

# **HRM PERSPECTIVES**

**Insights on Human Resource Management Practices**



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# **Editorial**

## **Editorial Desk**

At the outset I welcome the readers and the contributors of the December 2018 Issue of the Human Resource Management Perspectives peer reviewed bi-annual journal published by the Research and Publication Committee of the Chartered Institute of Personnel Management of Sri Lanka. It gives me immense pleasure to announce that this is the first ever issue published, after our beloved institute became the Chartered Institute of Personnel Management. During the last eight years journey, the acceptability of journal had been increasing far and wide. A number of articles were received for the December issue from our learned authors. However, because of the limitation of the space and scope of the journal only 9 have been selected for publication.

Articles in this journal are characterized by their intellectual curiosity and diverse methodological approaches, which lead to contributions that impact profoundly on human resource management theory and practice. Another objective of the Research and Publication Committee of the Institute to provide opportunities for our own members and students to publish their scholarly work in this journal. I'm very happy to say that this time also our members and students made more than 70% contribution to the journal by sending their articles.

This time also the issue became a reality due to the great support we received from the administration and the unstinted support from the authors as well as peer reviewers. I take this opportunity to express our gratitude to the editorial board members for their ongoing commitment to the standards to which the journal aspires. We are glad to say that our panel of reviewers consists of PhD holders representing most of the State universities in Sri Lanka.

We hope to be able to bring about gradual changes in the near future for a successful indexation and more importantly, for further progress of the journal.

We very much look forward to strengthening the reputation of our publication, and we want to attract more higher-quality submissions. I hope our readers and patrons share a similar vision, and we look forward to a productive, challenging and successful 2019 ahead. In the spirit of continuous improvement, any constructive input on streamlining our processes is very welcome.

Wish you happy reading!

Yours sincerely

**Prof. Prasadini Gamage**

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***Editor –in-Chief***

# **ANTECEDENTS OF EMPLOYEES' INTENTION TO LEAVE**

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## **ABSTRACT**

*Intention to leave among machine operators in the apparel industry in Sri Lanka is a dynamic phenomenon that is being vicariously explored presently. However, an excessive degree of inconsistencies among the findings of previous studies calls for researchers to explore more concrete theory to explain the phenomenon of employee intention to leave. Thus, the purpose of this study is to identify the antecedents of employee intention to leave among machine operators in the Apparel industry in Sri Lanka. In the light*

*of the extant literature, five independent variables namely promotional opportunity, supervision, welfare facilities, pay management and work-life balance were identified so as to assess the impact made upon on intention to leave. The sample was derived from 152 machine operators form a leading Apparel firm operating in Sri Lanka. Self-administered questionnaires were used to collect the data. Multiple regression analysis was used to test the hypotheses. Findings reveal that promotional opportunity, supervision, and welfare facilities significantly explain the machine operator's intention to leave. Findings would be beneficial to the management of the apparel industry to design appropriate strategic interventions to effectively manage the critical issue of intent to leave among machine operators.*

**Keywords:** Intention to leave, Apparel industry, Machine operators, promotional opportunity, supervision, welfare facilities, pay management and work life balance

## **Introduction**

Employee intention to leave is identified as a serious human resource management issue as it generates detrimental effects for both organizations and employees (Ahmad et al., 2017; Apostel, at al., 2017; Li, et al., 2017; Rizwan, 2014). The effect of employee turnover intention has received enormous consideration by top management and by industrial professionals globally (Park, & Shaw, 2013). Employee intention to leave is identified as the initial stage of employee turnover. Employee turnover is very crucial to the organizations and their consequences to the organizations are intangible and not easily measured (Mohammed, et al., 2016). Moreover, turnover intention is

directly associated with the lower productivity of the organization (Chieduet al., 2017) occurrence of large expenses (Al Mamun, & Hasan, 2017; Waldman, et al., 2004), and deteriorated overall organizational performance (Hancock et al., 2013; Msafiri, 2013). In a contemporary business context, employee retention is being in the top of the prioritized list of the company considerations and they are aiming at lowering the employee turnover ratio (Heavey et al., 2013). Thus, higher the employee turnover, organizations have to invest substantially on induction, training, developing, maintaining and retaining employees mainly to minimize rotation of employees between organizations (Anvari et al., 2014). In order to develop strategies to minimize employee turnover, it is necessary to identify the driving forces of employee turnover. Being employee turnover a serious problem there are so many studies have been implemented to investigate this issue worldwide (Kim, & Kao, 2014; Rizwan, 2014). These studies mainly focus on exploring antecedents and consequences of employee turnover intention. Considering antecedents, different factors namely individuals; organizational, environmental influence on employee intention to leave (Eby et al., 2013; Rubenstein et al., 2017; Wambui, 2012).

Factors affecting on employee intention to leave has been considerably under grown universally in many countries. Such researches are prompted from South Africa, (Monama, 2015), Switzerland, (Staffelbach, 2008), and from the United States, (Medina, 2012). However, turnover intention among employees in developing context (Sri Lanka) is not well explained as relatively few studies (Chathurani & Sangarandanya, 2008; Liyanage, & Galhena, 2012; Wickramasinghe, 2011; Wickramasinghe, 2010) have conducted and the findings are not consistent. Further, it is challenging to generalize the findings of the developed context to the developing context (Sri Lanka) as these two contexts differ in terms of organizational culture, employees'

perception, economic and technological aspects. Further, Trigo (2012) contend that perception towards the employee turnover and level of employee turnover has differed with relative to the various countries such as the US, European, and Japanese, China and etc. Thus, it is imperative to explore antecedents of intention to leave in Sri Lankan context, as it leads to obtaining a clearer sense of the phenomenon. Thus, the purpose of this study is to identify the factors influence intention to leave among employees in Sri Lankan Context. In order to achieve the objective of the present study, the apparel industry has taken in a research context while machine operators are considered as the respondents. As apparel industry in Sri Lanka remain competitive through increased productivity and improve quality, contribute to the livelihood of 1.2 million people, and generate more than 300,000 direct employment (Central Bank, 2016), the present study chooses apparel industry in Sri Lanka as a research context. However high labor turnover among operational level employees (machine operators) is the main challenge facing the Sri Lankan apparel industry over decades (Hewamanne, 2017). These inspire the researcher to select machine operators as the respondents.

## **Research Problem**

Intention to leave has become momentous phenomena and the majority of garment factories in Sri Lanka are experiencing a high rate of labor turnover ratio and it becomes a critical problem to maintain their competitive advantages (Liyanage et al., 2014; Thushari, 2008). Most of the garment factories are facing series of labor turnover issues such as poor quality, low productivity, uncompleted customer orders as a result of high turnover intention of workers (Athukorala, & Ekanayake, 2017; Hewamanne, 2017). Hence identification of factors mainly lead to turnover intention in Sri Lanka is important to get rid of the many labor-related issues. In order to analyze this phenomenon, it was

selected a well-reputed garment manufacturing company which is severely affected with the employee turnover. It has recorded an average turnover ratio of 5% in the last six months. Table 1 shows how the company that is selected for this study has influenced by the turnover issue and it is recorded a 2.9% turnover in the year 2012 and then slowly moving upward year by year. In the year 2013 turnover ratio was 3.3% and it reached up to 3.7% in 2014 and again it is recorded the highest turnover ratio of 4.6% in 2015. Accordingly, there is a high labor turnover issue among machine operators with the continuous increase in turnover intention year by year. This increasing trend of employee turnover leads to increase employment cost as an organization has to incur the same cost repeatedly in recruiting, induction, training of employees to replace the vacant positions that created due to a high degree of employee turnover. Thus, it is vital to know the significant factors influence employee turnover intention to manage this issue efficiently and effectively. Based on the above problem statement the research question of this study is which factors determine the machine operators' turnover intention in the Sri Lankan apparel industry?

*Table 1: Turnover Ratio*

Year	2012	2013	2014	2015
Turnover Ratio	2.9	3.3	3.7	4.6

*Source: Company turnover report*

## **Literature Review**

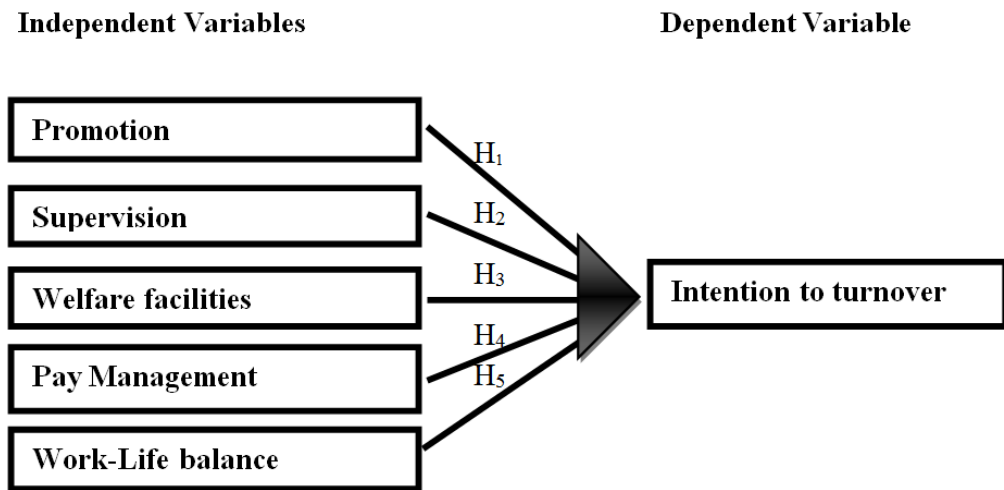
### **Intention to leave**

Intention to leave which is the phenomenon of interest in the present study refers to perception to leave the existing organization and find a job vacancy elsewhere (Purani & Sahadev, 2007). There are similar terminologies that have interchangeably been used with the intention to leave. These terms include turnover intention (Cohen et al., 2016; Galhena & Liyanage, 2012), intention quit (Ching et al., 2016; Firth., 2004). As the most widely used term among extant literature is the intention to leave, the present study use intention to leave to denote the dependent variable of the study. Intention to leave is basically fallen within employees' evaluation and perceptions of job alternatives (Allen et al., 2003). Intention to leave a job has been identified as the immediate precursor to actually leaving (Madina, 2012).

### ***Antecedents of employee intention to leave***

Main research question aiming to address in the present study is which factors explain the machine operators' turnover intention. In order to identify the key determinants of employees' intention to leave, the extensive literature review was carried out. It is found that intention to leave has been widely studied across a broad spectrum of industries and employee groups (Kao, & Chang, 2016; Joo et al., 2014; Moon & Han, 2011; Yanchus et al., 2017). Through the extensive literature review, the following research model illustrated in Figure 1 was developed.





*Figure 01: Research Model*

## **Development of Hypotheses**

### **Promotions potentials**

Promotion is the granting advancements for the employee regarding the company position or job tasks or to a better job (Opatha, 2012). As a result of the advancement of the job position, employees are receiving enhanced responsibility, improved prestige or status, an increased amount of salary payment and it is also needed greater skill (Dressler, 2016). Employees are willing to have promotions because they are indirectly receiving that greater responsibility, improved status and, increased salary, so that the employees who have promoted or are to promote, are having less possibility to leave the relevant organization. Moreover, promotion is directly affected to enhance the satisfaction of the job and there is a strong relationship between promotion and job

satisfaction (Kosteas, 2011). Employees do not desire to work on long-term basis when there are uncertain promotion opportunities (Yan & Baum, 2006). Considering the given facts the present study claims the following hypothesis.

**H1:** Promotion opportunities availability is negatively related to the employee intention to leave.

## **Supervision**

Supervision of employees is the main task of supervisors of an organizational front line, who should directly report to the managers. For any organization to be a success it is very important to have a better supervision on employees. The supervisor is having a very high and immediate influence on employees because they are affecting promoting, layoff, suspend, reward, discharge, transfer, evaluating and much more other. Thus, with the proper exercising of good supervision, employees may be willing to continue within their organization. Further, employees are willing to stay in the organization, if managers show the interest and concern for them. If they have given a task that is suitable for them and if they know what is expected from them and if they are obtaining regular feedback and employee recognition programs, employees are more willing to stay in the organization (Robins & Judge 2017). High employee turnover rates have emerged from factors such as employee dissatisfaction with supervision (Monama, 2015). Thus, the following hypothesis can be developed.

**H2:** supervision style is negatively related to the employee intention to leave.

## **Welfare facilities**

Welfare facilities are broadly classified into two categories such as statutory and non-statutory welfare schemes. Statutory schemes are essential to provide as to compliance to the laws and these include canteen facilities, drinking water, proper and sufficient lighting, facilities for sitting, changing rooms, first aid appliances, latrines and urinals, washing places, spittoons, restrooms. Non-statutory welfare facilities are referred to facilities such as personal health care, flexi-time, employee assistance programs, harassment policy, employee referral scheme, medical insurance scheme (Tiwari, 2014). Efficiencies of the welfare facilities in which they are working can be influenced to turnover intention

If the organization has supplied adequate and enough welfare facilities such as washing, resting, changing, canteens and drinking facilities properly, employees are showing high loyalty towards the organization (Opatha, 2012) and there is lowered rate of turnover because employees are having good health and safety conditions and also as a result of being time efficient, to get rid of trouble and cost and to reduce the physical difficulty (Lee, 1995). High intention to turnover has resulted for the lowered level of physical, mental and social well-being of the workers (Kwesi, 2015). Considering the above conditions following hypothesis can be developed.

**H3:** existence of adequate welfare facilities is negatively related to the employee intention to leave.

## **Pay management**

Pay has been defined as the average compensation level delivered by the organization to its employees with relative to the compensation given by the competitors (Casico, 2010). Salaries and wages represent

the main sources of income for most people, and may also be taken as key indicators of a person's social standing or success in life (Mathis & Jackson, 2011). Pay has been identified as the most important motivating factor and the most common factor to encourage employees to stay and lowering the employee intention to turnover (Lussier & Hendon, 2014).

Compensation management is an organizational policy, implemented by an organization in order to gain high attainment by spending on organizational talent. A better company compensation management system especially should focus on its salary, bonus and stock options as well as other benefits in order to maximize employee payment and enhance the return of employees towards the organization and also this is highly helpful in maintaining a better image with relevant to the competitors. With such interventions organization can reduce the turnover intention as well as recruit properly qualified employees (Albattat and Som, 2013). Considering the above points following hypothesis can be developed.

**H4:** Attractive pay management scheme is negatively related to employee intention to leave.

### **Work-Life balance**

Work-life balance refers to the efficient balancing of job tasks and other activities important to employees such as family, community activities, voluntary work, personal development and leisure (Dundas, 2008). Status of perceived work-life balance is heavily influencing the satisfaction which in turn influences on their occupational attitudes such as job satisfaction, organizational commitment, and intention to leave the organization (Saltzstein & Saltzstein, 2001). Work-life balance has major impacts on the consequences of employee attitudes

not only towards their organizations but also for the employees' lives (Noor, 2011). Work stress generated from increased working hours leads to enhance the employee turnover intention (Jaramillo et al., 2006). Improving organization's work-life balance paves the ways not only to higher productivity but also to improved loyalty to the company and low level of employee willingness to leave the existing organization (Roehling et al., 2001). Thus the following hypothesis is postulated.

**H5:** Effective work life balance is negatively related to employee intention to leave.

## **Method**

Present study deploys descriptive research design as the study aims to explain the degree to which promotion, supervision, welfare facilities, pay management and work-life balance effect on employee intention to leave. As this study collected data from machine operators, the individual is considered as the unit of analysis of the study. Research context is the background, environmental factors, and setting that may affect the research process and the instructional outcomes of the study (Ghauri & Gronhaug, 2002). The context of the present study is the apparel industry in Sri Lanka. It is very important to consider the apparel industry as-a major contributor to the income in Sri Lanka and is a dominant source of exports and foreign exchange and also its employment effects are also very significant. As collecting data from all the firms was challenging, the present study selected a well-reputed garment manufacturing company operating in Sri Lanka. The reasons for selecting this company is that it has a number of plants, about five, formed island wide and operated since few decades in Sri Lanka. Further, the firm is currently employing with a large number of cadre at

about 8000 employees as machine operators and also having the daily production capacity of 50000 pieces.

The population consists of every individual case that possesses the characteristic that is of interest to the researcher (Zikmund et al., 2010). The population of the research is identified as machine operators working on the selected well-reputed garment manufacturing company. In order to understand the influence of the factors on intention to leave, a sample of 200 respondents was asked to participate for a self-administered questionnaire who are working on the selected garment manufacturing company from which 152 questionnaires were returned having filled. Because of the large number of population, it has to go for probability sampling and used the sampling technique of simple random sampling in order for drawing the sample. Current employee registration was considered as a sample frame to choose the respondents. The questionnaire mainly comprised of three parts which discussed the demographic factors, determinants of intention to leave, and turnover intention.

## **Results**

Sample composition of the study was first examined and results are shown in Table 2. Concerning gender distribution, it revealed that many of the machine operators are represented by the female (N= 92). Considering the marital status, 57% of machine operators are married. Further, 90% of respondents have obtained O/L and A/L qualification. With respect to the age distribution, 50% are within the age group of 18-30 years. Moreover, 45% of respondents are having less than 5 years of experience and 46% of the sample has worked in similar organizations elsewhere.

*Table 2: Sample Composition*

Age	Frequency	Percent
Male	60	39.4
Female	92	60.6
Marital status		
Married	87	57.2
Unmarried	65	42.8
Education		
O/L	77	50.7
A/L	60	39.4
Diploma Level Programs	15	9.9
Age		
18-30	77	50.7
31-40	54	35.5
41-55	21	13.8
Work Experience		
0>5	69	45.4
6>10	42	27.6
11>20	41	27.0
Whether worked in similar organization		
Yes	71	46.7
No	81	53.3

In order to establish the reliability of the data, the Cronbach Alpha values were tested and the results are shown in Table 3. All the variables meet the threshold values of 0.6 confirming the internal consistency of the measures. Consequently, correlations among variables were tested using person correlation and results are shown in Table 4.

