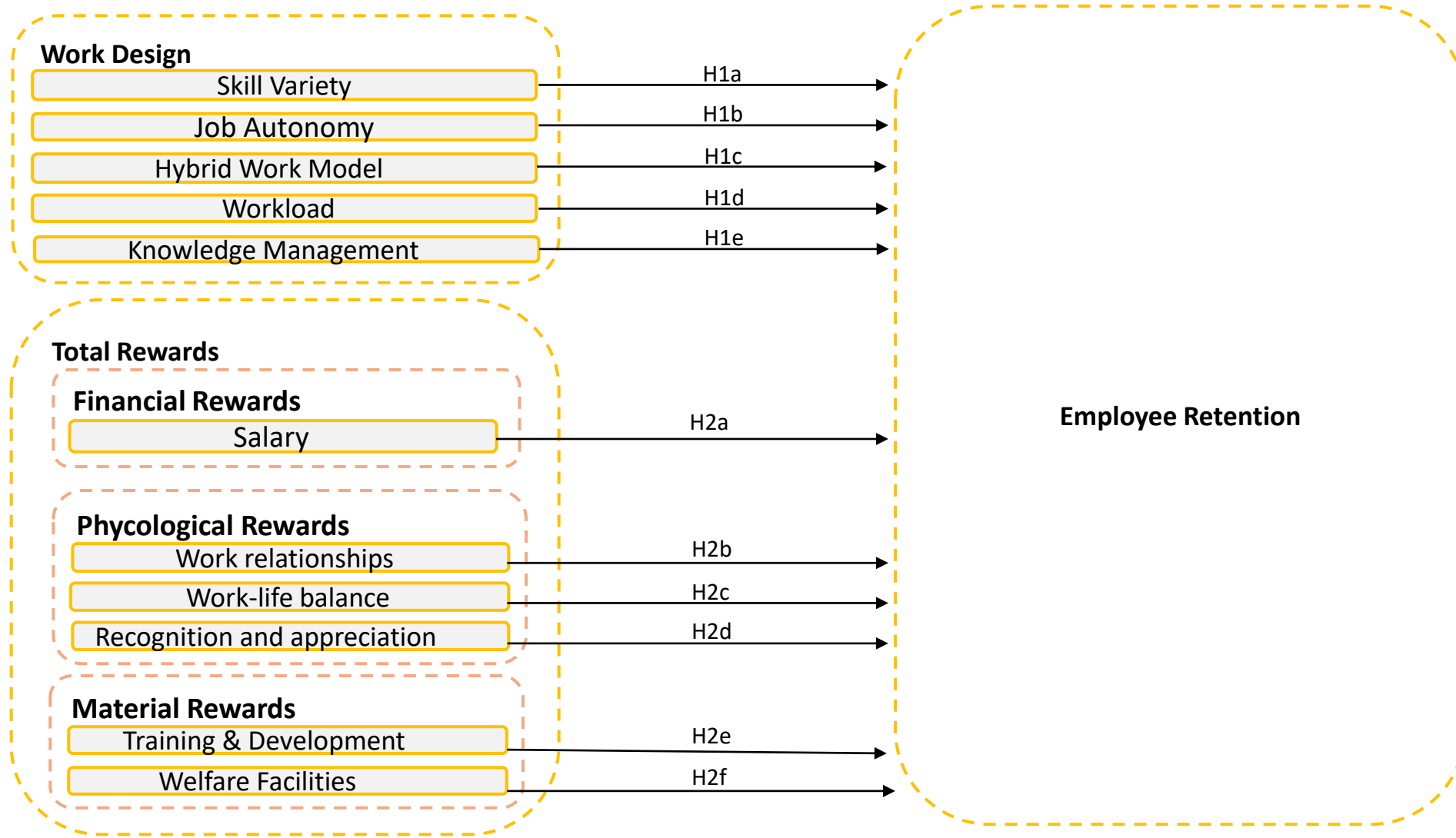
Factor/Variable Table cont..

Category	Variable	Description	Sources
Independent Variable Total Rewards : Psychological Rewards	Work Relationships	JD-R Resources, Herzberg's Hygiene Factors Quality of interactions with colleagues/supervisors, overall working conditions.	Almerri, 2023; Kanchana et.al, 2023, Mendis, 2017; Zainal, 2022; Chowdhury et.al, 2017; Hendriati et.al, 2024; Chen et.al, 2023; Niyas et.al, 2018; Darshani et.al, 2025; Sumanarathna et.al, 2019, Shalini et.al, 2023; Fahim, 2018; Silva et.al 2023; Jeewendra et.al, 2023; Soenanta 2021; Imna et.al, 2015
	Work–Life Balance	JD-R Resources, Maslow's Relatedness Needs Policies and practices supporting balance between professional and personal life.	Silva et.al, 2023, Silva, 2014, Kanchana et.al, 2023; Hansamali et al., 2024; Hewapathirana et.al, 2023; Sumanarathna et.al 2019; Almerri, 2023; Mendis, 2017; Jenitta, 2021; Naz et.al, 2020; Altassan et.al 2023; Zainal et.al, 2022; ; Chowdhury et.al, 2017; Chen et.al, 2023; Suprayitno, 2024; Selvi et.al 2023, Ngirande et.al, 2014
	Recognition and Appreciation	Herzberg's Motivators, Maslow's Growth Needs maintains motivation and reinforces constructive actions and behaviors	Almerri, 2023; Silva, 2014; Lakmali et.al, 2021; Kanchana et.al, 2023, Kumar et.al, 2021, Siromiya 2025, Hansamali et.al 2024; Fernando et.al, 2021; Silva et.al, 2023, Madhushani et.al 2020

