

**A CASE STUDY ON IMPROVING EMPLOYEE
RETENTION IN A TRADING SOLUTION
PROVIDER COMPANY**

T.G. Induni Udayangi

169139K

Degree of Master of Business Administration in Information Technology

Department of Computer Science and Engineering

University of Moratuwa

Sri Lanka

January 2018

A CASE STUDY ON IMPROVING EMPLOYEE RETENTION IN A TRADING SOLUTION PROVIDER COMPANY

T.G.I Induni Udayangi

169139K

The dissertation was submitted to the Department of Computer Science and Engineering of the University of Moratuwa in partial fulfilment of the requirement for the Degree of Master of Business Administration in Information Technology.

Department of Computer Science and Engineering

University of Moratuwa

Sri Lanka

January 2018

DECLARATION

I declare that this is my own work and this thesis does not incorporate without acknowledgement any material previously submitted for a Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text.

Also, I hereby grant to University of Moratuwa the non-exclusive right to reproduce and distribute my thesis/dissertation, in whole or in part in print, electronic or other medium. I retain the right to use this content in whole or part in future works (such as articles or books).

.....

I.Udayangi

(Signature of the candidate)

Date:

The above candidate has carried out research for the Master's thesis under my supervision.

.....

(Supervisor Name)

.....
Date

Signature of the Supervisor

.....

(Co-supervisor Name)

.....
Date

Signature of the Co-Supervisor

COPYRIGHT STATEMENT

I hereby grant the University of Moratuwa the right to archive and to make available my thesis or dissertation in whole or part in the University Libraries in all forms of media, subject to the provisions of the current copyright act of Sri Lanka. I retain all proprietary rights, such as patent rights. I also retain the right to use in future works (such as articles or books) all or part of this thesis or dissertation.

ABSTRACT

The most important and valuable factor in a high labor intensive industry is the labour itself. The talent labour force immensely contributes to increasing the productivity, customer satisfaction, and consistency of smooth operation of an organization. It is known to be the most disturbing factor that should be addressed in the software industry, which is the high labour turnover.

Software organizations mostly deal with knowledge worker who is considered as above average brainy people. The contribution that each individual has towards the organization will be comparatively high. Therefore losing an employee of such capacity will definitely impact on the organization in short-term and as well as in the long run depending on the left person's capacity. Moreover, the cost that the company has to incur in training a new individual to the same capacity will be very high as it will take months or maybe years.

This had been carried out in one of the leading software organizations in the Sri Lankan context as a case study. The company currently accommodates around 180 employees and distributed in seven departments. The domain it operates is the capital market which requires people with expert knowledge as it possesses complex trading instruments. The said organization is currently facing an employee turnover issue.

The Hypothesis and the Conceptual Framework has been developed based on the Literature Review and the Secondary Data obtained by the company. A questionnaire consisting of 26 questions relating to Dependent and Independent Variables in the Conceptual Framework had been distributed among the selected sample in an unbiased way according to the Sample Calculation guideline. Based on the feedback, critical analysis was carried out using SPSS Software and Statistics. Demographic Analysis, Statistical Analysis of feedback of the Questionnaire and Core relational Analysis between Dependent and Independent Variables were carried out.

According to the findings of the analysis, it had been found out that remuneration package, career development and the working environment can make a positive impact to decide to retain with the employer or not. The researcher had given recommendations to the company based on the findings of this study. In addition, further study had been suggested by the researcher.

ACKNOWLEDGEMENT

I wish to express my sincere gratitude to all those who helped me in successfully completing my research study on “ A Case Study on Improving Employee Retention in a Trading Solution Provider Company”.

First and foremost, I wish to thank my research supervisor Dr. Shantha Fernando, Senior Lecturer of the Department of Computer Science and Engineering, University of Moratuwa, for the continuous support, encouragement and attention extended to me in realizing the research objectives.

I wish to convey my special gratitude to respondents who gave me their precious time and valuable insights in making this research a reality. Furthermore, I extend my earnest thanks to MBA research coordinator Dr. Chandana Gamage and Ms. Jeeva Padmini for the guidance and resources provided in bringing this study a success.

I also take this opportunity to thank my colleagues and subordinates for shouldering certain responsibilities and releasing me to follow this important course.

Special thanks to my loving husband Tharaka for tolerating me, making sacrifices of his own, and extending his own encouragement to me as I followed this rewarding learning process.

T.G Induni Udayangi

TABLE OF CONTENTS

DECLARATION	i
COPYRIGHT STATEMENT	ii
ABSTRACT.....	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS.....	v
LIST OF FIGURES	viii
LIST OF TABLES	viii
LIST OF ABBREVIATIONS.....	xi
1. INTRODUCTION	1
1.1 Research Background.....	1
1.2 Problem Statement	1
1.3 Motivation	2
1.4 Research Scope	2
1.5 Research Question.....	3
1.6 Research Objectives	3
1.7 Research Justification.....	3
1.8 Research Significance	4
1.9 Outline.....	5
2.0 LITERATURE REVIEW	6
2.1 Introduction	6
2.2 Manager’s role in Managing people in organization	6
2.3 Employee Retention – A Strategic Business Issue.....	7
2.4 Why employees become Disengaged and Leave?	8
2.5 Cost of Employee turnover	10
2.6 Employee Retention factors	11
2.7 Employee Retention Strategies	12
2.8 Summary	12
3.0 RESEARCH METHODOLOGY.....	15
3.1 Research Method and Approach	15
3.2 Development of Hypothesis	16
3.3 Operationalization	18
3.4 Research Design.....	18
3.4.1 Sampling Design.....	19