*Table 3: Reliability of the measures*

Variables	Cronbach's Alpha	Number of Items
Promotion opportunities	.612	7
Supervision	.774	5
Welfare Facilities	.626	7
Pay management	.924	6
Work life balance	.697	7
Intention to leave	.869	6

*Table 4: Correlations, Means and standard Deviations*

	Mean value	SD	IT	PM	SP	WF	PM	WLB
IL	3.34	1.03						
PR	2.59	1.03	-.653**					
SP	2.54	0.96	-.640**	.394**				
WF	2.34	1.01	-.628**	.474**	.490**			
PM	2.42	0.99	-.680**	.621**	.409**	.506**		
WLB	2.33	0.96	.579**	.423**	.396**	.279*	.476**	

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

\**. Correlation is significant at the 0.05 level (2-tailed).*

## Testing of Hypotheses

Hierarchical Regression analyses were run to test the Hypothesis. Regression analysis is used to examine the relationship among a dependent variable and a set of independent variables by targeting a sample (Ding, 2006). First regression analysis results were derived only with the control variables and results are shown in Table 5. As indicated in Table 5, the regression model only with control variables shows the  $R^2$  value of 0.43 with significant F value ( $p=0.002$ ). This emphasizes that control variables in the model explain 43% of variation



on employee turnover intention. Model 2 that include control variables and independent variables reported  $R^2$  value of 0.81 with significance F value ( $p = 0.00$ ). This reveals that variation in independent variables explains 81% of variation on employee intention to turnover. Moreover, when it is added the independent variables to the model,  $R^2$  value is increased by 0.38.

When analyzing the five independent variables, the significance values exceed 0.05 for the two variables of pay management and work-life balance, thereby proving that these two factors do not have a significant impact on employee intention to leave. Thereby, those two hypotheses would be rejected. Since the magnitude of the Beta value is higher for the independent variable of promotional opportunity, it could be assumed that this is the most significant factor impacting on the variance of the dependent variable.

*Table 5: Regression analysis results*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	SE				B	SE			
Constant	4.504	.748	-	6.022	.000	6.105	.484	-	12.61	.000
Gender	-.397	.209	-.191	-1.897	.062	-.256	.130	-.123	-1.96	.054
Marital Status	-.558	.230	-.271	-2.421	.018	.231	.153	-.112	1.51	.136
Work Experience current position	-.152	.030	-.709	-5.108	.002	-.137	.777	-.127	-1.78	.080
Work experience in similar organization	.288	.196	.141	1.469	.147	-.076	.020	-.356	-3.81	.000
Age	.022	.017	.169	1.299	.198	.014	.011	.106	1.33	.168
Education	.128	.154	.083	.836	.406	.030	.094	.019	0.31	.753
Promotion	-	-	-	-	-	-.278	.079	-.280	-3.53	.001
Supervision	-	-	-	-	-	-.272	.075	-.253	-3.63	.001
Welfare	-	-	-	-	-	-.152	.074	-.149	-2.05	.045
Pay management	-	-	-	-	-	-.116	.088	-.112	-1.32	.192
Work life balance	-	-	-	-	-	-.137	.077	-.127	-1.78	.080
Adjusted R <sup>2</sup>	0.435					0.811				
F	.002					.000				

## Discussion

Hypothesis 1 claims that there is a negative relationship between promotion opportunities and turnover intention. Present study found empirical support for this hypotheses ( $b = -0.280$ ,  $p = .001$ ). This means that when employees see there is an adequate promotional opportunity they are willing to stay in the organization for a longer period. Thus hypothesis 1 is accepted. Kosteas (2011) & Hai-Yan and Baum (2006) contend that promotion is a significant predictor of employee intention to Turnover. Concerning the results of the present study, it revealed that

promotion has a significant negative influence on employee turnover intention. Thus, the results are consistent with the previous studies.

Hypothesis 2 postulate supervisory style and employee turnover intention is negatively related. Present study found empirical support for this hypotheses ( $b = -0.253$ ,  $p = .001$ ). This means that when an employee experiences a high degree of supervisory support, they are willing to stay in the organization itself. Thus hypothesis 2 is accepted. Tlou (2015) found that there is a negative relationship between employee turnover intention and supervision. Thus, in line with the extant literature, present study too found empirical support for the relationship between supervision and employee turnover intention.

Hypothesis 3 claimed that welfare facilities are negatively associated with turnover intention. This study found statistical significance result for this relationship ( $b = -0.149$ ,  $p = .045$ ). This suggests that when employees are entitled to adequate welfare facilities, they are more likely to retain the organization vice versa. Thus hypothesis 3 is accepted. Tawiah (2015) stated employee intention to turnover is highly influenced by welfare facilities. Consistent with the previous studies, present study too found statistically significant results of the relationship between welfare facilities and turnover intention of the machine operators.

Hypothesis 4 proposes that pay management practice is negatively related to the turnover intention. Ghosh et al., (2013) mentioned that pay has been identified as the most important motivating factor and the most common factor to encourage employees to stay. As per the literature review, there is a negative relationship between the pay management and employee intention to turnover. However, the present study did not find empirical support for the relationship between pay management and turnover intention ( $b = -0.112$ ,  $p = .192$ ). Thus

hypothesis 4 is not supported. Most probably it may be the reason that most of the people, nearly 60%, of the research sample are representing females and females may have less concentration on matters regarding payments. For an example, they may be in a less need for a higher salary. Further exceeding the percentage of 89, are only with the O/L and A/L education levels, thus they may have less concern for higher salaries causing the lower educational qualifications.

Hypothesis 5 claim that work-life balance is negatively associated with the turnover intention. Lee, Dai, Park, & McCreary (2013) stated that there is a significant negative relationship between work-life balance and employee intention to turnover. Contradicting to the extant literature present study did not find significant results for the relationship between work-life balance and turnover intention ( $b = -0.127$ ,  $p = .080$ ). Thus hypothesis 5 is not supported. The reason affected for the insignificance findings may be the matter that there are more than 50% of young people of the age group of 18-30 years and normally they are having fewer family responsibilities. And also with exceeding 42% of unmarried people also may considerably have influenced on making the sample less concern on work life balance.

## **Implications**

The aim of the study is to identify significant factors that explain the variance of employee turnover intention. Based on the regression analysis the study found that promotion opportunities, supervision, and welfare facilities significantly influenced the turnover intention among machine operators. However, pay management and work-life balance were not identified as significant factors for explaining employee intention to leave.

Employee turnover is considered as a major cost area from the organization point of view. Employees with high intention to leave are less efficient and much dangerous to the organization (Glebbeek & Bax, 2004). The results of this research help to the management to maintain a lower turnover rate, because promotion, supervision, and welfare facilities are directly linked with the employee intention to turnover according to the research findings. Thus, the management can take the following actions to reduce employee turnover intention.

This research proves that decent conditions in promotion, supervision and welfare facilities reduce employee turnover intention and they should be considered on their policymaking. Hence the promotion can be improved by management with the building up of clear promotion paths and grades, maintaining a fair selection for promotions, immediate promotions for top performers and by giving enough training and education programs for taking promotions. Supervision can be improved by appointing skillful supervisors who are knowledgeable about the employees' work and by exerting supervisors who are listening and caring employees and also management should facilitate the flow of formal and informal feedback on their work between supervisor and employee. Welfare facilities can be improved by maintaining good working facilities, canteen facilities, cleaned workplace and by implementing welfare programs by the own willingness of management, before asking by employees.

### ***Limitations and Future Research***

A major limitation of this research is the limited sample size of respondents. Though the researcher intended to collect responses from a sample size comprising of at least 200, due to the poor response rate, was forced to settle for only 152 responses. If the sample size could have expanded beyond this, more vigorous results could have been

obtained, which could have been generalized in a broader manner. With regard to the context of the sample derived, the researcher was limited to using only one company in the apparel industry within Sri Lanka. Thus, it is challenging to generalize the findings to the whole industry.

A major issue in terms of the research design was the cross-sectional data collection carried out by the researcher. That is, the data was collected only in one instance. Turnover intention is a phenomenon that could change over time. Theories dealing with social sciences have a tendency of changing with the progress of time. Ideally, in order to get a reliable output, the collection of data should have done over a particular time span. Yet another similar limitation was in terms of the data collection tool used by the researcher. Only self-administered survey questionnaires were used to collect data from the sample group. If multiple tools were used to collect data, it would have been easier to statistically prove the findings. At the same time, the very same survey paper was used to collect data on both the dependent variable as well as the independent variables. The research model used by the researcher also comprised of only five independent variables so to define and explain the variance of the dependent variable of intention to leave. There could be much more significant factors omitted by the researcher when designing the conceptual model.

As future research implications and directions, impending researchers could expand the sample size, as a start. With the expansion of the target population size, it would be easier to generalize the findings and the output received would be much more vigorous. Without limiting to only survey questionnaires, future researchers could use multiple data collection methods such as coupling the self-administered questionnaires with interviews and focus-group discussions, so as to derive much more in-depth information from the sample set. Different modes and methods could be appropriately applied to collect data on

the dependent variable and the independent variables separately. Even from a practical perspective, it could be a bit challenging, it is always advisable to opt for longitudinal data collection methods rather than sticking to cross-sectional data collection. That is, the data could be collected at various points in time so that the changes in the responses over time could be identified.

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# **PSYCHOLOGICAL CONTRACT AND JOB PERFORMANCE OF AUDIT TRAINEES OF SELECTED INTERNATIONAL AUDIT FIRMS IN SRI LANKA**

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## **ABSTRACT**

*Even though the impact of psychological contract to several job related outcomes is well documented, less attention has been drawn to check the relationship between psychological contract and job performance, especially in the Sri Lankan context. The main purpose of this study is to identify whether there is a positive relationship between the contents of the psychological contract and job performance of audit trainees who have engaged in international audit firms. Further, the current study was designed to identify the relationships of transactional contract and relational contract on the job performance of audit trainees. This is cross-sectional descriptive research in nature. A standard questionnaire was used to collect primary data through a survey. The respondents were the audit trainees those who are working for international audit firms, selected from four international audit firms operating in Sri Lanka. Descriptive statistics, t-tests and one-way ANOVA was used to analyze the data and to make conclusions.*

*Findings discovered that the contents of a psychological contract have a significant positive relationship with the job performance of audit trainees. Further, it was revealed that both transactional and relational contracts also have positive relationships with the job performance of audit trainees in international audit firms. Finally, it is concluded that psychological contract has a strong positive significant relationship with audit trainees' job performance and further, it is concluded that the relational contract has a major impact on the job performance of audit trainees than transactional contract. It is suggested that audit firms may address the requirements and expectations of the trainees in order to attain high performance. Cross validation of the findings of this study to be done in different industries and cultures comparatively a bigger sample in these subsequent studies are recommended, which will add more insights to the substance of the present study.*

**Keywords:** Psychological contract, Transactional contract, Relational contract, Job performance

## **Introduction**

Growth and profitability are the ultimate objectives of any organization. Better performance of the employees will drive the organization towards high profits and growth. At the same time, the poor performance of the employees will be a destructive element for the success of organizations. Therefore, the entire performance and the reputation of any organization is in the hands of its employees.

Job performance indicates many of the important aspects which depend on the company's expansion, growth and production. If a company possesses a healthy and good workforce with good working conditions, it will result in steady production, reduces the risks and injuries etc. Job

performance can assess whether the employees are performing their jobs well. Even though this is an individual- level variable, it is the foundation for any organizational outcome and success. Generally, the job performance is a work related activity which an organization expects from an employee and how well such an employee executes the expected activities.

Performance can be defined as an activity that an individual is able to accomplish, or, an assigned task by utilizing the available resources (Gupta & Chandwani 2014). According to the International Auditing and Assurance Standard Board (2016), financial auditors are working as assurance providers regarding the financial position and performance of organizations. And also, it is the responsibility of auditors to perform audits while maintaining the quality when issuing assurance reports which are based on sufficient and appropriate audit evidence (Sri Lanka Accounting and Auditing Standards Monitoring Board 2014).

The Accounting and Auditing environment in which these organizations operate is dynamic and it is subjected to changes. Therefore, organizations will not be able to survive only through good technology or with good training and development programs. Thus, a high emphasis on effective performance of employees is needed. Because employee performance is the only thing that cannot be copied by other competitors and which leads towards competitive advantage. The competitive advantage of an organization in the fierce market is directly determined by the performance of employees. Further, it impacts on the long-term development of the organization.

When an employee joins with an organization, a variety of paper contracts will be signed where both the individual and the organization build expectations of each other. However, the majority of the employees will not realize that they are also forming unwritten

contracts with employers. And also, when new employees are recruited, the organizations have expectations regarding their contribution to the organization. Though these expectations for both the employees and employers involve matters such as duties and responsibilities to be performed within the position, skills, and knowledge to be used etc. This is recognized as the psychological contract, which emphasizes the unwritten agreements formed between the employer and employee. Aggrawal & Bhargava (2009) cited evidence from Rousseau, (1989) and stated that the psychological contract means the relationship between the employer and employee in terms of unwritten expectations. According to Patrick (2008), studies have indicated that employees with a healthy psychological contract work more efficiently even with less supervision. The psychological contracts which are more flexible have fewer violations. A strong psychological contract results in voluntary commitment from the employees. It leads to more consistency and fulfillment compared to the results obtained by forcing. Further, it motivates employees to comply with the contract.

Cavanaugh & Raymond (1999) stressed that psychological contracts may vary according to the basis of the degree to which they are transactional versus relational in nature. According to Cavanaugh & Raymond (1999), the transactional element comprises with specific, short-term and monetary obligations which do not require a high involvement by the organization and employee (e.g. organizations are paying for the employees regarding the services provided by them). The relational component which encompasses broad and long-term obligations will be based on the exchange of socio-emotional aspects (e.g. commitment and trust). Literature provides evidence that employees and employers often have different perceptions regarding what the organizations owe them (Aggrawal & Bhargava 2009). In this context, the perceptions of employers and employees result in

perceived contract breach, which has deleterious effects on employee attitudes and behaviors (Aggrawal & Bhargava 2009).

This study focuses on a special reference to international audit firms operate in Sri Lanka. Generally, auditors are performing a significant role in the commercial sector but in a silent form. There are four major global audit firms identified as “big four global audit firms” which are providing professional services for all over the world (Hudson et al. 2014). According to the Institute of Chartered Accountants Sri Lanka (2017) there are 144 audit firms in Sri Lanka and among them, few audit firms are operating as international audit firms by partnering with global audit firms.

### **Problem Statement**

In Sri Lanka, all the limited companies need to be carried out a statutory audit annually by professionally qualified auditors as per Companies act no 07 of 2007. There are about 10,500 registered companies in Sri Lanka (Department of Registrar of Companies Sri Lanka) and among them, according to Colombo Stock Exchange (2017), there are 296 listed companies which represent 20 business sectors. All the external audits of these 10,500 companies need to be done by 144 audit firms in Sri Lanka. As a practice, listed companies are audited by international audit firms, due to the limitations of resources. As a result, each and every international audit firm has to provide major assurance service for a large number of large-scale companies. One of the most critical problems faced by every audit firm is to uplift the employees’ (trainees’) performance in order to attain a high level of productivity and competitive advantage. It seems that the trainees play a vigorous role in completing audits. Therefore, there should be an effective psychological contract between employers and these employees (trainees). Unless it is difficult to retain competent

employees and it will negatively impact on employee performance and ultimately on the entire company's performance as well.

There are many factors affecting employee job performance. Among them, as this study emphasizes how psychological contracts effect on employee job performance. In the Sri Lankan context, there were minimum studies conducted relating to this problem area. Therefore, it is important to pay attention to this matter in order to enhance the performance of the employees.

As the accounting and auditing environment subjects to changes, organizations need to attain a high competitive advantage. The most fundamental thing to achieve such an advantage is none other than its employees. To do that, employers have to maintain an effective psychological contract. Therefore, this study focuses on finding out *what is the Impact of the Contents of Psychological Contract Has on Audit Trainees' Job Performance in the Sri Lankan Context*. It highlights numerous strategies that an organization can adopt to improve the employee job performance.

## **Objectives of the Study**

### ***General Objective***

The overall objective is to examine whether there is an Impact of the contents of the psychological contract on audit trainees' job performance.

### ***Specific Objectives***

Further, this study endeavors to achieve the following secondary objectives;

1. To find out the impact of the transactional contract on audit trainees' job performance.
2. To find out the impact of the relational contract on audit trainees' job performance.

### **Literature Review**

Job performance is known as the directories which are used to evaluate employees in terms of the consumption of control activities and effective operations towards achieving organizational goals (Chi et al. 2008). There is a myth that the term performance is same as the productivity. But they are two distinct concepts (Jarad et al., 2010), where productivity is a ratio expressing the capacity of work and performance is larger and advance indicator that may be in terms of quality, consistency, and other factors including productivity (Ricardo & Wade (2001) and cited in Jarad et al, (2010)).

Auditors' job performance seems more important as it influences the audit quality which may cause accounting and auditing negligence frequently that may affect the profession of auditing and the general public (Kalbers & Cenker (2008) and cited in chia et al, (2013)). Job performance of auditors can be simply described as audit quality and also audit quality can be measured in several perspectives in terms of effectiveness and efficiency in conducting audit field works and decision making performance (McDaniel, 1990; Ashton, 1990 and cited

in Mohd,2011). According to Fisher (1995), it has been stressed that the role ambiguity and the role conflict leads to the lower performance of auditors and a reduction of job satisfaction. Consequently, he argues that the audit firms should take the required actions to reduce the role stress of auditors' work settings. Fisher (1995) cited evidence from Anderson, (1976); McGrath, (1976) and stated that a moderate level of stress drives the majority of auditors towards motivation for optimal performance. McNamara & Liyanarachchi, (2008), as cited in Alderman & Deitrick,(1982) have found that the proper performance of audit could be assisted by audit programs. The audit program is a comprehensive summary which includes the relevant work which has to be carried out at any given audit assignment.