Factor/Variable Table cont..

Category	Variable	Description	Source Theories/Concepts
Independent Variable: Material Rewards	Training & Development	Herzberg's Motivators, Maslow's Growth Needs Opportunities for skill enhancement and career growth.	Silva, 2014; Jeewendra et.al, 2023; Lakmali et.al, 2021; Madhushani et.al 2020; Hewapathirana et.al, 2023; Almerri, 2023
	Welfare Facilities	JD-R Resources, Maslow's Hierarchy of Needs Physical, mental, moral, and emotional well-being of an individual	Hansamali et.al 2024; Fernando et.al 2021; Gunawardhana et.al; Darshani et.al,2025; Shujat et.al 2011; Kerr, 2011; McGhee, 2010; Darell, 2011; Surangi et.al 2021
Dependent Variable	Employee Retention	All theories, overall research focus Organization's ability to keep employees for an extended period.	Overall research focus

Conceptual Framework



Research Methodology

Problem Statement

The Sri Lankan IT industry faces a significant challenge with high employee turnover, which negatively impacts productivity, increases costs, and hinders long-term success. Despite the critical importance of retaining skilled IT professionals, there is a need for a comprehensive understanding of how specific organizational strategies related to total rewards and work design influence employee retention within this unique industry context.

Research Objectives

Conceptual Framework

Hypothesis Formulation

Data Analysis

Results and Findings

Evidence based
Recommendation

Literature Review

Identify and categorize the **key factors of Work Design and Total Rewards** influencing **Employee Retention** in the Sri Lankan IT industry.

Data Collection through Questionnaire

- Design questionnaire based on variables.
- Gather measurable data on perceptions of work design, total rewards and retention factors.

Research Approach



Conceptual Framework – After the Literature Review, Conceptual framework has been developed including the **variables** identified and grouped under **Work Design** and **Total Rewards**.



Research Approach - Quantitative Research methodology with a **Cross-Sectional Survey based Approach**.



Structured Questionnaire - For each Variable under **Work Design** and **Total Rewards** (Financial, Psychological and Material Rewards) **5-point Likert scale items** were created referencing validated constructs from prior literature.



Hypothesis - Hypothesis are developed based on the **impact of independent variables (Work Design and Total Rewards) on the dependent variable (Employee Retention)**.



Statistical Data Analysis – **Cronbach's Alpha method** was used to calculate the **reliability** of the data under each variable. **Regression Analysis** was done using the available **384 responses**. Further **Importance-Performance Matrix** was developed to identify **Importance and Performance levels** of the variables.

Population / Sample Size

- The target population of Sri Lanka's IT workforce is estimated to be above 80,000 employees, according to the latest SLASSCOM report (**SLASSCOM, 2024**).
- Since the ICT workforce exceeds **80,000**, the required minimum sample size approaches **384**, as recommended by **Krejcie and Morgan (1970)**.

Questionnaire

Questionnaire was distributed through **professional networks and IT employee contacts**.

Questionnaire Link :

https://docs.google.com/forms/d/e/1FAIpQLScJ6vkvpiQm13E_6TimVQGcFdNt_Oi-3xIYoVOYaYIUjh7Oxw/viewform?pli=1&pli=1

Hypotheses

Hypotheses – Work Design

H1a: Skill Variety positively influences Employee Retention.

H1b: Job Autonomy positively influences Employee Retention.

H1c: Hybrid Work Model positively influences Employee Retention.

H1d: Workload significantly influences Employee Retention.

H1e: Knowledge Management positively influences Employee Retention.

Hypotheses

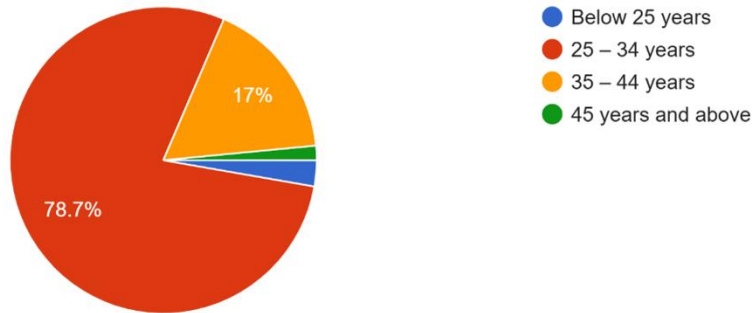
Sub-Hypotheses – Total Rewards

- H2a:** Salary positively influences Employee Retention.
- H2b:** Work Relationships positively influence Employee Retention.
- H2c:** Work-Life Balance positively influences Employee Retention.
- H2d:** Recognition and Appreciation positively influence Employee Retention.
- H2e:** Training and Development positively influence Employee Retention.
- H2f:** Welfare Facilities positively influence Employee Retention.