3.4.2 Population	19
3.4.3 Sample selection Procedure	22
3.5 Data Collection Methods and Techniques used by Research Analysis	23
4.0 DATA ANALYSIS.....	25
4.1 Data preparation for analysis.....	25
4.2 Rule of Coding	25
4.3 Reliability Analysis	26
4.3.1 Employee Retention	26
4.3.2 Employee Remuneration	27
4.3.3 Career Development.....	28
4.3.4 Working Environment.....	28
4.4 Descriptive Statistics for Demographic Data	29
4.4.1 Distribution of Age	29
4.4.2 Distribution of Gender	30
4.4.3 Distribution of Service Period	31
4.4.4 Distribution of Educational Qualifications	32
4.4.5 Distribution of Department	34
4.4.6 Distribution of Current Job Level	35
4.4.7 Distribution of working experience	36
4.5 Analysis of the hypothesis based on Questionnaire Feedback.....	38
4.5.1 Employee Retention.....	38
4.5.2 Employee Remuneration.....	40
4.5.3 Career Development Opportunities	41
4.5.4 Working Environment	44
4.6 Pearson Correlation Analysis	46
4.6.1 Pearson correlation between independent & Dependent Variables	46
4.6.2 Pearson Correlation analysis for variables upon Demographic data	51
4.7 Regression Analysis	58
4.7.1 Remuneration.....	58
4.7.2 Career Development	59
4.7.3 Working Environment	60
4.8 Summary	61
5. CONCLUSION & RECOMMENDATIONS	62
5.1 Conclusion of the study.....	62
5.2 Recommendations	65

5.3 Suggestion for further Research.....	65
REFERENCES	68
APPENDIX A - QUESTIONNAIRE INSTRUMENT.....	71
APPENDIX B - QUESTIONNAIRE INSTRUMENT- REVISED.....	75
APPENDIX C - QUESTIONNAIRE INSTRUMENT-PAST EMPLOYEES.....	80

LIST OF FIGURES

Figure 3.1 Research Methodology	15
Figure 3.2 Dependent and Independent Variables	16
Figure 3.3 The relationship between sample size and total population	23
Figure 4.1 Number of responses per day from 28/10/2017 to 27/12/2017	25
Figure 4.2 Age Distribution	30
Figure 4.3 Gender Distribution	31
Figure 4.4 Service Period Distribution	32
Figure 4.5 Education Level Distribution	33
Figure 4.6 Employee Distribution among Departments	34
Figure 4.7 Employee Distribution among Job Level	35
Figure 4.8 Employee Distribution among Work Experience	36
Figure 4.9 Employee Distribution among Work Experience	37
Figure 4.10 Rated Average for the questions for Retention	39
Figure 4.11 Rated Average for the questions for Remuneration	41
Figure 4.12 Rated Average for the questions for Career Development	43
Figure 4.13 Rated Average for the questions for Working Environment	45
Figure 4.14 Correlation between Employee Retention and Remuneration	47
Figure 4.15 Correlation between Employee Retention and Career Development	48
Figure 4.16 Correlation between Employee Retention and Working Environment	50

LIST OF TABLES

Table 2.1 What pay means to the employee	9
Table 3.1 Hypothesis	17
Table 3:2 Operationalization of Variables	18
Table 3:3 Employee Distribution among Departments	19
Table 3:4 Departments and number of employees	20
Table 4.1 Assignment of Weights	26
Table 4.2 Reliability Test for Employee Retention	27
Table 4.3 Reliability Test for Employee Remuneration	27
Table 4.4 Reliability Test for Career Development	28
Table 4.5 Reliability Test for Working Environment	29
Table 4.6 Distribution of Age	29
Table 4.7 Distribution of Gender	30
Table 4.8 Distribution of Service Period	31
Table 4.9 Distribution of Educational Qualifications	32
Table 4.10 Distribution of Department	34
Table 4.11 Current Job Level	35
Table 4.12 Work Experience	36
Table 4.13 Reason for join with the company	37
Table 4.14 Employee Retention	38
Table 4.15 Employee Remuneration	40
Table 4.16 Career Development Opportunities	42
Table 4.17 Working Environment	44
Table 4.18 Hypothesis 1	46
Table 4.19 Pearson Correlation – Employee Remuneration and Employee Retention.	46
Table 4.20 Hypothesis 2	48
Table 4.21 Pearson Correlation – Career Development and Employee Retention.	48
Table 4.22 Hypothesis 3	49
Table 4.23 Pearson Correlation – Career Development and Employee Retention.	49
Table 4.24 Correlation between Retention and Age	51
Table 4.25 Correlation between Retention and Gender	52
Table 4.26 Correlation between Retention and Educational Qualification	53
Table 4.27 Correlation between Retention and Department	54

Table 4.28 Correlation between Retention and Job Level	55
Table 4.29 Correlation between Retention and Service Period	56
Table 4.30 Correlation between Retention and Working Experience	57
Table 4.31 Variable Entered/Removed-Remuneration	58
Table 4.32 Model Summary-Remuneration	58
Table 4.33 Anova-Remuneration	59
Table 4.34 Variable Entered/Removed-Career Development	59
Table 4.35 Model Summary- Career Development	59
Table 4.36 Anova- Career Development	60
Table 4.37 Variable Entered/Removed-Working Environmnet	60
Table 4.38 Model Summary- Working Environmnet	60
Table 4.39 Anova- Working Environmnet	61

LIST OF ABBREVIATIONS

IT	Information Technology
TSP	Trading Solution Provider
SLDC	Software Development Life Cycle
HRM	Human Resource Management
HR	Human Resource
CAC	Cronbach's Alpha Coefficient
EPF	Employees' Provident Fund
ETF	Employees' Trust Fund
KPI	Key Performance Indicator