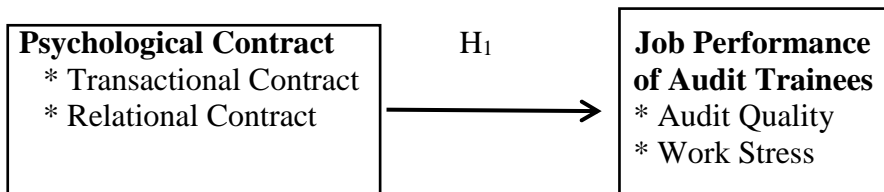
Employees are the most important and the unique resource in any organization which can be mixed with other resources in order to attain sustainable growth. Therefore, all the employers should give proper attention to their employees and should keep a good relationship with them as the employees will have a sense of belongingness and they may feel that the employer values them. However, if the employer fails to do so, then the employees will think that why should they give their maximum commitment to the organization. It seems that the employees are mentally bound with their employers. This unwritten mental binding is called as "Psychological Contract". According to Rousseau (1989), Psychological contract is a belief of employees in a reciprocal obligation among organization and its employees. Further, such contract becomes an essential element of the relationship between employee and employer as it affects the job outcomes. Psychological contract plays an important role in helping to understand and define the contemporary employment relationship. (Tyagi & Agrawal, 2010). Ballou (2013) cited evidence from Hess & Jepsen (2009) and stated that the development of a psychological contract starts with subjective viewpoints which are held by job applicant and are predicted by the



belief that there will be reciprocity when the job applicant is hired. Rahman et al, (2016) cited evidence from Beardwell & Claydon (2007) and stated that psychological contracts are a particular persons' beliefs which are formed by the employer for the unwritten terms and conditions of an agreement. Aggrawal & Bhargava, (2009) cited evidence from Rousseau & Parks, (1993) and stressed that the psychological contracts can be categorized into four categories at an aggregate level based on its strength generality. They are,

- ***Transitional Contracts-*** These contracts are close- ended, specific, static and narrow in scope. Employees with this type of psychological contract are expecting more financial and material exchanges and they have a short-term commitment to their obligations
- ***Transactional Contracts-*** Transactional contracts indicate the obligations more towards the economic side and they are highly emphasizing remuneration as well as other short-term benefits of the employees.
- ***Balanced Contracts-*** Balanced contracts are the open- ended and relationship oriented contracts which are subjective to change with the time.
- ***Relational Contracts-*** Relational contracts are open- ended membership with incomplete or ambiguous performance requirements attach with continued membership. When compared with transactional psychological contract, the employees who possess with a relational contract may perceive that there is more to the relationships with their employers than the economic exchange.

## Conceptual Framework



*Figure 01: Conceptual Framework*

*Source: Author, 2017*

The study considers the contents of the psychological contract as the independent variable and job performance as the dependent variable. Transactional contract and the relational contract are considered as the dimensions of the psychological contract, and audit quality and tolerating stress is considered as the dimensions of job performance. The conceptual framework of the study is shown in figure 01.

## Advancing of Hypotheses

Having considered to the evidence supported by the literature, following hypotheses have been advanced by the researcher.

**H1 :** There is a positive relationship between the contents of the psychological contract and employee job performance

**H1a:** There is a positive relationship between transactional contract and employee job performance

**H1b :** There is a positive relationship between relational contract and employee job performance

## **Overall Research Design**

This study is named “The impact of the contents of psychological contract on job performance” with a special reference to audit trainees at international audit firms in Sri Lanka. This is a quantitative type of study which tries to find out the solution for the research problem of “What impact does the contents of a psychological contract have on the job performance of audit trainees?” Since this study tries to find out the formulated hypotheses and the established relationships in the research model, this would be considered as explanatory research. Further, the study is a descriptive study which explains the relationships between the variables. Mainly, the research describes the data and characteristics and further, it studies the averages, mean values, frequencies, and other statistical calculations. The research is based on a quantitative explanatory research design. Further, the required primary data have been collected at a single point of time and therefore, the study is a cross-sectional study. The interference of the researcher was minimum in the study. Unit of analysis was done at the individual level. The study has been conducted among 50 audit trainees from four international audit firms and the sample was drawn through convenient sampling. Data were collected through a pre- tested, standard questionnaire which has met the accepted standards of validity and reliability. Collected data were analyzed through SPSS. Further, frequency analysis, correlation test, and regression analysis have been used to analyze data in order to test the advanced hypotheses.

## **Data Analysis**

As the objectives set out, the study was conducted to check the impact of the contents of the psychological contract on job performance. The researcher conducted a cross – sectional survey and the primary data were collected through a questionnaire. Since the population is

unknown, a convenient sampling method has been used to collect primary data. The questionnaire was distributed among 50 audit trainees of four international audit firms. Forty four (44) out of fifty has responded to the questionnaire and all the responses were eligible for the purpose of analysis through SPSS. As such, it resulted in an 88% response rate out of the total sample.

According to the data collected, 52.3% of the total respondents were males. A significant portion of the sample consisted with degree holders. (It is approximately a 45.5% of the entire respondents). The second major portion of the sample was with a professional qualification. (i.e. either CA, ACCA, CIMA or AAT). only 11.4% of the total respondents were just after A/Ls. Approximately 52.3% of the total respondents were earning more than Rs.10,000. Also, 48% of the respondents were working with the current employer for 1-2 years.

### ***Reliability and Validity***

#### ***Validity***

Validity indicates the degree to which the tool measures what it is supposed to measure. It denotes the believability or credibility of the research

#### ***Validity of Transactional Contract***

According to table 01, it is visible that the KMO of transactional contract is 0.683 where the sig value is 0.000. Having a lesser KMO of 0.683 of the transactional contract does not mean that the sample is unaccepted. According to the reference given by Kaiser, such amount can be considered as “mediocre”. Therefore, this amount can be accepted.

*Table 01: Results of Transactional Contract*

*KMO and Bartlett's Test*

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.683
Bartlett's Test of Sphericity	Approx. Chi-Square	51.702
	Df	6
	Sig.	.000

*Source: Survey Data, 2017*

*Validity of Relational Contract*

Table 02 indicates that the KMO value of the relational contract is 0.849. also, the sig value is 0.000. having a KMO of.849 denotes that the obtained sample of the dimension is adequate enough.

*Table 02: Results of KMO Test- Relational Contract*

*KMO and Bartlett's Test*

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.849
Bartlett's Test of Sphericity	Approx. Chi-Square	231.560
	df	36
	Sig.	.000

*Source: Survey Data, 2017*

*Job Performance*

Table 03 shows that the KMO value of job performance is 0.801 at the significance of 0.000. since the KMO value falls above 0.7, it can be

said that the selected sample is adequate enough for the research proceedings.

*Table 03: Results of KMO Test- Job Performance*

***KMO and Bartlett's Test***

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Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.801
	Approx. Chi-Square	307.355
Bartlett's Test of Sphericity	df	55
	Sig.	.000

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*Source: Survey Data, 2017*

***Reliability***

Reliability of the variables is measured by the value of Cronbach's alpha. This measures the internal consistency of the variables. In simple, it shows how a set of items are closely related as a group. Further, it measures the correlations of various items on the same test. In most of the social science researches, an alpha value of 0.7 or above is considered as “acceptable”. Having considered that, the Cronbach's alpha coefficient of all the three variables of this study as shown in table 04 indicates coefficients of 0.779, 0.905 and 0.871 respectively, which designate that the items have a relatively high internal consistency.

*Table 04: Results of Cronbach's Alpha*

Variable	Cronbach's Alpha
Transactional Contract	.779
Relational Contract	.905
Job Performance	.871

*Source: Survey Data, 2017*

### ***Test of Linearity***

The linearity assumption has been tested with scatter plots. The scatter plots indicate how one variable is affected by another variable. In this research, the researcher made an assumption that there is a linear relationship between the contents of the psychological contract and job performance.

### ***Correlation Analysis***

Since the scatter plots indicate linear relationships, the Pearson correlations have been computed between transactional contract, relational contract, psychological contract, and job performance. Table 05 indicates that the Pearson correlations of transactional contract, Relational contract, and psychological contract are, .562, .704 and .686 respectively. The correlation coefficient of the transactional contract suggests that there is a significant moderate positive relationship between transactional contract and job performance. Also, the coefficient of .794 of the relational contract suggests that there is a significant strong positive relationship between relational contract and transactional contract. Ultimately, it suggests that there is a strong positive relationship between psychological contract and job performance as the correlation coefficient is .686, which is closer to .7.

As table 05 shows, the significant value (.000) is smaller than the desired level of significance. 0.01) at 99% confidence level, the resulted correlation coefficients, .562, .704 and .686 are statistically significant. As such, there is statistical evidence to claim that there are significant relationships between transactional contract, relational contract, psychological contract, and job performance.

*Table 05: Results of Correlation Analysis of TC, RC, PC and JP*

		Transactional Contract	Relational Contract	Psychological Contract	Job Performance
Transactional Contract	Pearson Correlation	1	.664**	.928**	.562**
	Sig. (1- tailed)		0	0	0
	N	44	44	44	44
Relational Contract Averge	Pearson Correlation	.664**	1	.894**	.704**
	Sig. (1- tailed)	0		0	0
	N	44	44	44	44
Psychological Contract Average	Pearson Correlation	.928**	.894**	1	.686**
	Sig. (1- tailed)	0	0		0
	N	44	44	44	44
JPAvg	Pearson Correlation	.562**	.704**	.686**	1
	Sig. (1- tailed)	0	0	0	
	N	44	44	44	44

\*\*, Correlation is significant at the 0.01 level (1-tailed).

*Source: Survey Data, 2017*



## ***Simple Regression Analysis***

### ***Simple Regression Analysis of Psychological contract***

According to table 10, it indicates that the slope of the regression of psychological contract is 0.686 which is significant. (Significance = .000) R square of the psychological contract is 0.471. It is commonly accepted a relationship is strong if the R-value equals or exceed 0.7 as the r-value of the psychological contract is .686, which is closer to .7, it can be said that the relationship between the psychological contract and job performance is strong.

***Table 10: Results of Simple Regression Analysis Psychological Contract***

<b>Method</b>	<b>Linear</b>
<b>R</b>	.686
<b>R Square</b>	.471
<b>Adjusted R Square</b>	.458
<b>F</b>	37.362
<b>Significance</b>	.000
<b>B – constant</b>	2.177
<b>Standardized Beta</b>	.686

***Source: Survey Data, 2017***

As per the results of a simple regression analysis shown above, the main hypothesis is accepted, consequently, the relationship is also positive. As such, the data support the hypothesis of there is a positive relationship between psychological contract and job performance. (H<sub>1</sub>: There is a positive relationship between psychological contract and job performance).

### *Simple Regression Analysis of Transactional contract*

According to table 11, the slope of the regression of the transactional contract is 0.562 which is significant. (Significance = .000). Having an R square of 0.316 indicates that the impact of the transactional contract on job performance is moderate. Also, it results in an adjusted R square of 0.300. The F value of the transactional contract is 19.401 where as the p-value is 0.000. As per the generally accepted rules, as the R-value of the transactional contract is less than 0.7 and more than 0.4, it can be said that the relationship between transactional contract and job performance is moderate.

*Table 11: Results of Simple Regression Analysis Transactional Contract*

Method	Linear
<b>R</b>	.562
<b>R Square</b>	.316
<b>Adjusted R Square</b>	.300
<b>F</b>	19.401
<b>Significance</b>	.000
<b>B – constant</b>	2.749
<b>Standardized Beta</b>	.562

*Source: Survey Data, 2017*

According to the evidence above, the first sub-hypothesis is also accepted, consequently, the relationship is also positive. The gathered data support that there is a positive relationship between transactional contract and job performance. (H<sub>1a</sub>: There is a positive relationship between transactional contract and job performance).

### *Simple Regression Analysis of Relational Contract*

According to table 12, it shows that the slope of the regression of relational contract is, .704 at the significance of 0.000. the R square and the adjusted R square are 0.495 and 0.483 respectively. The table indicates that the F value of the relational contract as 41.207 the R-value which falls above 0.7 indicates that the relationship between relational contract and job performance is strong.

*Table 12: Results of Simple Regression Analysis Relational Contract*

Method	Linear
<b>R</b>	.704
<b>R Square</b>	.495
<b>Adjusted Square</b>	<b>R</b> .483
<b>F</b>	41.207
<b>Significance</b>	.000
<b>B – constant</b>	2.040
<b>Standardized Beta</b>	.704

*Source: Survey Data, 2017*

Accordingly, the simple regression analysis of relational contract shown above provides the evidence to accept the second sub-hypothesis as well. And consequently, it also consists of a positive relationship. Data support the hypothesis that there is a positive relationship between relational contract and job performance. (H<sub>1b</sub> : There is a positive relationship between relational contract and job performance).

## **Findings, Recommendations and Conclusion**

### ***Key Findings***

The hypotheses were carried out using the results obtained from the Pearson correlation and regression analysis. As a whole, the results have proved that all the hypotheses concerned with a positive relationship. According to the descriptive statistics obtained, the relational contract was considered to be as the vital dimension of the psychological contract, as it resulted in the highest mean value of 3.5101. Simultaneously, the transactional contract was the second dimension which resulted in a mean value of 3.1705.

*Table 13: Key Findings*

Independent Variable/ Dimension	Dependent Variable	Hypothesis	Accepted/ Rejected
Psychological contract	Job performance	H <sub>1</sub> : there is positive relationship between psychological contract and job performance	Accepted
Transactional Contract	Job Performance	H <sub>1a</sub> : there is positive relationship between transactional contract and job performance	Accepted
Relational Contract	Job Performance	H <sub>1b</sub> : there is positive relationship between relational contract and job performance	Accepted

According to the study conducted by Rahman et al (2017), it was revealed that the psychological contract and work engagement consists with positive relationships with the contextual performance and job satisfaction of employees. Further, according to the study conducted by Lee (2012), it was found that the audit performance is better with relative performance contract than with profit sharing contract. Having considered that, it seems that the results of the current study agree with the results of previous studies, as the current study results with positive relationships between the independent variable (psychological contract), its dimensions ( transactional and relational contracts) and job performance. Also, the current results agree with the findings of Lee (2012) as it revealed that the audit trainees' job performance is better with the relational contract than with transactional contract.

The simple regression analysis proves that the transactional contract, relational contract, and psychological contract have positive relationships with job performance, which have been established with the strength of beta values of 0.686, 0.562 and 0.704 respectively.

### ***Recommendations***

According to the data analysis of chapter four, it was revealed that there is a strong positive significant relationship between psychological contract and job performance of audit trainees. As such, it is recommended that the audit firms address the requirements and expectations of the trainees in order to attain high performance.

Transactional contract of the current research was measured by the indicators of salary, other benefits, and equity. The results found that there is a moderate positive relationship between transactional contract and job performance of audit trainees. Having considered that, it is recommended to the HR departments of the audit firms to uplift the

awareness of transactional contract such as, to increase healthcare benefits, to provide fair pay in compared to the other employers in the similar industry, to provide adequate equipment to perform the given tasks, to treat all the employees in a fair manner and to have transparency in HR policies and practices within the organizations. (i.e the employees should be aware about of the determinants of their salary, and other benefits etc.)

Relational contract of the current research has been measured by the indicators of growth opportunity, work culture, and developmental opportunities. The results of data analysis revealed that there is a significant positive strong relationship between relational contract and job performance of audit trainees. As such, it can be further recommended that the employers could provide opportunities for trainees to develop their skills especially technical skills and soft skills), provide recognition for the accomplishments, job training, supportive co-workers etc.

### ***Limitations of the Study***

The study involves audit trainees from four international audit firms, and the sample was limited to 50 participants.

The generalization of the research was limited as the data collection was limited to audit trainees of four international audit firms where there are about 144 registered audit firms in the country.

The current research was limited to two dimensions of psychological contract (i.e. transactional contract and relational contract) where there are some other dimensions such as transitional contract, balanced contract etc.

Responses for the questionnaires may be wrong due to changing answers deliberately. The employees might not respond genuinely because of fear of mentioning ill of the organization. Also, some employees were unable to take time to read well and answer the questionnaire due to lack of time they had as a result of high work pressure.

The results of the study may not be accurate as the entire study depends on the personal views of respondents through the questionnaire.

### ***Conclusion***

Having considered all the factors enumerated in previous chapters, it can be concluded that there is a significant positive strong relationship between psychological contract and job performance of audit trainees. And further, it was found that relational contract is the most important dimension that affects the audit trainees' job performance than transactional contract. The main objective of the study was to examine whether there is an impact on the contents of the psychological contract on audit trainees' job performance. The results found that there is a significant impact of the contents of psychological contract on audit trainees' job performance. In addition to that, the study endeavored to check the impact of the relational contract on the job performance. The results also suggested that there is a moderate impact of the transactional contract on audit trainees' job performance. Further, the second specific objective, which was to check the impact of the relational contract on job performance has also been addressed by the results of the study. It also revealed that there is a significant impact of the relational contract on the job performance of audit trainees. As such, all the objectives (i.e. the main objective and the two specific objectives) are achieved.



It is suggested to future researchers to increase the extent of the industry, to increase the sample size and to add more dimensions of psychological contract in order to obtain clear and most accurate results.

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# **EFFECT OF EMPLOYER BRANDING ON EMPLOYEE RECRUITMENT: EVIDENCE FROM GENERATION Y UNDERGRADUATES**

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## **ABSTRACT**

*The current study was initiated with the objective of assessing the impact of employer branding on employee recruitment with reference to generation Y. Currently, as the potentials from generation Y are entering the job market, how their sense of brand-consciousness does influence the organizational context was assessed through this research. The current research was conducted as a cross-sectional quantitative field study among a sample of 2000 final year undergraduates randomly selected from six public universities in Sri Lanka. Primary data was collected from a standard questionnaire which has met the accepted level of validity and reliability.*

*Descriptive statistics, Spearman correlation coefficient, and simple regression were used to analyze the data and arrive into conclusions. It*

*is found that there is a significant-positive-moderate relationship ( $r=0.479$ ), and the impact of employer branding on recruitment ( $r^2S=58.5\%$ ) in the context of generation Y in Sri Lanka. Hence, it could be concluded that recruiting efforts of an organization can be manipulated via employer branding in the context of generation Y undergraduates. So that, it is recommended for Sri Lankan corporates to develop their own employer brand image which is sufficient to generate and retain the best and the competitive talent with the organization which in turn will generate sustainable competitive advantage in the industry and the market.*

**Keywords:** Employer branding, employer brand, recruitment, generation Y Undergraduates

## **Introduction**

Attracting the Best and the Brightest is vital for a company's survival and development since the Human capital is a valuable resource that does contribute for the organization success (Xie, Bagozzi & Meland, 2015). As the talent shortage has been increased within the global context to attract and retain the best talent for the organizations the "Employer Brand" has been significantly used by the organizations to achieve the competitive advantage in the long run (Theurer, et al., 2016)

Brotheringe & McFarland (2013) claimed that a favorable image for example being granted the award of the Best Employer Award will benefit the organization to attract the pool of talent. With the grown importance to the concept, the Businesses around the world have begun to improve in on building their employer brand or the Employee Value Proposition (EVP). Further, the Economist magazine notes that effective EVP management can bring home tangible benefits, including a 20 percent increase in the pool of potential workers, a four-fold increase in commitment among employees and a 10% decrease in payroll costs.