Demographic Profile of Respondents

What is your age group?

329 responses



Age Group :

25 – 34 years age group - (77.9%)

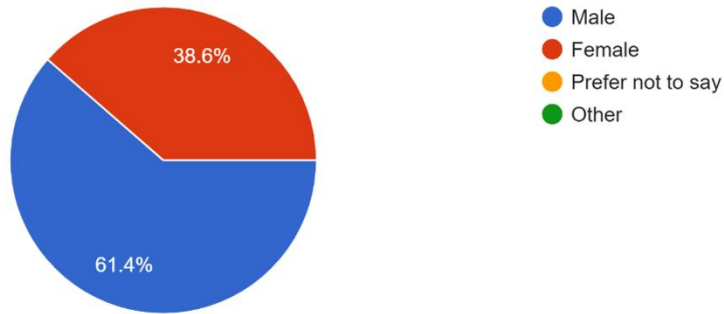
35 – 44 years - (17.4%)

Align with the demographic profile reported by the SLASSCOM Employability Skills Survey 2024 (SLASSCOM, 2024), which identified that 38% of employees in Sri Lankan IT companies belong to the 27–34 age category, while 30% belong to the 18–26 age group and 18% belong to the 35–44 age group.

Demographic Profile of Respondents cont..

What is your gender?

329 responses



Gender Distribution :

Male- (62.5%)

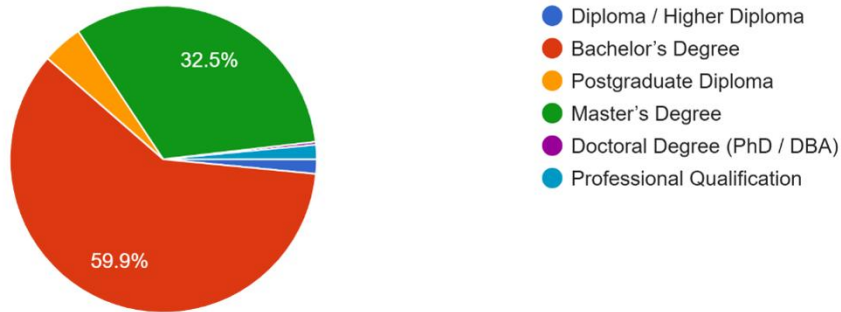
Female - (37.5%)

This is consistent with the Sri Lankan IT industry demographic profile reported by the SLASSCOM Employability Skills Survey 2024 (SLASSCOM, 2024), which found that males constitute approximately 63% of the workforce and females approximately 36%.

Demographic Profile of Respondents cont..

What is your highest educational qualification?

329 responses



Educational Qualification :

Bachelor's Degree - (62.5%)

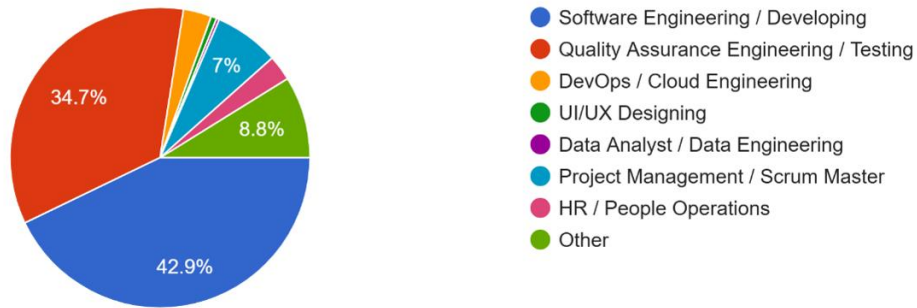
Master's Degree - (37.5%)

Most respondents possess the educational background generally expected within the IT industry. Only a small proportion reported diploma level, professional qualifications, postgraduate diploma level or doctoral level.

Demographic Profile of Respondents cont..

What is your current job role / designation?