It is reported in the extant literature, that the Generation Y is more brand conscious and does consider about the brand in every activity that they perform in their life. Furthermore, it has been observed that the talented individuals tend to give up their current workplace and incline to join another organization even at a lower designation with the main concern of becoming a member of that particular organization. This does vary upon the individual perception as well in comparison to other generations.

Who consists of generation Y and in what aspect are they different from others? It is the generation born in the 1980s and 1990s, comprising primarily the children of the baby boomers and typically perceived as increasingly familiar with digital and electronic technology.

The previous research studies which attempted to establish the association between Employer Brand and Recruitment in different countries were found, but none of the studies were found which have been conducted in Sri Lanka. Hence, this research will help to bridge the gap in the context with more empirical validations in the future.

Hence, considering the above-mentioned situation, the problem statement of the current study is raised as follows.

*What is the impact of Employer Branding on the organization's Recruitment process in the context of generation Y undergraduates?*

The primary objective of the study is to identify the impact of the employer branding on the organization's recruitment efforts in the context of generation Y whilst the secondary objectives are: to identify the determinants of employer branding and recruitment and to identify the career aspirations of generation Y.

### ***Significance of the Study***

Accordingly, this research does address the impact of Employer Branding on the Employer Recruitment. Numerous researches were

conducted related to the Employer Branding analyzing its relationship with the retention, commitment and related to the productivity of the employees. However, only a few are being conducted in analyzing the impact on Employee Recruitment.

Hence, this study will be a platform for Sri Lankan corporates to identify the aspects that they must develop when they are formulating the 'Employer Value Proposition' or the 'Employer Brand' to attract more talent and gain the competitive advantage over the competition of attracting the best talent. As this study is based on the data gathered from the generation Y it will give an insight to the decision makers and the policymakers of the corporates to identify the changes of the attitudes or the opinions of the Generation Y than the Baby Boomers and they will be able to sharpen their strategies in a tactical manner in order to welcome generation Z who will be soon entering into the job market.

Hence, when considering the above facts, it can be concluded that this research study has a sound practical and policy implications for many stakeholders in the context which will possibly fill the lacuna in the extant literature as well.

## **Literature Review**

Dessler (2014) defined employee recruitment as a process of finding and/or attracting applicants for the employer's open positions. Also, recruitment which includes those practices and activities carried out by the organization with the primary purpose of identifying and attracting potential employees (Breaugh & Starke, 2000). Further, recruitment could be defined as organizational activities that affect the number and type of applicants who apply for open positions (Sivertzen, et al., 2011).

Simply, when considering the above facts that recruitment is attracting a pool of candidates for a position that is vacant within an organization.

Effective recruitment is important for an organization as it provides numerous benefits in the long run. To do the Effective Recruitment Dessler (2014) emphasized that employers require a proper brand to differentiate themselves and gain a competitive advantage.

Employer branding is a topic that does popular within the corporate world among the employers and as well as employees as a tool to attract and retain the human capital within firms. Hence, the employer branding can be considered as the intersection of the Human Resource Management and Marketing Management. Similarly, it is the prime approach for recruitment challenges.

Though the concept has evolved from decades, the importance for this area has enhanced currently in the knowledge-based economy where there's a shortage of skilled workers as it is more useful in attracting the best talent (Backhaus & Tikoo, 2004).

Ambler and Barrow (1996) the founder of employer branding, defines the employer brand in terms of the benefits calling it as “the package of functional, economic and psychological benefits provided by the employment and identified with the employing company”. Further, it was emphasized by the Ambler and Barrow (1996) that employees can maintain close relationships with employers through employer brand, just as consumers do with the product brands. Similarly, employer brand establishes the identity of the firm as an employer. It encompasses the firm's value system, policies, and behaviors toward the objectives of attracting, motivating and retaining the firm's current and potential employees”.

Employer brand targeted, long-term strategy to manage the awareness and perceptions of employees, potential employees, and related stakeholders with regards to a particular firm (Backhaus & Tikoo, 2004). Similarly, Arachchige & Robertson, (2013) claim that employer brand as the wholesome picture created within the employees and respective future employees' mind of the package of psychological, economic and functional benefits provided by employment and identified within a particular employer.

As identified by Backhaus & Tikoo (2004) the employer brand does differ from the product brand based on the two key attributes. One, the employer brand is employment specific characterizing the identity of the employers and two is employer brand does represent both to the internal and external parties whilst the product brand does concern on the external audience.

When bearing in mind the above evidence it is translated that, the employer brand as a portrait of psychological, economic and functional benefits of an organization that is reserved in the thoughts of the existing employees and potential applicants.

Social Identity theory can be described as “the extent to which people identify with a particular social group”. It will determine their inclination towards the group membership. Further, the Xie et al., (2015) cited evidence from Tajfel (1978) and defined social identity as that part of an individual’s self-concept which derives from his knowledge of his membership of a social group together with the value and emotional significance attached to that membership. In simple terms, social identity theory does emphasize the recognition that individual gains emotionally and socially when they obtain membership in a certain organization.

Social identity does constitute three parts namely cognitive, evaluative, and emotional components. The cognitive component is the cognitive awareness of one’s membership in the social group, which is the self-categorization. The evaluative component can be defined as the positive and negative value implication attached to the group membership. Simply it can be termed as group self-esteem. The sense of emotional involvement with the group or the affective commitment is the emotional component of the social identity theory (Ellemers et al., (1999) as cited in Xie et al., 2015)).

Backhaus & Tikoo (2004) mentioned that the social identity theory provides the additional support for the link between the employer brand and the recruitment. It does emphasize that humans tend to derive their identity through membership in certain social groups.

When referring to the above theoretical explanations the researcher can identify the social identity theory as a theory that provides the basis for which the individuals categorizing into different groups and how their self-esteem is built based on the impact that they gain by being a member of a particular organization.

Job market signaling also provides the foundation for this current study of employer branding. The job market does signal about the various aspects of the organization through the employer brand and it does help potentials to take decisions regarding their job.

Sending appropriate signals via the employer brand is one of the means that prospective employers can reduce potential employee information costs associated with the job information search as they do not need to invest in other sources (Wilden et al., 2010).

When determining the determinants of the employer brand the employer reputation, person-organization fit, and the job attributes does play a prominent role.

Employer reputation can be defined as job seekers beliefs about public's effective evaluation of the organization. The Empirical research claimed that the employee reputation does associate with the corporate reputation and the employer familiarity. Reputation also can be defined as a perceptual judgment of an organizations' past actions developed over a period of time (Jain & Bhatt, 2014). Simply the reputation is how well the society knows about the organization based on past actions.

Further, it can be stated that reputation is the symbolic aspect of the employer brand as it does indicate the aspects of the organization based on past actions. Higher the company reputation higher the employer brand which is popular among the job markets.

As the employer brand does communicate the reputation or the image of the company to the corporate world it could be considered that the

reputation does benefit the organization to attract the talent to an organization through the employer brand.

The individual identity or the personal identity is defined as the concept that an individual develops about themselves that revolves around the course of the life. The organizational identity was defined by the Albert and Whetten (1985) as the central, distinctive, and enduring characteristic of an organization. The organizational identity is another basis for employee identification with the organization. It raises the question of 'Who am I in relation to the organization?' (Witting, 2006). In simple terms, the individual identity is the uniqueness made for an individual whilst the organizational identity is how a firm is distinct compared to other firms in the industry.

The person-organization fit shows the compatibility between individual identity and organization identity and it does have a positive impact effect on the job choice decisions. Through the Employer Branding, the characteristics within the organization should be effectively depicted in the process of attracting the potential candidates to the organization as the job applicants will try to evaluate whether the organizational identity will match their identity through the information that is accessible to them. As the Employer Branding is an effort of socialization, it should build up the organizational identity to match up the most capable talent identity within the job market.

Further, providing a realistic job preview will be benefited as it provides both the positive and negative aspects of the job and it will attract more potentials as make the expectations more accurate and help them to analyze their fit to the organization.

Also, it has was found that through the job interviews and site visits have a significant impact on subsequent employment decision as it does help the applicant to get an idea about the organization environment and evaluate whether it does match with their personality (Alshathry et al., 2016). Hence, it can be concluded that the employer brand depicts the various aspects of the organization indicating the person-organization fit to the potential job seekers.

The organizational attributes are a key factor in applicant attraction and an applicant's first impression to enhance when they have been communicated to the potentials through the Employer Brand through integrating them to the same (Chabra & Sharma, 2012).

The potential employee can observe the attributes of the job when they are searching for a job. Further, via the employer brand, these benefits are manipulated to position the firm among the potential candidates. These characteristics could be workplace culture, salary, location etc. Further, the effectiveness of the HR practices also reflects through the organization making it appeal and to add value to the organization (Neetu & Prachi, 2014). Hence, it can be concluded that these job attributes will make the employer brand more powerful as they are being communicated through the brand.

Major components of a brand based on the job attributes are compensation benefits, work-life balance, company culture, and product brand strength. Amidst all Neetu and Prachi (2014) has identified that the stability of the company, work-life balance, and job security has been identified as the main attributes

Similarly, Chabra & Sharma (2012) claim that the common organizational attributes are compensation, career prospect and growth, job profile, brand name, culture, empowerment, training and development, innovative work practices, job security, recognition and appreciation and etc. They further emphasize the fact that the job portals should be updated in order to potentials to learn and get an idea of the same. These things should be signaled by the Employer Brand to the candidates.

As explained in the social identity theory, if the company does have a positive aspect of employee image the possibility of the candidates being attracted to the company is possible in order to heighten their self-image. Further, Xie et al., (2015) cited that the studies in the personnel psychology suggest that company reputation plays an important role in the recruitment process. Hence, it can be mentioned that more the company looks prestigious, more potentials will to

attracted to the firm as being a member of the company it will heighten its self-image.

The job signaling theory indicates that the image does signal the potentials regarding the psychological benefit that they can gain by being a member of a well-respected organization (Alshathry et al., 2016). And based on the Signaling theory, the Employer Brand will signal the firm's values, systems, policies and depict the identity of the firm in order to potential to match the organization for their requirements and further if these signals are properly communicated then the information costs associated with the search of the potential candidates will also reduce. (Wilden et al., 2010). Simply it can be stated that more the organization attributes do match the personality of the individual more the potentials will get attracted to the organization hence the pool of candidates will rise assisting the recruitment process. The congruence on individual identity and organizational identity plays a part in the employer branding. This is mirrored out through the findings of Neetu and Prachi, (2014) they stated that person-organization fit is one of the primary mechanisms that contribute to employee attraction. The person-organization fit indicates that potential applicants compare the employer brand image based on their needs and asses the match between their personalities. The better the match the employee will be attracted to the organization (Backhaus & Tikoo, 2004). Further, Neetu & Prachi, (2014) stated that more the job attributes are attractive for a potential more they will get attracted to the company.

When considering the above pieces of evidence that were cited by the previous researchers the current researcher will be able to construct a relationship between recruitment and employer branding. By making social identity theory and job signaling theory as the underlying theories the current researcher could conclude that more the company reputation and the job attributes are appealing and higher the person organizational fit to the potentials the attraction to the organization would also heighten, which results in the pool of candidates for a particular job within an organization to rise by assisting the recruitment



process. As the reputation, person-organization fit and the job attributes are communicated via the employer brand to the potentials in the job market it can be concluded that there is a relationship between the recruitment and employer branding.

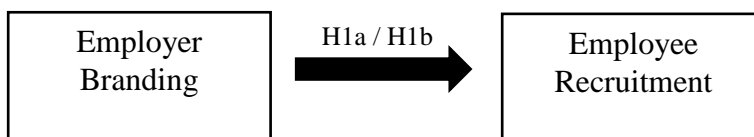
Hence, considering the above literature the below hypotheses are advanced to be tested.

**H1a:** There is a significant relationship between the Employer Branding and Recruitment in the context of generation Y undergraduates.

**H1b:** There is a significant impact from Employer Branding on Recruitment in the context of generation Y undergraduates.

### Conceptual Framework

The conceptual framework indicated in figure 01 is developed to indicate the relationship between the variables assuming that the other factors remain constant. The employer branding is considered as the independent variable whilst recruitment is the dependent variable in the framework.



*Figure 01: Conceptual Framework of the Study*

The independent variable, Employer Branding can be defined as the wholesome picture created within employee's mind of the package of psychological, economic and functional benefits provided by the employer and identified with a particular employer (Gudergen & Lings, 2010). Also, recruitment is defined by Dessler (2014) as finding and attracting applicants for the employer's open vacancies.

## **Methodology**

### ***Population and the Sample***

The population concerned for the current study includes the Generation Y job seekers. As the total number of respondents in the population is unknown, the convenience random sampling technique was used as it is the most suitable and practical method to collect primary data. In the sample, a total of 2000 final year undergraduates were selected from five public universities in Sri Lanka. Hence, the unit of analysis of the current study was at the individual level; a final year undergraduate, representing generation Y in Sri Lanka.

### ***Measurement Scales of Variables***

#### ***Employer Branding***

The Employer Branding was assessed using the measurement scale 'EmpAt', a scale developed by Berthon et al. (2005). This was developed to assess the extent to which employer brand/branding is correctly perceived by the job seeker; especially from the perspective of generation Y. The scale was developed initially with 32 items to assess the construct where the alpha valued to 0.91. After the item purification, the scale got limited to 25 scale items where the alpha value get valued to 0.96. As Carmen (1991) has cited that the scales are as regarded as reliable for commercial purposes if the alpha coefficient exceeds 0.7, hence it can be stated that EmpAt scale with 25 items is more reliable. Respondents rated their level of agreement for the items on a five-point Likert scale anchored at 1 = strongly disagree and 5 = strongly agree. The sample items are: *The Company that I am currently working have a fun working environment; The Company that I am currently working has supportive colleagues; The Company that I am currently working is innovative.*

### *Recruitment*

Based on the studies of the Luscombe, Lewis & Biggs (2012) current researchers assessed recruitment via the adopted measurement scale which was used by them for their studies building on the works of Broadbridge et al. (2007), Szamosi (2006) and Arnold et al. (2002). Further, Respondents rated their level of agreement for the items on a five-point Likert scale anchored at 1 = strongly disagree and 5 = strongly agree. The sample items are: *The company that I will/would willing/prefer to apply should have the ability to communicate with co-workers face to face; The company that I will/would willing/prefer to apply should provide constant feedback regarding my work; The company that I will/would willing/prefer to apply should provide the recognition and the reward contribution scheme from managers.*

### *Data Analysis Tools and Techniques*

The collected primary data were analyzed with the aid of Microsoft Excel and Statistical Package for Social Sciences (SPSS). Reliability of the measurement instruments and the data were ensured through Cronbach's alpha coefficient. Further, correlation analysis, simple regression analysis were done to test the advanced hypothesis and to draw the conclusions.

### **Analysis Results**

Internal consistency statistics were used to ensure the reliability of measurement scales (for each dimension and for each construct) which was assessed through the Cronbach's alpha coefficient with the aid of SPSS. Table 01 exhibits the reliability statistics of measurement scales of two constructs.

*Table 01: Reliability statistics (Cronbach's Coefficient Alpha Values)*

Construct	Cronbach's Coefficient Alpha Value
Employer Branding	0.937
Recruitment	0.962

### ***Correlation***

To examine the relationship between employer branding and recruitment a scatter plot is constructed. According to the scatter plot, a nonlinear relationship was observed among two variables. As the relationship is nonlinear, current researchers used the 'Spearman Correlation Coefficient' to test the strength of the association among the above mentioned two constructs. As shown in table 02; Spearman Correlation Coefficient is 0.479. It shows there is a positive moderate relationship among employer branding and employee recruitment in the context of generation Y. The correlation coefficient is significant at the sig level of 0.000 at a 99% confidence level. Hence, it can be statistically claimed that there is a positive moderate relationship between employer branding and recruitment in the context of generation Y, and it is significant. Therefore, H1a is accepted.

*Table 02: Correlation Statistics*

		Employer Branding	Recruitment
Spearman's rho	Correlation Coefficient	1.000	.479**
	Sig. (2-tailed)	-	0.000
	N	184	184

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

## ***Regression Results***

*Table 03: Model Summary and Parameter Estimates of Regression*

Equation	Dependent Variable: Recruitment								
	Model Summary					Parameter Estimates			
	R Square	F	df1	df2	Sig.	Constant	b1	b2	b3
Linear	0.398	120.2	1	182	0.000	1.674	0.645		
Logarithmic	0.428	135.99	1	182	0.000	1.311	2.134		
Inverse	0.412	127.4	1	182	0.000	5.63	-5.45		
Quadratic	0.415	64.166	2	181	0.000	0.329	1.433	-	
Cubic	0.448	48.662	3	180	0.000	-3.469	5.588	-	
Compound	0.42	132.02	1	182	0.000	1.878	1.225	1.47	0.14
Power	0.518	195.81	1	182	0.000	1.572	0.718		
S	0.585	256.73	1	182	0.000	1.945	-1.99		
Exponential	0.42	132.02	1	182	0.000	1.878	0.203		

*The independent variable is Employer Branding*

Table 03 indicates that the R square value is high amounting to 0.585 with a frequency value of 256.734 on the basis of S equation method compared to another method indicating that there is a nonlinear relationship between the two variables concerned in the study. Hence, the S equation method was used for the regression analysis of the study.

*Table 04: Regression Statistics*

<b>R square</b>	<b>0.585</b>
<b>Adjusted R square</b>	0.583
<b>F</b>	256.734
<b>Significance</b>	0.000
<b>B constant</b>	1.945
<b>Standardized Beta</b>	-0.765

As indicated by the table 04 the R squared value is 0.585 which does conclude that approximately 58.5% of recruitment is affected by employer branding efforts of the organization, to generation Y, at the confidence level of 99%. This impact is significant as the sig. value (p-value) is 0.000 which is less than 0.05.

Having considered the above statistical evidence, the advanced two hypotheses were accepted. Hence, it is concluded that there is a relationship and impact does exist between employer branding and recruitment in the context of generation Y undergraduates in Sri Lanka.

### **Discussion of Findings**

Findings of the current study have been supported by many of the previous research studies in the domain of Human Resource Management. For examples; Xie, Bagozzi & Meland (2015) mentioned that studies of personnel psychology suggest company reputation plays an important role in the recruitment process, and also the underlying theory of social identity certifies this relationship will make the individuals like to be a member of an esteemed organization to gain an identity. Further, the person-organization-fit indicates the potential applicants compare the employer brand image based on their needs, and asses the compatibility between their personalities. The better the

match the employee will be attracted to the organization (Backhaus & Tikoo, 2004). Neetu & Prachi (2014) stated that more the job attributes are attractive for a potential more they will get attracted to the company. The job signaling theory does signal the attributes through the brand image to attract the potentials to the organization.

The H1a in the current study was advanced as; there is a significant relationship between the employer branding and recruitment in the context of the generation Y. This hypothesis is accepted as there is a correlation coefficient of 0.479 with a sig value of 0.000 at the confidence interval of 99%. It is a significant positive moderate relationship. Similarly, the H1b advanced as; there is a significant impact from employer branding on recruitment in the context of generation Y also accepted based on the statistical evidence. The coefficient of partial determination of 0.585 with the sig value of 0.000 indicating the fact that 58.5% of employer branding activities does make a significant impact on employee recruitment activities pertaining to generation Y potentials for an organization.

### ***Recommendations***

It is important for a corporate to build a strong employer brand as at present the individuals are more brand conscious than the previous decades. They require to seek innovative ways and strategies to produce a brand to differentiate themselves from other corporates and to seek competitive advantage.

The employer brand can be developed using many ways. The corporates can publicize their activities such as; events within the company, achievements etc. using multimedia through social networks like Facebook, Instagram, LinkedIn, and Twitter as most of the current potentials are interacting with the social networks frequently and ensure that these social media contents are rich with information that is relevant.

Further, the corporates can take the initial step in developing the employer brand using their own employees. They can appoint employer

brand ambassadors to communicate about the company internally and externally if the company does possess desirable content. Also, the organization should be consistent when they are promoting the brand amongst the job market.

Similarly, the communication of the job attributes of the company such as; salary, organization environment is important to build a strong employer brand. This will able the potentials to analyze whether the company does fit for their personality and to assess how the company is attractive for themselves for their career growth. A strong employer brand will enable to communicate the above information successfully to the potentials of the job market and to gain a competitive advantage as well.

### ***Conclusion***

The prime purpose of the current study was to assess the relationship and the impact between/of employer branding and/on recruitment in the context of generation Y. The results obtained from the analysis prove that there is a relationship between the variables and based on the Spearman correlation coefficient there is a significant positive moderate relationship between the employer branding and recruitment in said context. Hence, the current research concludes declaring that employer branding is a significant predictor variable which does affect in manipulating the recruitment efforts focused on generation Y. It is the organization who significantly considers and invests in meaningful efforts of employer branding will attract and retains the best talent from generation Y.



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**INFLUENCE OF JOB ROTATION ON EMPLOYEE  
PERFORMANCE WITH MEDIATING EFFECT OF  
JOB SATISFACTION AND SKILL VARIATION:  
A STUDY OF NON EXECUTIVE EMPLOYEES OF A  
COMMERCIAL BANK IN SRI LANKA**

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**ABSTRACT**

*Job rotation is the most important approach of job design as well as human capital development policies which has the potential to improve job satisfaction and increase capabilities of employees. Literature says job rotation has impact on employee performance. Job rotation has yet to be studied as an effective component of employee performance; this present study attempts to study the influence of job rotation on*

*employee performance with the mediating effects of job satisfaction and skill variation of Non-Executive employees in a Bank in Sri Lanka. The conceptual framework developed by Saranavani and Abbasi (2013) was used in this research; where job rotation as the independent variable, employee performance as the dependent variable, job satisfaction and skill variation are as mediating variables. Descriptive statistics, correlation analysis and regression analysis were conducted to analyze the data collected from 106 respondents that selected through the Simple random sampling technique. The data were followed the Baron and Kenny's explanation in partial mediation for both mediating variables. The regression analysis shows that there is a positive significant relationship between job rotation and employee performance. The result also shows that both job satisfaction and skill variation partially mediates job rotation to employee performance relationship. Therefore, this present study helps employers to put more emphasis on job rotation by considering job satisfaction and skill variation to enhance employees' performance.*

**Keywords:** Job Rotation, Job Satisfaction, Skill Variation, Employee Performance

## Introduction

Job design plays a vital role in performance maximization. A properly designed job brings involvement and satisfaction to the employees and they perform well by employing all their energies in the work. An effective job design brings involvement of the employee in work-related activities which clearly forecasts employee output, departmental productivity and organizational success. Approaches to constructing an effective job design are job rotation, job enrichment and job enlargement, can be used to engage, encourage and involve employees in their work (Zareen *et al.*, 2013).

Job rotation has been defined as a systematic movement of employees from one job task to another at planned intervals. Job rotation includes rotational assignments, transfers, job changes, lateral moves, cross training and redeployment. Job rotation is said to be an excellent way for organizations to develop their employees (Mohsan *et al.*, 2012). Job satisfaction is related to one's state of mind or his/her feelings concerning the nature of the job. Job satisfaction can also be referred to as emotional work orientation towards one's current situation (Valaei & Jiroudi 2016). To survive in the current competitive and dynamic business world, employees need to possess both soft skills and hard skills. The term "hard skills" normally refers to technical or administrative procedures related to an organization's business. The "soft skills" refers to the personal qualities, habits, attitudes and social graces that make someone a good employee and a compatible co-worker (Ibrahim *et al.* 2017). Employee performance is basically outcomes achieved and accomplishments made at work. The performance of an individual or an organization depends heavily on all organizational policies, practices and design features of an organization (Anitha 2014).

The literature says job rotation has an impact on employee performance (Saranavani & Abbasi 2013). Therefore, this research is conducted to find out whether there is an impact of job rotation on employee performance in a Bank of Sri Lanka. The impact of job rotation on employees' knowledge, skills and experiences are taken into consideration. The variation in job rotation results dissatisfied employees, requests for changes in departments and complaints on management. Job rotation affects job satisfaction and skill variation and ultimately affects employee performance.

Through the relevant review on the topic under consideration, the following objectives were developed.

1. To determine the impact of job rotation on employee performance.
2. To identify the relationship between job rotation and employee performance mediated by job satisfaction.
3. To identify the relationship between job rotation and employee performance mediated by skill variation.
4. To provide practical suggestions to increase employee performance through job rotation, job satisfaction and skill variation.

## **Literature Review**

Job rotation is defined as a systematic change of employees from a position to another within planned intervals. Job rotation is a good tool for motivating employees and increasing their commitment and involvement in a job profitable for organizational effectiveness (Yavarzadeh *et al.* 2015). An understanding of job rotation is necessary

to decipher the needs of the individuals and groups within the organization in order to utilize maximize experience which translates to the high-performance workplace.

When the strategy is implemented in line with the business goals and human resources strategies of the organization it aids in stimulating the human mind through the diversity of challenges. Job rotation could be used for development of knowledge and fusion both in breadth and depth and when this strategy takes effect those who have rotated are expected to master new knowledge and to integrate all facets of knowledge resources in the organization (Tarus, 2014).

Job performance of employees is an important issue for any organization and refers to whether an employee does his job well or not. Job performance consists of behaviors that employees do in their jobs that are relevant to the goals of the organization. Perera *et al.* (2014) define job performance as based on employee behavior and the outcome is vital for organizational success. Tarus (2014) explains the studies on job rotation and performance indicated that organizations obtain sustained competitive advantage depending on personal productivity, learning systems development and developing the intellectual asset.

Job rotation system causes enhancing productivity of human resources and improves organizational performance in both organization and individual level by training multi-skilled employees, creating a logical efficient interaction between skill and motivation and providing practical participation for employees whose greatest advantage is increased job satisfaction of employees. Therefore, job design methods are extremely important, including job rotation in order to maximize efficiency and effectiveness and the highest levels in performance (Zareen *et al.* 2013).

Moving from one position to another for set periods results in mobility, new skills, a new working environment, new social dialogue, new experiences, new professional fields, removes the employee from going through the same motions for long periods of time and increases morale and motivation. Job rotation system results in increased production and improved productivity of human resources by promoting work performance of employees, providing opportunities for operational teamwork, decreasing job stresses; increasing intellectual power and innovation, and increasing hours of effective work (Saranavani & Abbasi, 2013).

Job satisfaction is the most important element in the management and organization area, in general, and in the organizational behavior area in particular. Job satisfaction can be defined as a measurement of one's job or experiences in terms of positive emotion or enjoyment in the job and of people's feelings in the job (Siengthai & Pila-Ngarm, 2016). Employee satisfaction is an important source of employee motivation. Herzberg asserts that hygiene factors and motivator factors influence employee motivation. Motivator factors are related to job satisfaction and hygiene factors are related to job dissatisfaction levels (Teck-Hong & Waheed 2011). Job rotation is a cure for stress thus improves on job and occupational status of an employee (Tarus 2014). Job rotation promotes psychological and physical health of employees through creating positive attitudes on employees, facilitating their health and increasing the variety of work through reduction of boredom of work, seeing things in a new perspective, decreasing in physically demanding portfolios and having self-motivation towards their positions in organizations.

Job rotation has also been identified as a means to reduce the detrimental effects of physical workload or to reduce inter-worker variability of cumulative workloads. Some studies have hypothesized



that the rotation of jobs may encourage organizational members to relate to and share the vision of the organization. Also, it helps to increase organizational commitment and reluctance to leave the organization (Wagner *et al.*, 2017). Perera *et al.*, (2014) analyzed the relationship between job satisfaction and job performance and the findings assert that job satisfaction has a significant positive effect on job performance. The rotation has a place among known factors of job satisfaction and the job satisfaction also can be described as a “self-reported positive emotional state resulting from the appraisal of one’s job or from job experiences” (Kurtulus, 2010).

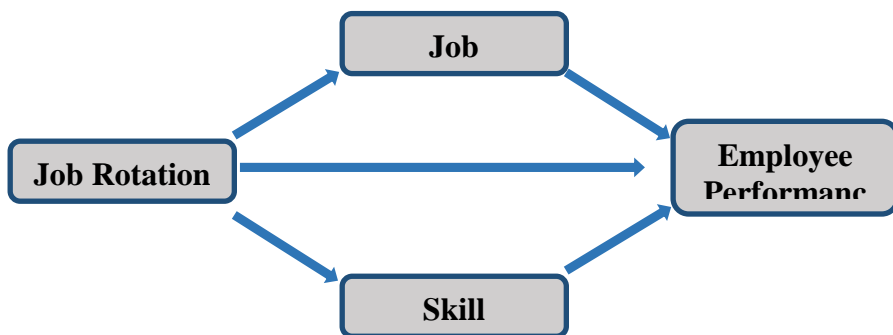
Developing and improving skills is a requirement for organizational capabilities and coping with new developments and challenges (Tarus, 2014). Job rotation system, improving intellectual capital & innovation, particularly skill diversion can be considered due to previous and present skills of employees (Saranavani & Abbasi 2013). Job rotation is planned based on the work practices and promotes the acquisition of new skills and increase in productivity (Dinis & Fronteira, 2015). In human resource management, skills are defined as an individual’s unique capital; they are studied in three groups: technical, acquired and job skills.

Previous studies have shown the considerable contribution that skills can make to productivity and performance and the stock of human capital is important in explaining growth differentials (Giles & Campbell 2003). Skills make a difference to organizational performance. Investment in skills is also linked to innovation and flexibility. Organizations that experience skills shortages or skill gaps report negative effects on organization performance (Giles & Campbell, 2003). Job rotation may motivate the employees by expanding their field of action and skills. The acquisition of skills is translated into an increase in satisfaction (Dinis & Fronteira 2015).

Implementing job rotation, diversifying job skills, minimizing monotony and thus increasing motivation result in employees' personal achievement, higher output, decreased absence rate and the higher level of acceptance (Saranavani & Abbasi, 2013). Thus, the importance multilateral consideration toward skill diversity, in terms of improving intellectual capital and motivation, greatly influences the final performance of employees in an organization.

## Methodology

To access the influence of job rotation on employee performance by considering job satisfaction and skill variation, the conceptual framework shown in figure 1, developed by Saranavani and Abbasi (2013) used to study in this research. Job rotation is the independent variable and employee performance is the dependent variable. Job satisfaction and skill variation are the mediating variables.



*Figure 01: Conceptual Framework developed by Saranavani and Abbasi, 2013*

Based on the literature and the conceptual framework; the following hypothesis was developed.

- H1:** There is a significant relationship between job rotation and employee performance
- H2:** Job satisfaction mediates job rotation to employee performance relationship
- H3:** Skill variation mediates job rotation to employee performance relationship

Simple random sampling techniques used to select 150 employees as the sample from the total population. The researchers personally distributed the questionnaires among all selected employees in the bank. Total of 106 respondents was responded to the questionnaire with the response rate of 71 percent. Descriptive analysis, Correlation analysis, and regression analysis were used to analyze the data.

### **Data Analysis and Results**

Cronbach's alpha values for the four variables in the conceptual framework are above 0.7 (Table 1). Therefore, the data in the main survey for all the variables are considered to have adequate reliability.

*Table 1: Reliability Analysis*

Variable	No. of Items	Cronbach's Alpha
Job rotation	06	0.719
Job satisfaction	06	0.743
Skill variation	05	0.707
Employee performance	06	0.731

According to the correlation matrix (Table 2), there is a positive significant relationship show between independent variable job rotation and dependent variable employee performance with the coefficient of correlation is 0.220 at a 0.05 significant level ( $r = 0.220$ ,  $p < 0.05$ ). There is a positive significant relationship show between independent variable job rotation and mediating variable job satisfaction with the coefficient correlation is 0.272 at a 0.01 significant level ( $r = 0.272$ ,  $p < 0.01$ ). The matrix shows that, there is a positive significant relationship show between mediating variable job satisfaction and dependent variable employee performance with the coefficient correlation is 0.536 at a 0.01 significant level ( $r = 0.536$ ,  $p < 0.01$ ).

Also, the correlation matrix shows that there is a positive significant relationship show between independent variable job rotation and mediating variable skill variation with the coefficient correlation is 0.210 at a 0.05 significant level ( $r = 0.210$ ,  $p < 0.05$ ). The matrix shows that there is a positive significant relationship show between mediating variable skill variation and dependent variable employee performance with the coefficient correlation is 0.573 at a 0.01 significant level ( $r = 0.573$ ,  $p < 0.01$ ).

*Table 2: Correlation Analysis*

Job Rotation	1			
Job Satisfaction	.272(**) .005	1		
Skill variation	.210(*) .030	.538(**) .000	1	
Employee Performance	.220(*) .023	.536(**) .000	.573(**) .000	1
	Job Rotation	Job Satisfaction	Skill Variation	Employee performance

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

*\* Correlation is significant at the 0.05 level (2-tailed).*

*N= 106*

Simple linear regression analyses were carried out to investigate the relationships among variables. Baron and Kenny's procedures describe the analysis which is required for testing various mediational hypotheses which mainly includes four steps (Baron & Kenny 1986; Pardo & Roman 2013). Results of the regression analyses are summarized in the following tables.

***Relationship between Job Rotation and Employee Performance Mediated by Job Satisfaction***

*Table 3: Regression outcome for the relationship between job rotation and employee performance mediated by job satisfaction*

Step s	Relationships		R <sup>2</sup>	$\beta$	T	Sig.
	IV/s	DV				
1	Job Rotation	Employee Performance	.490	.220	2.304	.023
2	Job Rotation	Job Satisfaction	.074	.272	2.887	.005
3	Job Satisfaction	Employee Performance	.288	.536	6.478	.000
4	Job Rotation	Employee Performance	.293	.080	0.933	.353
	Job Satisfaction			.514	5.975	.000

*Step 1 –Job Rotation on Employee Performance*

A significant relationship shows between job rotation and employee performance. The regression coefficient is -0.220 at a 0.05 level of significance. The R<sup>2</sup> value is 0.490 and it indicates that 50% of the variation in employee performance is explained by job rotation.

### *Step 2 –Job Rotation on Job Satisfaction*

A significant relationship shows between job rotation and job satisfaction. The regression coefficient is -0.272 at a 0.01 level of significance. The  $R^2$  value is 0.074 and it indicates that 07% of the variation in job satisfaction is explained by job rotation.

### *Step 3 –Job Satisfaction on Employee Performance*

A significant relationship is shown between job satisfaction and employee performance. The regression coefficient is -0.536 at a 0.01 level of significance. The  $R^2$  value is 0.288 and it indicates that 29% of the variation in employee performance is explained by job satisfaction.

### *Step 4 –Job Rotation & Job Satisfaction on Employee Performance*

A significant relationship is shown between job satisfaction and employee performance. The regression coefficient is -0.514 at a 0.01 level of significance. But, there is no significant relationship is shown between job rotation and employee performance. The  $R^2$  value is 0.293 and it indicates that 30% of the variation in employee performance is explained by job satisfaction and job rotation.

*If all four of these steps are met, then the data is consistent with the mediational hypothesis according to the Baron & Kenny's procedures. If, however, only the first three steps of Baron & Kenny's procedures are satisfied, then partial mediation is observed in the data (Baron & Kenny, 1986).*

Because only the first three steps are satisfied, job satisfaction partially mediates the relationship between job rotation and employee performance.

***Relationship between Job Rotation and Employee Performance Mediated by Skill Variation***

*Table 4: Regression Outcome for the relationship between job rotation and employee performance mediated by skill variation*

Step s	Relationships		R <sup>2</sup>	$\beta$	T	Sig.
	IV/s	DV				
1	Job Rotation	Employee Performance	.490	.220	2.304	.023
2	Job Rotation	Skill Variation	.044	.210	2.195	.030
3	Skill Variation	Employee Performance	.329	.573	7.133	.000
4	Job Rotation	Employee Performance	.339	.104	1.275	.205
	Skill Variation			.551	6.726	.000

***Step 1 –Job Rotation on Employee Performance***

A significant relationship shows between job rotation and employee performance. The regression coefficient is -0.220 at a 0.05 level of significance. The R<sup>2</sup> value is 0.490 and it indicates that 50% of the variation in employee performance is explained by job rotation.



### *Step 2 –Job Rotation on Skill Variation*

A significant relationship shows between job rotation and skill variation. The Regression coefficient is -0.210 at a 0.05 level of significance. The  $R^2$  value is 0.044 and it indicates that 04% of the variation in skill variation is explained by job rotation.

### *Step 3 – Skill Variation on Employee Performance*

A significant relationship is shown between skill variation and employee performance. The regression coefficient is -0.573 at a 0.01 level of significance. The  $R^2$  value is 0.329 and it indicates that 33% of the variation in employee performance is explained by skill variation.

### *Step 4 –Job Rotation & Skill Variation on Employee Performance*

A significant relationship is shown between skill variation and employee performance. The regression coefficient is -0.551 at a 0.01 level of significance. But, there is no significant relationship shows between job rotation and employee performance. The  $R^2$  value is 0.339 and it indicates that 34% of the variation in employee performance is explained by skill variation and job rotation.