329 responses



Current Job Role :

**Software Engineering/Developing -
(42.7%)**

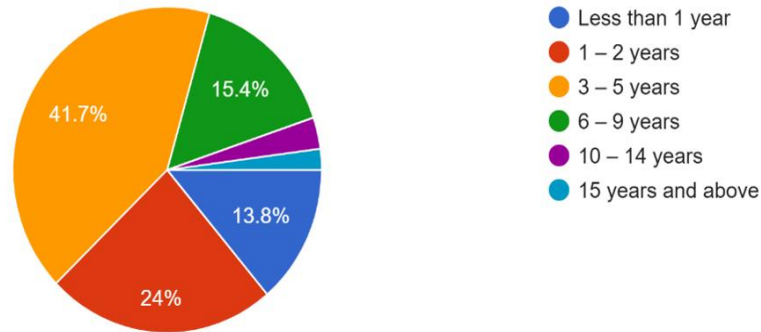
**Quality Assurance
Engineering/Testing - (36.5%)**

The remaining respondents represented roles of Other, Project Management, DevOps/Cloud Engineering, Human Resource/People Operations, Data Analyst/Data Engineering and UI/UX Designing functions.

Demographic Profile of Respondents cont..

How many years have you worked at your current organisation?

384 responses



Years of experience at current organization:

3 to 5 years - (41.7%)

1 to 2 years - (24%)

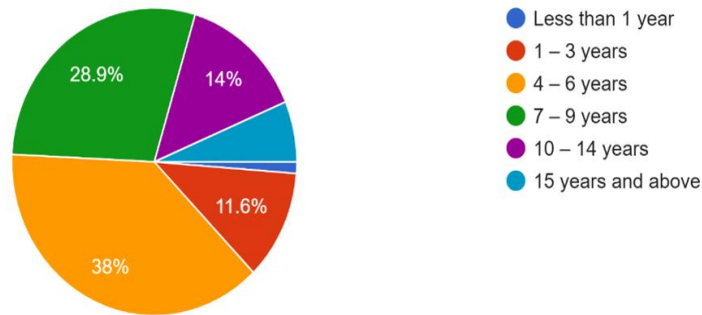
6 and 9 years – (15.4%)

The sample contains a substantial proportion of employees who have accumulated **sufficient organizational experience** to evaluate factors influencing their **intention to remain with or leave their current employer**.

Demographic Profile of Respondents cont..

How many years of experience do you have in the IT industry?

329 responses



IT Industry Experience :

4 - 6 years of experience - (38.5%)

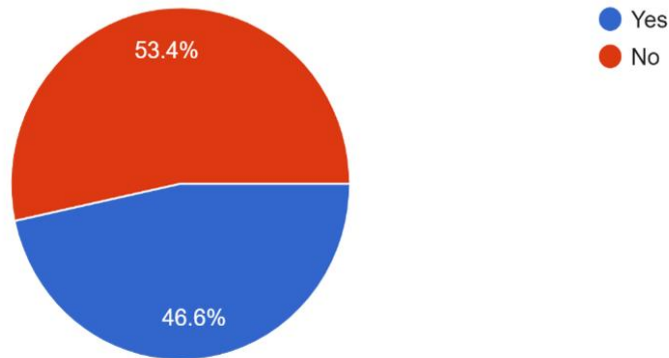
7 - 9 years of experience - (26.6%)

Majority of respondents are **experienced professionals** rather than entry-level employees. opinions captured in this study are likely to reflect **informed perspectives** regarding Work Design, Total Rewards, and Employee Retention within the Sri Lankan IT industry.

Employee Retention and Leaving Intentions

Do you frequently or occasionally think of quitting your current job ?

384 responses



46.6% - frequently or occasionally think about leaving their current job

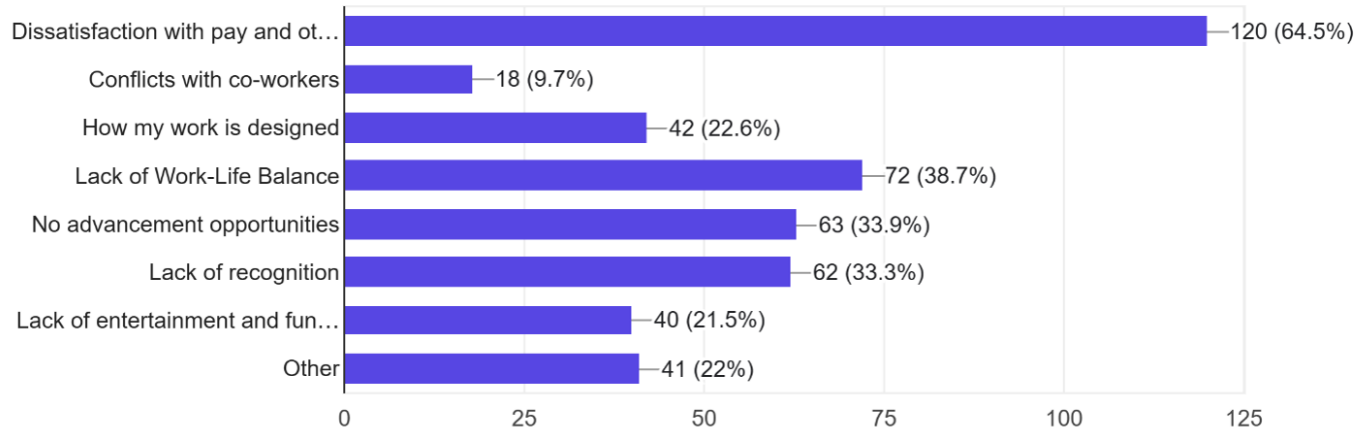
53.4% - do not consider leaving their current job

- ✓ Nearly half of the respondents have considered leaving their job.
- ✓ Employee retention remains as an important challenge within the Sri Lankan IT industry.

Distribution of Reasons for leaving from Current Job

If you answered "Yes" to above, what will be your reasons?

186 responses



- ✓ **64.5% - Dissatisfaction with pay and benefits** (most frequently cited reason)
- ✓ **38.7% - Lack of work-life balance** (second most common reason)
- ✓ **33.9% - lack of advancement opportunities**
- ✓ **33.3% - lack of recognition**

Reliability Analysis Results Summary

Construct	Number of Items	Cronbach's Alpha
Skill Variety	3	0.720
Job Autonomy	3	0.703
Hybrid Work Model	3	0.717
Workload	3	0.776
Knowledge Management	3	0.828
Salary	3	0.907
Work Relationships	3	0.803
Work-Life Balance	3	0.860
Recognition and Appreciation	3	0.825
Training and Development	3	0.887
Welfare Facilities	3	0.796

✓ **acceptable** levels of reliability
($0.70 \leq \alpha < 0.80$) :

Skill Variety, Job Autonomy, Hybrid Work Model, Workload, Welfare Facilities

✓ **good to excellent** levels of reliability
($\alpha \geq 0.80$) :

Knowledge Management, Salary, Work Relationships, Work-Life Balance, Recognition and Appreciation, Training and Development

Regression Analysis

Model	R	R ²	Adjusted R	RMSE	R ² Change	df1	df2	P
M0	0.000	0.000	0.000	0.498	0.000	0	329	< 0.001
M1	0.581	0.338	0.315	0.412	0.338	11	318	

Dependent Variable : Employee Retention

Independent Variables :

Work Design : Skill Variety, Job Autonomy, Hybrid Work Model, Workload, Knowledge Management

Financial Rewards : Salary

Psychological Rewards : Work Relationships, Work-Life Balance, Recognition and Appreciation

Material Rewards : Training and Development, Welfare Facilities

Regression Analysis cont..

- ✓ Regression model was **statistically significant with $F(11, 318) = 14.76$, $p < .001$** suggesting the independent variables, when considered together, significantly explain Employee Retention.
- ✓ **Multiple correlation coefficient of $R = 0.581$** suggests a **moderate positive relationship** between the combined set of predictor variables and Employee Retention.
- ✓ **The coefficient of determination $R^2 = 0.338$** indicates approximately **33.8% of the variance** in Employee Retention can be explained by the 11 independent variables included in the model.
- ✓ **Adjusted R^2 value = 0.315** indicates approximately **31.5% of the variance** in Employee Retention remains explained.
- ✓ Approximately **66.2% of the variance** of Employee Retention remains unexplained.

Coefficients of the Independent Variables

Variable	Unstandardized	Standard Error	Standardized β	t	p	Tolerance	VIF
Skill Variety	0.065	0.044	0.089	1.468	.143	0.569	1.758
Job Autonomy	0.002	0.041	0.003	0.044	.965	0.528	1.893
Hybrid Work Model	-0.007	0.037	-0.010	-0.187	.852	0.688	1.454
Workload	-0.118	0.031	-0.179	-3.773	< .001	0.927	1.079
Knowledge Management	0.036	0.048	0.050	0.758	.449	0.481	2.080
Work Relationships	-0.021	0.049	-0.029	-0.423	.672	0.432	2.316
Work-Life Balance	0.057	0.043	0.090	1.319	.188	0.446	2.242
Recognition & Appreciation	0.081	0.040	0.135	1.995	.047	0.452	2.210
Training & Development	0.004	0.041	0.008	0.111	.912	0.448	2.232
Welfare Facilities	0.016	0.033	0.029	0.501	.617	0.626	1.599
Salary	0.193	0.029	0.355	6.564	< .001	0.712	1.405

Summary of Hypothesis Testing Results

Hypothesis	β	p	Decision
H1a: Skill Variety positively influences Employee Retention	0.089	0.143	Not Supported
H1b: Job Autonomy positively influences Employee Retention	0.003	0.965	Not Supported
H1c: Hybrid Work Model positively influences Employee Retention	-0.010	0.852	Not Supported
H1d: Workload positively influences Employee Retention	-0.179	< .001	Supported
H1e: Knowledge Management positively influences Employee Retention	0.050	0.449	Not Supported
H2a: Salary positively influences Employee Retention	0.355	< .001	Supported
H2b: Work Relationships positively influence Employee Retention	-0.029	0.672	Not Supported
H2c: Work-Life Balance positively influences Employee Retention	0.090	0.188	Not Supported
H2d: Recognition & Appreciation positively influences Employee Retention	0.135	0.047	Supported
H2e: Training & Development positively influences Employee Retention	0.008	0.912	Not Supported
H2f: Welfare Facilities positively influence Employee Retention	0.029	0.617	Not Supported

Summary of Hypothesis Testing Results cont..