*If all four of these steps are met, then the data is consistent with the mediational hypothesis according to the Baron & Kenny's procedures. If, however, only the first three steps of Baron & Kenny's procedures are satisfied, then partial mediation is observed in the data (Baron & Kenny, 1986).*

Because only the first three steps are satisfied, skill variation partially mediates the relationship between job rotation and employee performance.

## **Conclusions and Recommendations**

This research mainly based on the four variables namely job rotation, job satisfaction, and skill variation and employee performance. According to the regression analysis, there is a significant relationship between job rotation and employee performance. Organizations use job rotation to alleviate the physical and mental stresses endured by employees when working in the same position, year after year. Job rotation in an organization contains between three elements namely; individual learning, knowledge from outside resources and reciprocal action between employees and therefore it is regarded as an excellent catalyst of improving the utility of outside learning resources.

The job satisfaction partially mediates job rotation to employee performance relationship. Thus job rotation can result in increased job satisfaction and motivation of employees in job enrichment and job design guidelines; job rotation can increase commitment to organizational goals among employees and improve performance in the organization. The skill variation partially mediates job rotation to employee performance relationship. A well-planned job rotation or sharing scheme can make work more interesting and stimulating and equip staff and with multiple skills. Job rotation broadens employees' skills and also helps to solve staffing problems and the exercise can also help employees to develop a broader view of the occupations and the organization in which they work. An organization seeking to solve its personnel problems and meet organizational challenges needs to consider job rotation programs for some employees.

The study conducted by Campion *et al.* (1994) mentioned that job rotation produces two beneficial effects. First, an employee who rotates accumulates experience more quickly than an employee who does not rotate. Hence job rotation is noted as an effective tool for career

development. Second, an employee who rotates accumulates experience in more area than an employee who does not rotate. Hence, if an employee rotates more frequently, it is easier to train him to become a generalist. Based on the findings of this study, researchers provide some practical suggestions to increase employee performance through job rotation, job satisfaction and skill variation.

Job rotation is a good human resource strategy that can be used to improve employee performance. Employees must be provided with information regarding the job rotation policy at the time of joining the bank. It is important to communicate job rotation policy with the employees. What are their ideas? What works for them? What works for you? The management should take necessary actions to satisfy employees' needs during the job rotation. The result shows that employees are less satisfied with the workload and different supervisors available in different departments. Therefore, it is important to identify the individuals' capacities and allocate duties accordingly. The organization should consider job rotation is every employee responsibility, thereby management, supervisors should identify an individual's skills and their competencies; and support them to become superior in the given working environment. The result shows that there is less attention given to the organization when testing employee's skills and competencies.

The management needs to provide opportunities for teamwork during their operations and help to improve productivity in the organization. Making sure employees can see how their jobs relate to an organization's overall mission is an important part of successful human resource management. The quality of employees and their development through training and education are major factors in determining long term growth and stability of the organization. It is good policy to invest in the development of their skills, so they can increase their

performance. The researchers recommend that supervisors should take the initiative to develop the employee skills in various fields so that human efforts will be displayed in the respective job tasks to further enhance performance. This should be done to ensure that employees do not feel bored doing the same thing over every time. Encourage staff to use this opportunity to develop their knowledge and skills.

This study can be expanded to other banks as well in order to enhance their performance level because the performance of employees is indispensable in the development of any organization. There are numerous aspects that influence employees' job performance in an organization. While this research thoroughly investigated only three variables, it is understood that the variables analyzed are not comprehensive. Several other components that could affect job performance are not included in this research.

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# **IMPACT OF ORGANIZATIONAL JUSTICE ON TURNOVER INTENTION OF GEN-Y EMPLOYEES IN THE INFORMATION AND COMMUNICATION TECHNOLOGY INDUSTRY IN SRI LANKA**

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## **ABSTRACT**

*This study seeks to answer the question of the impact of Organizational Justice on Turnover Intention of Generation-Y (Gen-Y) employees in the Information and Communication Technology Industry in Sri Lanka taking ABC (Pvt) Ltd as a case study. By observing the fact that there is a high turnover among the Gen-Y employees of the Core Team at ABC (Pvt) Ltd, the above problem was conceptualized as a lack of organizational justice. Consequently, based on the existing literature, it is hypothesized that organizational justice (i.e. Distributive Justice, Procedural Justice, Interpersonal Justice, and Informational Justice) negatively influences turnover intention.*

*A survey was undertaken by using a sample size of 51% of the target population of Gen-Y employees of the Core Team at ABC (Pvt) Ltd. Data of the survey revealed that Organizational Justice (as a combination of the four independent variables) has a negative relationship with the Turnover Intention with a 99% confidence level.*

*However, when the independent variables were isolated, only Distributive, and Informational Justice showed a significant negative relationship with the turnover intention with a 95% confidence level. Due to insufficient evidence, Procedural, and Interpersonal Justice were not considered as significant predictors of Turnover Intention. Accordingly, it is concluded that lack of organizational justice has an impact on intent of Gen-Y employees of the said Core Team to leave as it reveals that Organizational Justice contributes to 55.6% of the outcome of the Turnover Intention, while Distributive and Informational Justice shows clear evidence of having a negative relationship with the Turnover Intention.*

*Key words:* Turnover Intention; Organizational Justice; ICT; Sri Lanka

## **Background**

The Information and Communication Technology (ICT) industry in Sri Lanka is a fast booming industry that heavily relies on knowledge workers who are skilled ICT professionals and seek graduates at the entry level for many job categories. As per the National ICT Workforce Survey 2013 which is the latest survey published by the Information and Communication Technology Agency of Sri Lanka (ICTA), there is a short supply of ICT graduate workforce relative to the demand (ICTA, 2013). Based on the Sri Lanka Association for Software and Services Companies (SLASSCOM) Sri Lanka Information Technology (IT) and Information Technology Enabled Services (ITES) Sector Salary and Benefits Study 2013, the average staff turnover rate was 10.8% in 2013 with Software Engineering is being identified as the area with the highest level of staff turnover in individual organizations. Among a variety of reasons, it was also identified that the top-most two

reasons for staff turnover were Migration, and Better Job Prospects (SLASCOM, 2013). Therefore, these quality ICT workforce is one of the most crucial assets for an ICT company and mechanisms should be in place to attract, engage, and retain them if they are to succeed in a rapidly competitive landscape. Even if mechanisms are put in place to attract this workforce it would be a major cost of resources and time, considering the scale of investments made in recruitment, selection, and training if they are unable to retain them.

ABC (Pvt) Ltd is a renowned Financial Technology Solutions Provider in Sri Lanka that provides software solutions to the Banking and Financial industry and has been in existence for over 20 years. It has a hierarchical structure with an autocratic leadership style, formal and rigid culture with fixed working hours and formal attire, and provides standard benefits such as subsidized lunch, family medical insurance, and annual bonus. Even though the number of employees has increased by 100% between years 2015 to 2018, the turnover rate has also shot up above the industry average of 10.8%. Out of the total staff strength of 192, 68% of the employees are in the Core Team which comprises of software professionals who are the most critical resources that directly affect the business. It was also discovered that among the number of resigned employees the highest number of resignations are from the Core Team. An in-depth study also revealed that out of those who resigned in the Core Team the majority of them are Generation Y (Gen-Y) employees or Millennials who were born between 1981 and 1996 (Pew Research Center, 2018). The Core Team is also composed of 92% Gen-Y or Millennials with only 8% Gen-X employees. Employees who are absorbed into the Core Team of ABC's cadre receive their training and domain knowledge while employed at ABC. Hence, when an employee of the Core Team leaves it creates a huge vacuum that is difficult to replace quickly, and as a result, the company not only incurs direct costs but also indirect costs. This also has a huge impact on the

delivery of projects which consequently can affect the reputation of ABC negatively. It also runs the risk of losing their expertise to current and emerging competitors that can supersede ABC in the long run. The retention of these Gen-Y ICT professionals requires a deeper understanding of the root cause of turnover and why they leave ABC for another company that they perceive is better. Turnover intention is the conscious and deliberate willfulness to leave the organization and is considered as the most important stage of the turnover process and the final step before an employee actually leaves the workplace (Bothma & Roodt, 2013). Based on employee perceptions, it is assumed that the negative perception of organizational justice is one of the main reasons for the high turnover of Gen-Y employees in the core team at ABC. Employees who are the subject of decisions virtually every day in their organizational lives have to deal with decisions ranging from the salaries they make, the projects they perform, and the social settings in which they function. These decisions have both economic and socioemotional consequences, many of which form the foundation for why employees work in the organization in the first place (Cropanzano & Schminke, 2001). Employees make judgments on the decision making they experience with a critical eye based on the importance of those consequences. One of the first question they ask in the wake of decisions is “Was this fair?” (Colquitt, 2001). Organizational justice is an area of psychological inquiry that focuses on the perception of fairness in the workplace (Cropanzano & Byrne, 2001). It has also been proven by past research that justice perceptions have a negative relationship to turnover intention (Folger & Cropanzano, 1998) (Díaz-Gracia, Barbaranelli, & Moreno-Jiménez, Spanish version of Colquitt’s Organizational Justice Scale, 2014). Therefore, this research focuses on organizational justice and its impact on the turnover intention of Gen-Y employees in the Core Team at ABC (Pvt) Ltd.

### ***Research Problem and Objective***

The problem identified in this research is the high turnover of Gen-Y employees of the Core Team of ABC (Pvt) Ltd. The contribution of the core team is crucial for the successful operation of ABC since they possess the domain expertise and the knowledge base that engineer the solutions which are delivered to the customers. It's imperative for ABC to ensure that their most valuable assets are retained for its continuous business development. Therefore, it is appropriate to question the high turnover and what factors are contributing to the high turnover. More specifically, the research problem focused on in this research can be stated as: What is the impact of Organizational Justice on the intent of Gen-Y employees in the Core Team of ABC (Pvt) Ltd to leave?

Accordingly, the purpose of the study is to examine the effect of organizational justice on intention to leave Gen-Y employees of the Core Team of ABC (Pvt) Ltd. In achieving this purpose, the study examines the effect of the four constructs of organizational justice and turnover intention.

### ***Rationale of the Study***

The high turnover of the critical employees that ABC is currently facing is further aggravated by the short supply of quality ICT workforce in the market relative to the demand and the attrition rate of ICT workforce who seek better standards of living and job prospects. Therefore, this research study seeks to identify whether Gen-Y employees in the Core Team intend to leave ABC due to lack of organizational justice and how ABC should direct its resources strategically to formulate the most appropriate policies, practices, and processes that cater to the majority of the core team thereby reducing the current high turnover of its critical employees.

This study further benefits ICT companies, who rely heavily on these skilled workforces, to design appropriate policies and processes that increase the attraction and stickiness of these employees. It is important that these organizations who have Gen-X employees in the Managerial positions develop appropriate policies and practices that suit Gen-Y or Millennials who comprise the majority of the core employees.

## **Literature Review**

Broadly resignation or leaving work is the employee's voluntary or involuntary resignation from the organization and this takes place through a certain process (Ebru Beyza & Mine, 2016). James Price (1977) in his study of turnover, considers intention to leave as the most important stage of this process (Price, 1977). Turnover Intention is simply defined as the conscious and deliberate wilfulness to leave the organization (Tett & Meyer, 1993). There is a consensus among many researchers (Horn, Griffeth & Salario, 1984; Mobley, 1982; Mowday, Steers, & Porter, 1979; Steers, 1977) that turnover intention is the final step in the decision-making process before a person actually leaves a workplace (Bothma & Roodt, 2013). Numerous studies also validate that Turnover Intention is the main predictor of actual employee turnover (Oyku & Idil, 2012). In addition, this is backed up by Fishbein and Ajzen's (1975) framework of planned behaviour in which behavioural intention is considered as a reliable determinant of actual behaviour (Bothma & Roodt, 2013). Turnover Intention has also been used as the dependent variable in a vast number of studies on employee turnover.

Even though an organization can introduce HR practices that reinforce the employees' beliefs that their contribution is valued and their well-being is cared for with the aim of reducing turnover intention, external factors such as alternative employment opportunities, employability,

and labour market conditions reduce the perceived cost of leaving and in turn increases quit intention. Therefore, the turnover intention is not only influenced by internal factors but also by external factors.

## **Theoretical Perspectives and Hypotheses**

### ***Perception of Organizational Justice***

Theoretically, Organization Justice can be described using Greenberg's definition of Organizational Justice: "Employees perception of fairness within the organization; whether employees feel they are fairly rewarded and treated in exchange for their contribution" which has received a high consensus in the literature (Taghrid S. Suifan, 2017). In a more general level, organizational justice is described by Lind and Tyler as an area of psychological inquiry that focuses on the perception of fairness in the workplace (Byrne & Cropanzano, 2001).

Studies regarding Organization Justice can be traced back to 1965 when Stacy Adams proposed a theory of inequity, which is commonly known as the Equity Theory (Cropanzano & Byrne, 2001). He proposed that individuals make cognitive evaluations of the difference between their contributions and the resultant output (i.e. economic or social compensation), relative to the difference of others' input to output ratio (Adams & Freedman, 1976). This was coined as Distributive Justice (Colquitt, 2012). After 10 years of Adams (1965) study, Thibaut and Walker introduced a new dimension of organizational justice in 1975 termed as Procedural Justice which focuses on the fairness of the process by which outcomes are determined (Colquitt, Conlon, Wesson, Porter, & Ng, 2001). This paved way for a two-factor conceptualization of organizational justice integrating Distributive Justice and Procedural Justice which was consistently supported by research and deemed to be a better fit than

the two types of justice overlapped in their effects (Colquitt, 2001). The two-factor model of organizational justice was then clouded with the introduction of a third dimension by Bies and Moag (1986), termed as Interactional Justice which refers to treating subordinates with honesty, justification, propriety, and respect as procedures are enacted (Taghrid S. Suifan, 2017). Even though the three-factor conceptualization of organizational justice has been supported by some researchers (Aquino, 1995); (Barling & Phillips, 1993); (Bies & Shapiro, 1987); (Skarlicki & Folger, 1997); (Tata & Bowes-Sperry, 1996), others have debated that it is a subset of procedural justice (Moorman, 1991); (Niehoff & Moorman, 1993); (Tyler & Bies, 1990). This caused a confusion on as to whether organizational justice is depicted by two or three factors (Colquitt, 2001). Subsequently, a four-factor structure for organizational justice: Distributive Justice, Procedural Justice, Interpersonal Justice, and Informational Justice, was introduced by Greenberg bringing a new perspective to this debate (Greenberg, 1993b). He argued that respect and propriety rules of Interactional Justice are distinct from the justification and honesty rules, and he labeled the former criteria Interpersonal Justice and the latter criteria as Informational Justice (Colquitt, Organizational Justice, 2012).

Even though there have been debates on whether organizational justice should include one, two, three, or four dimensions of justice, the previous study suggests the feasibility of four dimensions of justice for a more focused analysis that provides a clearer picture of justice in organizational environments. Colquitt also addressed these arguments in his study where he found that organizational justice is best conceptualized as four distinct dimensions rather than one-, two-, or three-factor versions. This premise was further validated by a comprehensive meta-analytic review conducted in the millennium covering a quarter century of academic research on all articles in



organizational justice literature published since 1975 consisting of 183 justice studies.

### ***Perception of Distributive Justice***

Distributive Justice can simply be described as the fairness of outcome distributions proportional to inputs (Deutsh, 1985). Adam revealed that individuals react to outcome allocation by comparing the ratio of outcomes to inputs to some relevant comparison and feel a sense of equity if the ratios match (Colquitt, Organizational Justice, 2012). In a work context, outcomes take the form of wages, social approval, job security, promotion, and career opportunities, while inputs include education, training, experience, and effort (Baldwin, 2006). However, Adam clarified that this process was completely a ‘subjective’ approach, even though the comparison of the two input-output ratios give Adam’s equity theory an ‘objective’ component (Colquitt, Conlon, Wesson, Porter, & Ng, 2001).

Several studies have revealed that Distributive Justice has a negative significant correlation with Turnover Intention. These findings are congruent to the meta-analysis by Cohen-Charash and Spector (2001), which found that distributive justice has a negative relationship with the turnover intention (Cohen-Charash & Spector, 2001). Similarly, a meta-analysis by Colquit et al. (2001) also showed a strong correlation between distributive justice and withdrawal behaviour.

*Hypothesis 1: An employee’s perception of ‘Distributive Justice’ will influence his/her ‘Turnover Intention’*

### ***Perception of Procedural Justice***

Procedural justice is the second construct of organizational justice and is defined as the perception of fairness about the processes and

procedures used to make decisions regarding outcomes (Cropanzano & Byrne, 2001). In other words, Procedural Justice provides a different perspective by highlighting that we should not only focus on the ‘ends’ of social exchange but also the ‘means’ by which those ends are met. It has been noted that procedural justice can outweigh distributive justice, in that people are willing to accept an unfavourable outcome if the decision process leading to it is based on organizational justice principles (Baldwin, 2006). For instance, Greenberg (1994) witnessed smokers more accepting of smoking bans when they are treated procedurally fair (Cropanzano & Greenberg, 1997).

The vast number of studies have proven that Procedural Justice has a negative association with Turnover Intention. These research findings are consistent with the meta-analysis by Cohen-Charash and Spector (2001), which confirmed a negative relationship between procedural justice and turnover intention (Cohen-Charash & Spector, 2001). However, a meta-analysis by Colquitt et al. (2001) showed a moderate association between procedural justice and withdrawal behavior (Colquitt, Conlon, Wesson, Porter, & Ng, 2001).

*Hypothesis 2: An employee’s perception of ‘Procedural Justice’ will influence his/her ‘Turnover Intention’*

### ***Perception of Interpersonal Justice***

Interpersonal justice is the third construct of organizational justice and reflects the degree to which people are treated with politeness, dignity, and respect by authorities or third parties involved in procedures or decision outcomes (Colquitt, Conlon, Wesson, Porter, & Ng, 2001). Further, Greenberg (1993c, 1994) highlighted that interpersonal justice alters reactions to decision outcomes as sensitivity makes people feel better about an unfavourable outcome (Colquitt, Conlon, Wesson,

Porter, & Ng, 2001). As based on exchange theories positive behaviour is likely to be reciprocated, forming a virtuous cycle of reciprocation (Dietz & Fortin, 2007). To sum up, it is evident that sensitivity and respectful treatment boosts trust and justice perceptions, which consequently leads to increased collaborations that organizations expect from its employees.