- ✓ **Salary** - strongest significant **positive** influence on Employee Retention
($\beta = 0.355$, $p < .001$)
- ✓ **Workload** - significant **negative** influence Employee Retention
($\beta = -0.179$, $p < .001$)
- ✓ **Recognition and Appreciation** - significant **positive** influence on Employee Retention
($\beta = 0.135$, $p = .047$)

Descriptive Statistics

Variable	Mean
Employee Retention	1.555
Skill Variety	3.991
Job Autonomy	3.779
Hybrid Work Model	4.011
Workload	3.639
Knowledge Management	3.919
Work Relationships	3.868
Work-Life Balance	3.789
Recognition and Appreciation	3.512
Training and Development	3.589
Welfare Facilities	3.768
Salary	3.344

Hybrid Work Model :

Highest mean score
(M = 4.011)

Salary :

Lowest mean score
(M = 3.344)

Importance–Performance Matrix Analysis (IPMA)

- ✓ To prioritize managerial actions, an **Importance–Performance Matrix Analysis** was conducted.
- ✓ **Standardized beta coefficients (β)** obtained from the multiple regression analysis were used as **indicators of importance**.
- ✓ **Mean values** obtained from the **descriptive statistics** were used as **indicators of performance**.
- ✓ Allows us to identify factors that are both **important for employee retention** and currently **underperforming**.

Ranking of Independent Variables Based on Standard Beta Coefficients for Importance

Rank	Variable	Standardized β
1	Salary	0.355
2	Workload	-0.179
3	Recognition & Appreciation	0.135
4	Work-Life Balance	0.090
5	Skill Variety	0.089
6	Knowledge Management	0.050
7	Work Relationships	-0.029
8	Welfare Facilities	0.029
9	Hybrid Work Model	-0.010
10	Training & Development	0.008
11	Job Autonomy	0.003

- ✓ **Salary** ($\beta = 0.355$) - **most influential** predictor of **employee retention**
- ✓ **Workload** ($\beta = -0.179$)
- ✓ **Recognition and Appreciation** ($\beta = 0.135$)
- ✓ The **signs of the coefficients** indicates the **direction of the relationship with employee retention**

Ranking of Independent Variables Based on Mean Score for Performance

Rank	Variable	Mean
1	Hybrid Work Model	4.011
2	Skill Variety	3.991
3	Knowledge Management	3.919
4	Work Relationships	3.868
5	Work-Life Balance	3.789
6	Job Autonomy	3.779
7	Welfare Facilities	3.768
8	Workload	3.639
9	Training & Development	3.589
10	Recognition & Appreciation	3.512
11	Salary	3.344

Hybrid Work Model :

highest performance level
(M = 4.011)

Salary :

lowest performance level
(M = 3.344)

Importance and Performance Cut-off Values

Average importance score, Average performance score were calculated and used as the **intersection points** of the matrix.

Mean Importance Value = 0.089

Mean Performance Value = 3.746

- **High Importance variables** - standardized beta coefficients > 0.089
- **Low Importance variables** - standardized beta coefficients < 0.089
- **High-Performance variables** - mean values > 3.746
- **Low-Performance variables** - mean values < 3.746

Importance–Performance Matrix

	High Importance	Low Importance
High Performance	Maintain Performance Skill Variety, Work-Life Balance	Maintain and Monitor Hybrid Work Model, Knowledge Management, Work Relationships, Job Autonomy, Welfare Facilities
Low Performance	Improve Urgently Salary, Workload, Recognition & Appreciation	Low Priority Training & Development

Comparison of Survey Leaving Reasons with Regression and IPMA Findings

Dissatisfaction with Pay and Benefits:

Dissatisfaction with pay and benefits was identified as the **most frequently cited reason** for considering departure, selected by **64.5% of respondents**.

This finding is strongly supported by the **regression analysis**, where **Salary** emerged as the **strongest predictor of employee retention** ($\beta = 0.355, p < 0.001$).

Furthermore, **Salary** was classified within the **High Importance–Low Performance quadrant of the IPMA**, indicating that employees consider **compensation highly important while perceiving current salary levels less favorably**.

Comparison of Survey Leaving Reasons with Regression and IPMA Findings

Lack of Work-Life Balance:

Lack of Work-Life Balance was identified as the **second most frequently cited reason** for leaving, **selected by 38.7% of respondents**.

Regression results reveals that **Workload** exerted a **significant negative influence on employee retention** ($\beta = -0.179, p < .001$), making it the **second most influential predictor after Salary**.

These findings are conceptually related because excessive workload directly affects employees' ability to maintain a satisfactory work-life balance.