Although there are many studies concerning the relationship between organizational justice and turnover intention, the relationship between interpersonal justice and turnover intention is not greatly emphasized. This is mainly because many researchers have chosen to use interactional justice which combines interpersonal justice and information justice. A study on the impact of interpersonal justice on organizational citizenship behaviour (OCBS) and turnover intention in the Pharmaceutical industry in Lahore City of Pakistan revealed that interpersonal justice was negatively and significantly related to turnover intention (Muhammad & Asma, 2015).

*Hypothesis 3: An employee's perception of 'Interpersonal Justice' will influence his/her 'Turnover Intention'*

### ***Perception of Informational Justice***

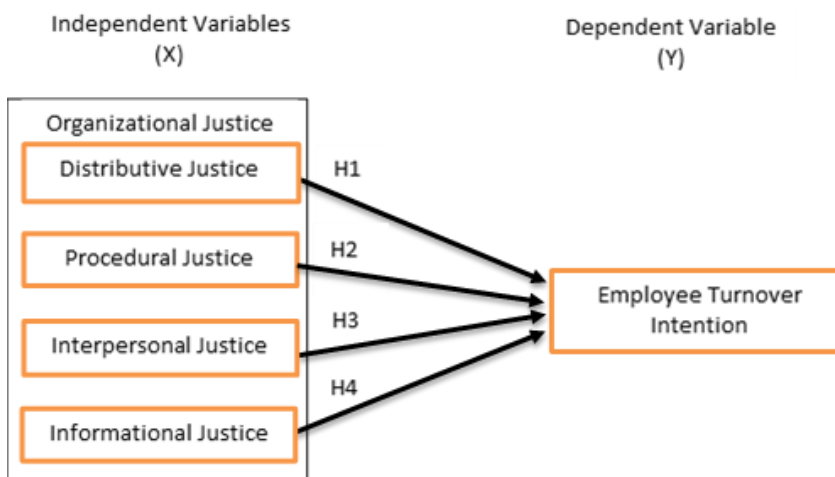
Informational justice is the fourth construct of organizational justice and focuses on the perceived adequacy of explanations that deliver information about why procedures were used in a particular way or why outcomes were distributed in a certain fashion (Colquitt, Conlon, Wesson, Porter, & Ng, 2001). It is highlighted that informational justice alters reactions to procedures, in that explanations offer the information needed to evaluate the structural aspects of the process, provides the impression that a decision has been made on accurate information in an unbiased, consistent, and reasonable manner, and

contributes to the impression that one is treated with respect and with regards to ethical values (Colquitt, Conlon, Wesson, Porter, & Ng, 2001). This, in turn increases people's perception of fairness which results in a higher degree of cooperation with the authority (Klaming & Giesen, 2008).

Despite numerous studies that examine the relationship between organizational justice and turnover intention, there is a lack of research on the relationship between informational justice and turnover intention since the existing literature has only considered interactional justice which combines interpersonal justice and information justice together. A research by Kim (2009) that examines the role of informational justice in the wake of an organization's downsizing from an organizational relationship management perspective revealed that there is a significant correlation between informational justice and low turnover intention, which was mediated by better working relationships between managers and subordinates built on regular informational exchanges and trustworthy communications (Kim H. S., 2009).

*Hypothesis 4: An employee's perception of 'Informational Justice' will influence his/her 'Turnover Intention'*

## Conceptual Framework



*Figure 1. Conceptual Model*

*Source: Researcher Developed, 2018*

## Methodology

### *Measures*

In this study, items used to operationalize the constructs included in the research model were mainly adopted from previous studies. The researcher used Colquitt's model to operationalize the constructs of the independent variables, which is believed to be the most complete and representative conceptualization of justice (Klaming & Giesen, 2008) (Colquitt, Conlon, Wesson, Porter, & Ng, 2001). More specifically, Distributive Justice was measured with four (4) items derived from the justice dimension scale developed and validated by Colquitt in which he reflects Leventhal's (1976) conceptualization of the equity rule to maximize generalizability (Colquitt, 2001), while Procedural Justice was measured with seven (7) items derived from the justice dimension

scale developed and validated by Colquitt in which he reflects Thibaut and Walker's (1975) two criteria for procedural justice and Leventhal's (1980) generalizable procedural rules (Colquitt, 2001), while Interpersonal Justice was measured with four (4) items derived from the justice dimension scale developed and validated by Colquitt in which he uses Bies and Moag (1986) and Greenberg (1993b) criteria of interpersonal justice and reflects Bies and Moag's (1986) respect (Item 1-3) and Propriety (Item 4) criteria (Colquitt, 2001). Lastly, Informational Justice is measured using five (5) items derived from the justice dimension scale developed and validated by Colquitt in which he uses Bies and Moag (1986) and Greenberg (1993b) criteria of informational justice and further reflects on Shapiro et al. (1994), who examined factors that improve the perceived adequacy of explanations (items 3-5) (Colquitt, 2001). Six (6) items derived from the Turnover Intention Scale (TIS-6) adapted by Roodt (2004) from his 15-item turnover intention scale (Bonds, 2017) was used to measure Turnover Intention.

### ***Sample and Data Collection***

For this study, a scientific method of research using a quantitative approach with an associational or correlational methodology was adopted. The main method of data collection was a structured questionnaire. The population in this study consisted of 120 Gen-Y employees of the Core Team who are between the ages of 22 and 37 years and have similar educational backgrounds. In this study, the researcher used two types of sampling: purposeful and convenience sampling. In purposeful or intentional sampling the researcher selected (20) employees on purpose who were typical of the population in question and used convenience sampling to collect data from the balance (45) Gen-Y employees of the core team where all sub-teams under the core team were approached. The researcher circulated 65

questionnaires among the sample population, out of which 61 were received with complete answers. Therefore, the researcher used only 61 samples for the study (n=61) which comprises 51% of the target population.

### **Analysis of Data**

The researcher uses Descriptive statistics for the data analysis to summarize, organize, evaluate, interpret, and communicate the numerical information into easily understandable pictorial formats in the form of tables, graphs, and charts that effectively illustrate the outcomes.

### ***Sample Characteristics***

The composition of the respondents is given in Table 1 in terms of gender, age, and service period. As shown, of the 61 respondents, 80% are males which are expected since the majority of the employees in the Core Team are males. In terms of age, majority of the respondents (64%) are between the ages of 26 and 30 years. It can also be seen that the majority of the respondents (28%) have a service period of 01 to 02 years.

*Table 1. Sample Characteristics (n=61)*

Measure	Item	Frequency	Percentage
Gender	Male	49	80
	Female	12	20
Age (years)	$\geq 20$ and $\leq 25$	12	20
	$\geq 26$ and $\leq 30$	39	64
	$\geq 31$ and $\leq 35$	9	15
	$\geq 36$ and $\leq 37$	1	1
Service Period (years)	< 1 years	12	20
	$\geq 1$ and < 2	17	28
	$\geq 2$ and < 4	16	26
	$\geq 4$ and < 6	8	13
	$\geq 6$ and < 8	4	6
	$\geq 8$ and < 10	4	7

*Source: Survey Data, 2018*

### ***Analysis of the Measurement Model***

The researcher assessed the validity and reliability of the data collection instrument by carrying out a pilot project with 10 sample questionnaires. The validity and reliability of the construct of the variables of the study were analysed using Cronbach's Alpha, which is



a measure of internal consistency. Since the Cronbach's alpha for all 04 independent variables was above 0.7 it was considered as adequate. However, Cronbach's alpha for Turnover Intention originally was 0.695 which was considered questionable. Therefore, the 05<sup>th</sup> question under Turnover Intention, which is question number 25 in the questionnaire was removed from the original questionnaire to improve the Cronbach's Alpha from 0.695 to 0.800. Subsequently, the questionnaire was revised and finalized to have it ready for data collection of the main study.

*Table 2. Results of Measurement Model*

Construct / Variable	No. of Items	Cronbach's Alpha	State of Internal Consistency
Procedural Justice	7	.774	$0.8 > \alpha \geq 0.7$ – Acceptable
Distributive Justice	4	.946	$\alpha \geq 0.9$ – Excellent
Interpersonal Justice	4	.798	$0.8 > \alpha \geq 0.7$ – Acceptable
Informational Justice	5	.881	$0.9 > \alpha \geq 0.8$ – Good
Turnover Intention	5	.800	$0.9 > \alpha \geq 0.8$ – Good

*Source: Survey Data, 2018*

### ***Analysis of the Hypothesised Research Model***

The researcher used a multiple regression analysis to test the hypothesized research model. According to the regression equation of this study, independent variables such as Procedural Justice, Distributive Justice, Interpersonal Justice, and Informational Justice, must correlate with the outcome of Turnover Intention. The analysis indicated 55.6% of the variance in Turnover Intention was explained by the model. In other words, Distributive Justice, Procedural Justice, Interpersonal Justice, and Informational Justice jointly can explain 55.6% of the outcome of Turnover Intention. Further, the combinations of the four independent variables significantly predicted Turnover Intention,  $F(4, 56) = 19.786, p < 0.001$ . However, when the independent variables were isolated only Distributive Justice and Informational Justice was significantly correlated with Turnover Intention, thus supporting  $H_1$  and  $H_4$ . On the other hand, Procedural Justice and Interpersonal Justice were insignificant. Therefore, it was unable to accept  $H_2$  and  $H_3$ . The outcome of the multiple regression analysis and the result of the hypothesis testing is outlined in Table 3.

Table 3. Hypotheses Test Results

Hypotheses	B	Sig.	Results
<i>H<sub>1</sub>: An employee's perception of 'Distributive Justice' will influence his/her 'Turnover Intention'</i>	-.324	.010	Accepted
<i>H<sub>2</sub>: An employee's perception of 'Procedural Justice' will influence his/her 'Turnover Intention'</i>	-.174	.388	Not Accepted
<i>H<sub>3</sub>: An employee's perception of 'Interpersonal Justice' will influence his/her 'Turnover Intention'</i>	-.040	.747	Not Accepted
<i>H<sub>4</sub>: An employee's perception of 'Informational Justice' will influence his/her 'Turnover Intention'</i>	-.261	.045	Accepted

Source: Survey Data, 2018

## Discussion of Findings

This study developed a research model for examining the relationship between Organizational Justice and Turnover Intention. There were four hypotheses in the proposed research model. A summary of the test results of the main hypotheses is given in Table 3 above. In brief, according to the test results, only two hypotheses were accepted while the other two were not accepted. In other words, even though the 04

constructs of organizational justice were hypothesized to have a negative relationship with turnover intention, the results show a significant negative relationship only for Distributive Justice and Informational Justice in the context of ABC (Pvt) Ltd.

Based on the model, combinations of the four independent variables significantly predicted Turnover Intention at  $F(4, 56) = 19.786$ ,  $p < 0.001$  indicating that there is a significant negative relationship between Organizational Justice and Turnover Intention of Gen-Y employees of the Core Team. This signifies that there is a mismatch between the fair treatment given to Gen-Y employees of the Core Team at ABC (Pvt) Ltd and their expectations of it. This either means that the fair treatment for Gen-Y employees of the Core Team is low, has declined or the expectations on fair treatment by the Gen-Y employees of the Core Team is high or has increased.

Distributive Justice also shows a significant negative relationship with Turnover Intention of Gen-Y employees of the Core Team. Therefore, low Distributive Justice creates high Turnover Intention among the target employees. This indicates that the existing outcomes that Gen-Y employees of the Core Team receive from their superiors, such as remuneration, rewards, evaluations, promotions, assignments, and so on are not fulfilling the target employees' expectations.

Further, Informational Justice also shows a significant negative relationship with Turnover Intention of Gen-Y employees of the Core Team. Therefore, low Informational Justice creates high Turnover Intention among the target employees. This indicates that the existing information the superiors offer regarding decision-making procedures about remuneration, rewards, evaluations, promotions, and assignments is not fulfilling the expectations of the Gen-Y employees of the Core Team.

However, it was discovered that Procedural Justice and Interpersonal Justice are not significant predictors of Turnover Intention of Gen-Y employees of the Core Team in this particular study due to inadequate evidence. A separate study should be conducted for further investigation.

## **Conclusion and Implications**

The analysis of the study only supports the fact that Distributive Justice and Informational Justice have a significant negative influence on turnover intention. In light of these findings, it can be concluded that the theories explained in the Literature Review validate the findings of the present study in relation to the relationship between Distributive Justice and Turnover Intention, and between Informational Justice and Turnover Intention. In order to reduce the target employees' intention to leave, organizational justice among the Gen-Y employees of the Core Team has to be uplifted by primarily improving Distributive Justice and Informational Justice. In order to uplift Distributive Justice, it is important for the authorities of ABC (Pvt) Ltd to focus on reciprocity by showing commitment in acknowledging the efforts made by the employees by providing a decent amount of fairness in the allocation of rewards, both financial and non-financial. Distribution of rewards should be based on performance and merit without personal bias, and the rules should be applied fairly and consistently to all employees. Moreover, it is important that ABC (Pvt) Ltd conduct a thorough study of salary scales in the market and devise appropriate policies and compensation programs that are attractive to the Gen-Y employees of the Core Team.

The findings further suggest that ABC (Pvt) Ltd should improve the transparency and communication of the policies and procedures used to make decisions on pay, reward, evaluations, promotions, and

assignments. Informational justice is one of the cost-effective forms of improving organizational justice since it is almost associated with no costs and can exert a significant effect on Turnover Intention. Therefore, open and transparent communication channels both online and offline should be in place to promote informational justice. Information pertaining to work procedures and outcomes for individual employees need to be carefully and constructively communicated in an open, honest, and timely manner. Decision making should be supported by the reasoning for making such decisions. Further, the reward scheme for their performance should be communicated and explained to the employees to motivate them and increase their perception of informational justice.

Since Procedural Justice is not a significant predictor of turnover intention of the target employees, it is predicted that either the target employees are willing to disregard procedures in favour of other important aspects such as Distributive Justice and Informational Justice, or the existing procedures in place meet their expectation of procedural justice to a considerable extent. However, since the study provides evidence that procedural justice together with the other three-justice perceptions has a significant negative relationship with turnover intention, measures should be taken to enhance procedures used to make decisions of employees' pay, rewards, evaluations, promotions, and assignments. Additionally, this is one of the economic ways of enhancing organizational justice as it almost incurs no cost while reducing the turnover intention. ABC (Pvt) Ltd should use a consultative process whereby providing an opportunity for the employees' 'voice' to be heard when devising formal procedures pertaining to work procedures and outcomes.

As Interpersonal Justice was also found to be insignificant in predicting turnover intention in this study, it is predicted that the interpersonal

relationship with their superiors meets their expectation of interpersonal justice to a considerable extent. However, since the study provides evidence that interpersonal justice together with the other three-justice perceptions has a significant negative relationship with turnover intention, measures should also be taken to promote interpersonal justice. ABC (Pvt) Ltd could introduce organizational policies that encourage the treatment of employees with politeness, respect, and dignity. Further, measures should be in place to encourage the treatment of employees' especially new employees as an insider and provide a sense of belonging and value in the workgroup. Also, an open door policy, which is already existing, should be promoted further to facilitate greater interpersonal justice between the employees and the management.

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# **IMPACT OF EMOTIONAL INTELLIGENCE ON ORGANIZATIONAL CITIZENSHIP BEHAVIOUR: A STUDY OF EXECUTIVES IN JB APPAREL**

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## **ABSTRACT**

*The main purpose of this study was to identify the impact of Emotional Intelligence on Organizational Citizenship Behaviour. Further, the current researcher identifies the relationship between Emotional Intelligence and Organizational Citizenship Behaviour and also the impact for the four dimensions of the independent variable on the dependent variable were measured separately in order to have a better understanding of the situation.*

*Further, this was a field study, because the data was collected from the natural working environment and was carried out as a cross-sectional study among a sample of 70 executive level employees selected from a population of 85 executives at JB Apparel, Apparel sector of Jafferjee Brothers Group of Companies, Colombo, Sri Lanka. After determining*

*the sample size based on the sampling size calculation table of Krejcie & Morgan (1970), random sampling was applied to distribute the questionnaires to the sample of 70 executives. The study was done using the survey method where the data was collected by administering a structured questionnaire which consisted of 40 questions/statements with a 5 point scale.*

*To analyze data gathered SPSS 23 (Statistical Package for the Social Science) was used. To interpret the data which analyzed, the researcher presented the results using the descriptive statistics, correlation coefficient, and simple regression analysis.*

*Statistical results revealed that there is a significant impact of Emotional Intelligence on Organizational Citizenship Behaviour of the executive level employees. Findings revealed that out of the four dimensions (Self Emotional awareness, Use of Emotion, Others' Emotional Appraisal and Regulation of Emotion) three dimensions of Emotional Intelligence, namely Self Emotional awareness, Use of Emotion and Regulation of Emotion have a significant impact on the dependent variable, Organizational Citizenship Behaviour. Cross-validation of the findings of this study to be done in different industries and different cultures comparatively among a bigger sample in subsequent studies is recommended, which will add more insights to the substance of the present study.*

**Keywords:** Organizational Citizenship Behaviour, Emotional Intelligence, Self-Emotional Awareness, Use of Emotion, Others' Emotional Appraisal, Regulation of Emotion

## **Introduction**

An organization to be successful, it requires employees who contribute positively to their organizations, doing more than what is expected from them. OCB is an evolving concept concerning how and why people contribute positively to their organizations performing beyond defined work roles. OCB has been revealed as valuable to organizations to function effectively and it can contribute towards enhancing performance and competitive advantage. As a result during the past 30 years, Organizational Citizenship Behaviour has drawn the attention of many researchers in the field of organizational behaviour (Anwar et al., 2017) and it has shed a light on organizations to use it for both employer and employee mutual benefit.

Furthermore, people are motivated by the extent to which they are attached emotionally to their work (Ashforth and Humphrey, 1995 as cited in Carmeli, 2003). According to Carmeli (2003) employees involved in their job not only to fulfill their self-rational interests but also to make their emotions play a role. Further, he mentioned that high job involvement is often a response to emotional needs rather than rational needs.

Citizenship behaviour displayed by the employees of an organization is a sign of a healthy organization which drives the workforce towards achieving organizational goals. Moreover, this behaviour is influenced by personal and organizational factors. One of the critical factors is EI.