Comparison of Survey Leaving Reasons with Regression and IPMA Findings

Lack of Recognition and Appreciation:

Lack of recognition was identified by **33.3% of respondents** as a reason for considering departure.

This finding is supported by both the **regression analysis** and the **IPMA results**. Recognition and Appreciation demonstrated a **statistically significant positive influence on employee retention ($\beta = 0.135, p = 0.047$)** and was classified within the **High Importance – Low Performance quadrant**.

These findings indicate that employees value being recognized and appreciated for their contributions, yet perceive current recognition practices as relatively less satisfactory.

Summary of Findings

Leaving Reason	Regression/IPMA Finding	Discussion
Pay & Benefits (63.5%)	Salary ($\beta = 0.355$) - Significant High Importance–Low Performance	Strong alignment
Lack of Work-Life Balance (38.1%)	Workload ($\beta = -0.179$) - Significant Work-Life Balance: High Importance–High Performance	Indirect alignment through workload effects
Lack of Recognition (32.0%)	Recognition & Appreciation ($\beta = 0.135$): Significant High Importance–Low Performance	Strong alignment
No Advancement Opportunities (34.8%)	Training & Development - not significant	Potential conceptual mismatch

Recommendations

Improve Salary and Compensation Structures :

Salary is the strongest predictor of employee retention. It recorded the lowest performance score among all variables positioned within the **High Importance – Low Performance** quadrant. It is the most **frequently cited reason** for employees considering leaving their organizations.

The findings are further supported by the **latest SLASSCOM Employability Skills Report of year 2024 (SLASSCOM, 2024)**, which identified **competitive compensation packages** and **employee migration** as among the **most significant retention challenges** faced by Sri Lankan IT organizations.

Organizations may consider implementing market-based salary benchmarking, performance-linked rewards, retention bonuses, and transparent compensation policies to improve employee perceptions regarding pay and benefits.

Recommendations cont..

Manage Workload and Support Work-Life Balance :

Workload was found to have a **significant negative influence on employee retention** suggesting excessive workload may undermine employees' ability to maintain a satisfactory work-life balance.

Lack of work-life balance was the **second most frequently cited reason** for employees considering leaving their organizations.

Organizations should establish realistic workload expectations, improve resource allocation practices, monitor overtime requirements, and ensure equitable distribution of responsibilities among employees. Furthermore, organizations should continue supporting flexible scheduling arrangements, encourage the utilization of leave benefits, and promote employee well-being initiatives that contribute to a healthier work-life balance.

Recommendations cont..

Strengthen Recognition and Appreciation Practices :

Recognition and Appreciation was found to have a **statistically significant positive influence on employee retention.**

In addition, **lack of recognition and appreciation** was identified as **one of the most frequently cited reasons** for employees considering leaving their organizations.

Furthermore, Recognition and Appreciation was classified within the **High Importance-Low Performance quadrant of the IPMA.**

Organizations should develop both formal and informal employee recognition programs. Examples include performance awards, peer-recognition initiatives, appreciation events, public acknowledgement of achievements, and manager driven recognition practices.

Recommendations cont..

Maintain Skill Variety and Work-Life Balance Practices :

Skill Variety and Work-Life Balance were positioned within the **High Importance – High Performance** quadrant of the IPMA.

These findings suggest that organizations are **currently performing well** in these areas and should **continue maintaining existing practices**.

Recommendations cont..

Maintain Existing Knowledge Management Practices :

Although Knowledge Management did not demonstrate a statistically significant influence on employee retention, it recorded the **highest importance value among the variables classified within the Low Importance - High Performance** quadrant of the IPMA.

Organizations should therefore continue investing in knowledge repositories, mentoring programs, collaborative learning environments, technical training sessions, and documentation practices.

Recommendations cont..

Sustain Effective Hybrid Work Arrangements :

The **Hybrid Work Model** recorded the **highest performance score** among all variables included in the study, indicating that employees reported very positive perceptions regarding existing hybrid working arrangements.

Organizations should therefore continue providing flexible work arrangements where operationally feasible.

Recommendations cont..

Maintain Positive Work Relationships, Job Autonomy and Welfare Facilities :

Work Relationships, Job Autonomy, and Welfare Facilities were classified within the **Low Importance–High Performance** quadrant of the IPMA.

Organizations should continue fostering positive workplace relationships, providing employees with appropriate levels of autonomy and maintaining welfare facilities and employee support initiatives.

Thank You !

Literature Review Sub Topics

Introduction :

The Sri Lankan IT industry faces high employee turnover, leading to a shortage of skilled professionals and increased recruitment and training costs (*Hewapathirana et.al, 2023; Sumanarathna et.al, 2019*).

Addressing retention through context-specific strategies that align with employee needs and preferences is essential for sustaining productivity and organizational success (*Jeewendra et,al, 2023*).

Literature Review Sub Topics

Theoretical Framework:

Herzberg's Two-Factor Theory: Motivators (job satisfaction) and hygiene factors (job dissatisfaction) (*De Silva et.al, 2023 ; Low et.al, 2019*).

Job Characteristics Model (JCM): five core job characteristics (skill variety, task identity, task significance, autonomy, feedback) (*Chen et.al, 2023*).

Job Demands-Resources (JD-R) Model : Workplace characteristics (job demands and job resources) (*Schaufeli & Bakker, 2004, ; Chen et al., 2023*).

Maslow's Needs Hierarchy Theory: Hierarchical needs (existence, relatedness, growth) (*Ashmel,2021*).

Literature Review Sub Topics

Employee Retention :

Employee retention refers to an organization's ability to keep employees for the long term, maintaining their relationship with the company and preventing loss of key talent (*Jeewendra et.al, 2023; Zainal et al., 2022*).

It is critical for organizational stability, productivity, and competitive advantage, as high turnover leads to additional costs, loss of experience, and disrupted learning (*Soenanta at.al, 2021; Jeewendra et.al, 2023*).

Literature Review Sub Topics

Work Design & Job Design :

Structure tasks → higher satisfaction & commitment (*Ngirande et.al, 2014*)

Well-designed jobs → better performance, productivity, retention (*Soenanta et.al, 2021*)

Skill Variety :

diverse activities, various abilities and competencies. (*Chen et.al, 2023, Silva, 2014*).

Job Autonomy :

Decision-making power & empowerment → higher satisfaction & engagement (*Selvi et.al, 2023*)

Autonomy reduces turnover (*Hewapathirana et.al, 2023*)

Hybrid Work Model (HWM) :

Mix of remote & office work → flexibility, happiness, productivity (*Selvi et.al, 2023 ; Chowdhury et.al, 2017*)

HWM mitigates remote work challenges (*Selvi et.al, 2023*)

Literature Review Sub Topics

Workload :

High workload → burnout, low morale, turnover (*Chen et.al, 2023*)

Practical job stress reduction structure (*Jayathilake, 2019*)

Knowledge Management :

Knowledge Creation, Transfer, and Application → satisfaction & *retention*
(*Madhushani et.al, 2020*)

Poor knowledge sharing → turnover (*Dasanayaka et.al, 2015*)

Literature Review Sub Topics

Total Rewards

- Encompasses everything employees value in employment: monetary and non-monetary elements (*Fernando et.al, 2021*)
- Includes financial rewards, material rewards and psychological rewards (*Mendis, 2017; Hansamali et al., 2024*)
- Comprehensive rewards enhance satisfaction, performance, and retention (*Fahim, 2018; Lakmali et.al, 2021*)

Financial Rewards

- Monetary compensation: base salary, performance-based pay, bonuses, incentives, stock options, pensions (*Fernando et.al, 2021; Suprayitno, 2024*)
- Competitive pay and incentives increase retention, motivation, and engagement (*Terera et.al, 2014; Hansamali et al., 2024*)

Literature Review Sub Topics

Material Rewards

- Benefits and perks: healthcare, pensions, leave, childcare, wellness programs (*Naz et al., 2020; Zainal et al., 2022*)
- Career development opportunities: training, rotations, mentorship, and professional growth (*Silva, 2014; Jeewendra et al., 2023*)
- Material rewards improve quality of life, security, and organizational attachment (*Fernando et.al, 2021*)

Psychological Rewards

- Recognition, appreciation foster loyalty and engagement (*Kanchana et.al, 2023; Almerri, 2023*)
- Work-life balance, flexible arrangements reduce stress and enhance retention (*Hansamali et al., 2024; Selvi et.al, 2023*)
- Positive work culture, emotional attachment, and perceived organizational support increase organizational commitment (*Naz et al., 2020; Ashmel, 2021*)

Data Collection

- **Research Approach :**
Quantitative research method
- **Data Collection Instrument :**
 - ✓ Structured survey questionnaire
 - ✓ Self-administered
- **Measurement Scale :**
5-point Likert scale (1 = Strongly Disagree/Dissatisfied to 5 = Strongly Agree/Satisfied)
- **Target Respondents :**
Employees in the Sri Lankan IT industry
- **Distribution Method :**
 - ✓ Online survey (Google Form)
 - ✓ Distributed via professional networks and IT employee contacts

Importance–Performance Matrix cont..

Salary, Workload, and Recognition and Appreciation :

- Require the highest managerial attention
- **Strong influence on employee retention** while exhibiting **lower performance levels**

Skill Variety and Work-Life Balance :

- Positioned within the **High Importance – High Performance** quadrant
- **Maintain current practices and continue investing** in these

Knowledge Management, Hybrid Work Model, Work Relationships, Job Autonomy and Welfare Facilities :

- **Low Importance– High Performance** quadrant
- Continue maintaining these practices while prioritizing resources toward factors with greater influence on retention

Training and Development :

- **Low Importance– Low Performance** quadrant