### ***Introduction to the Industry and the Organization***

Sri Lanka is a world class manufacturing destination strategically located in the Indian Ocean with excellent sea and air connectivity to all major markets. Today the largest portion of total exports of Sri Lanka is from the Apparel industry and it is also the country's largest net foreign exchange earner since 1992. Sri Lanka is beneficiary of the EU's Generalized Scheme of Preferences Plus (GSP+) and eligible to export its qualified products tax-free to the European Market.

JB Apparel a value-driven ethical apparel manufacturing company based in the Pearl of the Indian Ocean, making their entire production in Sri Lanka. Their purpose and values are respected and treasured by all across their employees and manufacturing plants. Hence it is no surprise that they've set out to offer the best in quality clothing for Girls. They are dedicated to delivering the highest service and quality product to its customers as they follow tried and tested patterns of dressing up girls in the highest quality and fashionable clothing.

### ***Problem Statement***

Among the most common human resource problems “the inability to have many dedicated workers” has become a serious issue mainly in the apparel sector. Organizations require committed workers who “go the extra mile” in the workplace because workers represent the backbone of an organization. This is a serious issue especially in the apparel industry today with the rapid changes in the economy and market conditions. In an industry where the success will highly depend on the creativity and talent of its people, Human Resources are their main source of competitive advantage.

Commitment is very important when it comes to the apparel sector. Garment companies require employees with a desire to move beyond formal job expectations. Employers need to identify why people do not contribute positively to their organizations beyond defined work roles. Technical and conceptual skills can be fixed in the employees easily through their education and other training programmes. But what is difficult but extremely important is creating a workforce that is behaviorally competent.

Today's organizations need balancing intellectual and emotional dimensions of their employees more than ever to create a dedicated behavior in them. This study focuses on a very important behavioral component i.e Emotional Intelligence and the impact it has on the individual output that is Organizational Citizenship Behavior (OCB).



From the literature, it is revealed that a form of intelligence pertaining to emotions is related to the performance of employees (Cote and Miners, 2006 as cited in Cohen and Abedallah, 2014). The concept of EI has the ability to contribute to more positive attitudes, behaviors, and outcomes among employees (Bar-On et al, 2005; Carmeli, 2003; Cohen and Abedallah, 2014).

The empirical pieces of evidence from this study can contribute to the advancement of current knowledge about the impact of EI on OCB. Limited researches have been conducted previously in the field of apparel sector in Sri Lanka by showing the impact of EI on OCB. This study is to fill the gap of knowledge and to develop new knowledge about the dimensions of employees' EI and how they relate to their OCB. So an interest is raised in the following question.

*What is the relationship between Emotional Intelligence and Organizational Citizenship Behavior of Executive level Employees in JB Apparel?*

### ***Objectives of the Study***

#### ***General Objective***

To identify the relationship between Emotional Intelligence and Organizational Citizenship Behaviour of executives in JB Apparel

#### ***Specific Objectives***

Further, this study endeavors to achieve the following secondary objectives;

1. To identify the impact of Emotional Intelligence on Organizational Citizenship Behaviour of executives in JB Apparel.
2. To study the level of Emotional Intelligence of Executives in JB Apparel.

3. To study the level of Organizational Citizenship Behavior of Executives in JB Apparel.

## **Literature Review**

### ***Organizational Citizenship Behaviour***

OCB is a voluntary behaviour that enhances the effectiveness of the organization, and it goes beyond formal job duties and performance roles of the employees (Kwon Choi et al., 2014; Organ, 1990; Anwar et al., 2017). Accordingly, OCBs are individual behaviours that go beyond assigned tasks, often for the benefit of the organization. For years, researchers have been investigating the necessity of OCB in the field of organizational behaviour (Podsakoff et al., 2000; Organ, 1997; Anwar et al., 2017).

Anwar et al., (2017) cited from h. Similarly, organizational citizenship behavior is discretionary behavior that is not part of an employee's formal job requirement, but it is that which promotes the effective functioning of the organization (Appelbaum et al., 2004 as cited in Korkmaz & Arpaki, 2009). Having understood the above definitions, the current researcher could state OCB as the individual, discretionary actions by employees in which they perform voluntarily and spontaneously in addition to their formal job requirements which may not always be directly or formally recognized or rewarded by the company. In this way, these actions lie outside the specified contractual obligations, which are neither stated in the Job Description nor directly nor contractually compensated by the formal organizational reward system and these are individual actions which are motivated by personal aspirations, but ultimately, OCB must enhance the effective functioning of the organization.

### ***Emotional Intelligence***

For the last few years, many types of research have been done on the issues of Emotional Intelligence in the field of management, leadership and organizational behaviour. They examined to identify the

relationship of EI with various variables like leadership, work performance, stress and burnout (Aslan and Erkus, 2008).

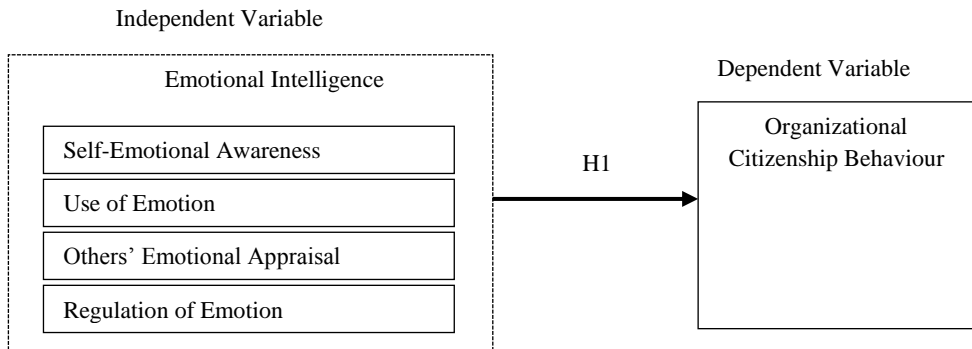
Goleman (1995) was the first to discuss the importance of EI for the success and growth of every organization. His effort was not only to develop a model but also to implement it increasing organizational effectiveness (Anwar and Sulaiman, 2013; Anwar et al., 2017). An emotionally sound person is found to be having better interpersonal communication by means of understanding one's own and others' emotions in an appropriate way (Anwar et al, 2017). Among many critical concepts of Emotional intelligence, Aristotle defines Emotional Intelligence as "those who possess the rare skill to be angry with the right person, to the right degree, at the right time, for the right purpose and the right way are at an advantageous in any domain of life (Aslan and Erkus, 2008).

### ***Relationship between EI and OCB***

Researchers found a positive role of EI in the workplace (Joseph and Newman, 2010; Farh et al., 2012 as cited in Anwar et al., 2017). Moreover, Anwar et al., 2017 cited evidence from Harmer (2007) and mentioned that very limited studies have been conducted regarding the effect of EI dimensions on OCB.

Further, Anwar et al., 2017 stated that individual with high EI, compared to others, hardly engage in problematic behaviours and also they avoid self-destructive negative behaviours. Simultaneously they possess sentimental attachment around the home and positive social interactions. Anwar et al., 2017 cited from Mayer et al., 2004 and stated that individuals high in EI are skilled at describing motivational goals, aims, and missions. Accordingly, a person who can recognize their own level of emotions might be with the ability to handle those emotions in various circumstances effectively. EI has been found to be an important predictor of various organizational outcomes, such as job performance, job satisfaction, OCB, and organizational commitment (Law et al., 2004; Sinha and Jain, 2004 as cited in Anwar et al., 2017).

## Conceptual Framework



*Source: Author, 2017*

This study has taken Emotional Intelligence as the independent variable and Organizational Citizenship Behaviour as the dependent variable. The conceptual framework related to this study is illustrated in Figure 01. At the left side of the figure, independent variable and its four underlying dimensions are shown. At the right side of the figure, the dependent variable is shown. The framework depicts the relationship and the impact among the Independent variable and the dependent variable as indicated through the arrow marks.

### Advancing of Hypotheses

Having considered to the pieces of evidence supported by the literature, following hypotheses have been advanced by the researcher.

- H1:** There is a significant relationship between Emotional Intelligence and OCB.
- H1a:** There is a significant relationship between self-emotional awareness and OCB.
- H1b:** There's a significant relationship between the use of emotion and OCB.

**H1c:** There's a significant relationship between others' emotional appraisal and OCB.

**H1a:** There's a significant relationship between the regulation of emotion and OCB.

## **Research Design**

This study titled as 'the impact of Emotional Intelligence on Organizational Citizenship Behaviour' is a quantitative study that attempts to find out the solution for the research problem of 'What impact does Emotional Intelligence has on Organizational Citizenship Behavior among Executive level Employees in JB Apparel'. As the current study attempts to test the formulated hypotheses and the established relationships in the research model, this would be considered as an explanatory research. The study employed a field survey method for collecting relevant primary data from the selected sample representing the study population. A set of structured questionnaires was distributed among the respondents. This study took one week for the collection of data. The data for the study were collected within a particular time period and the study was cross-sectional. In this study unit of analysis was the individual, i.e. executive level employees in JB Apparel, apparel arm of Jafferjee Brothers Group of Companies Colombo, Sri Lanka.

## ***Population and Sampling***

According to Dayarathna (2015), population means the total category of individuals or objects that are the focus of attention in a particular research project. This study includes a population of 85 and a sample of 70. The sample figure was taken based on the Krejcie and Morgan (1970) table. In this study, the random sampling method was used to collect data from the population.

As the total number of respondents in the population is known, a simple random sampling technique would be more appropriate to be used to select a representative sample (Saunders, Lewis & Thornhill,

2009). A total of 70 executive level employees were selected randomly from the head office of JB Apparel based in Colombo, which accounts nearly for 80% of the population. Hence, the unit of analysis is at the individual level, an executive.

## **Data Analysis**

As stated from the first chapter, the objective of the study is to conduct a research on the impact of Emotional Intelligence on Organizational Citizenship Behaviour. The researcher collected 66 questionnaires out of 70 distributed. The population of the study is executive level employees in JB Apparel. The sample was randomly selected from the above population. The sample size considered was 70 executive level employees, although 4 questionnaires were not returned. Thus the number of returned questionnaires was 66 (94.3%).

According to the data collected, 57.6% of the total respondents belong to the age group of 36-45 years. Also, 54.5% of the total respondents were males. The majority were married depicting 63.6%. A significant portion of the sample consisted with degree holders. (It is approximately a 60.6% of the entire respondents). Collected data showed that 60.6% of the total respondents served the company for a period below 5 years. The second highest period was 6-10 years depicting 22.7%.

## ***Reliability and Validity***

### ***Reliability***

Reliability of the variables is measured by the value of Cronbach's alpha. This measures the internal consistency of the variables. In simple, it shows how a set of items are closely related as a group. Further, it measures the correlations of various items on the same test. In most of the social science researches, an alpha value of 0.7 or above is considered as “acceptable”. Having considered that, the Cronbach's alpha coefficient of all the variables has reached its standard value. Therefore it can mention that the scale is reliable.

*Table 01 Results of Cronbach's Alpha*

Variable	Cronbach's Alpha
Self-Emotion Awareness (SEA)	0.680
Use of Emotion(UOE)	0.841
Others' Emotional Appraisal (OEA)	0.840
Regulation of Emotion (ROE)	0.867
Organizational Citizenship Behaviour (OCB)	0.831

*Source: Survey Data, 2017*

### *Validity*

Validity indicates the degree to which the tool measures what it is supposed to measure. It denotes the believability or credibility of the research. The validity of the measurement was ensured by calculating the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO).

*Table 02: Results of KMO Test*

Variable	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	Sig. Value
OCB	0.672	0.000
EI	0.723	0.000

*Source: Survey Data, 2017*

According to the table, it can be identified that the content of all measurement instruments used for the study is valid and has been extracted from standard questionnaires and self-administrated according to the study requirements.

### ***Correlation Analysis***

As the relationship is linear, the researcher used the 'Pearson Correlation Coefficient' to test the strength of the relationship between the above mentioned two variables.

#### ***Correlation Analysis of Self Emotional Awareness***

As shown in table 03, Pearson Correlation coefficient is 0.437, which shows that there is a moderate positive relationship between Self Emotional awareness and OCB. On the other hand, the Sig value is 0.000 and this value is below 0.01 significant level. It indicates that the relationship is significant and therefore H1a can be accepted.

***Table 03: Correlation Statistics of Self Emotional Awareness***

		Organizational Citizenship Behaviour Average	Self-Emotional Awareness Average
Organizational Citizenship Behaviour Average	Pearson	1	.437**
	Correlation		
	Sig. (2-tailed)		.000
	N	66	66
Self-Emotional Awareness Average	Pearson	.437**	1
	Correlation		
	Sig. (2-tailed)	.000	
	N	66	66

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

***Source:*** *Survey Data, 2017*



### *Correlation Analysis of Use of Emotion*

As shown in table 04, Pearson Correlation coefficient is 0.275, which shows that there is a weak positive relationship between Use of Emotion and OCB. Sig value is 0.026 and this value is below the 0.05 significant level. It indicates that the relationship is significant and therefore H1b can be accepted.

*Table 04: Correlation Statistics of Use of Emotion*

		Organization al Citizenship Behaviour Average	Use of Emotion Average
Organizational Citizenship Behaviour Average	Pearson	1	.275*
	Correlation		
	Sig. (2-tailed)		.026
Use of Emotion Average	N	66	66
	Pearson	.275*	1
	Correlation		
	Sig. (2-tailed)	.026	
	N	66	66

\* Correlation is significant at the 0.05 level (2-tailed).

Source: Survey Data, 2017

### *Correlation of Others' Emotional Appraisal*

According to the below table 05, Pearson Correlation coefficient is 0.207 which shows that there is a weak positive relationship between Others' Emotional Appraisal and OCB. Sig value is 0.096 and this value is above the 0.05 significant level. It indicates that the relationship is insignificant and therefore H1c cannot be accepted. As correlation does not accept hypothesis regression for the hypothesis would not be calculated.

*Table 05: Correlation Statistics of Others' Emotional Appraisal*

		Organizational Citizenship Behaviour Average	Others' Emotional Appraisal Average
Organizational Citizenship Behaviour Average	Pearson Correlation Sig. (2-tailed) N	1  66	.207  .096 66
Others' Emotional Appraisal Average	Pearson Correlation Sig. (2-tailed) N	.207  .096 66	1   66

*Source: Survey Data, 2017*

#### *Correlation of Regulation of Emotion*

According to the below table 06, Pearson Correlation coefficient is 0.297 which shows that there is a weak positive relationship between regulation of Emotion and OCB. Sig value is 0.015 and this value is below the 0.05 significant level. It indicates that the relationship is significant and *therefore H1d can be accepted.*

*Table 06: Correlation Statistics of Regulation of Emotion*

		Organizational Citizenship Behaviour Average	Regulation of Emotion Average
Organizational Citizenship Behaviour Average	Pearson	1	.297*
	Correlation		
	Sig. (2-tailed)		.015
Regulation of Emotion Average	N	66	66
	Pearson	.297*	1
	Correlation		
	Sig. (2-tailed)	.015	
		N	66

\*. Correlation is significant at the 0.05 level (2-tailed).

*Source: Survey Data, 2017*

#### *Correlation Analysis of Emotional Intelligence and OCB*

As shown in table 07, Pearson Correlation Coefficient is 0.403. It shows there is a moderate positive relationship between Emotional Intelligence and Organizational Citizenship Behaviour of the employee. Further, the correlation coefficient is significant at the 0.01 level as a sig (2-tailed) is less than 0.01; which is 0.001. Hence, Based on the test result H1 can be accepted and it can be statistically concluded that there is a significant positive relationship between Emotional Intelligence and Organizational Citizenship Behaviour of employees.

*Table 07: Correlation Analysis of Emotional Intelligence and OCB*

		Organizational Citizenship Behaviour Average	Emotional Intelligence Average
Organizational Citizenship Behaviour Average	Pearson Correlation Sig. (2-tailed) N	1   66	.403**  .001 66
Emotional Intelligence Average	Pearson Correlation Sig. (2-tailed) N	.403** .001 66	1  66

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

*Source: Survey Data, 2017*

### ***Simple Regression Analysis***

#### *Simple Regression Analysis of Self Emotional Awareness*

According to the table 08, the b value of the equation, the slope of the regression, is 0.437 which is significant (significant = 0.000). It indicates that there is a positive impact on OCB from Self Emotional Awareness. It can be further said if Self Emotional Awareness increases by one unit, OCB will be increased by 0.437. It is significant since the p-value is 0.000, it is less than 0.05. Hence it can be proved that there is a positive impact on OCB from Self Emotional Awareness. Thus, H1<sub>a</sub> hypothesis is accepted concluding that, there is a significant impact of Self Emotional Awareness on OCB.

*Table 08: Results of Simple Regression Analysis (There is a significant impact of Self Emotional Awareness on OCB)*

Method	Linear
R square	0.191
Adjusted R Square	0.178
F	15.067
Significance	0.000
B- constant	2.579
Standardized Beta	0.437

According to the table 09, the b value of the equation, the slope of the regression, is 0.275 which is significant (significant = 0.026). It indicates that there is a positive impact on OCB from Use of Emotion. It can be further said if Use of Emotion increases by one unit, OCB will be increased by 0.275. It is significant since the p-value is 0.026, which is less than 0.05. Hence it can be proved that there is a positive impact on OCB from Use of Emotion. Thus, the H1<sub>b</sub> hypothesis is accepted concluding that, there is a significant impact of Use of Emotion on OCB.

*Table 09: Results of Simple Regression Analysis (There is a significant impact of Use of Emotion on OCB)*

Method	Linear
R square	0.075
Adjusted R Square	.061
F	5.223
Significance	0.026
B- constant	3.443
Standardized Beta	0.275

*Source: Survey Data, 2017*

### *Simple Regression Analysis of Regulation of Emotion*

According to the table 10, the b value of the equation, the slope of the regression, is 0.297 which is significant (significant = 0.015). It indicates that there is a positive impact on OCB from Regulation of Emotion. It can be further said if Regulation of Emotion increases by one unit, OCB will be increased by 0.297. It is significant since the p-value is 0.015, it is less than 0.05. Hence it can be proved that there is a positive impact on the OCB Regulation of Emotion. Thus, the H1<sub>d</sub> hypothesis is accepted concluding that, there is a significant impact of Regulation of Emotion on OCB.

*Table 10: Results of Simple Regression Analysis (There is a significant impact of Regulation of Emotion on OCB)*

Method	Linear
R square	0.088
Adjusted R Square	0.074
F	6.193
Significance	0.015
B- constant	3.443
Standardized Beta	0.297

*Source: Survey Data, 2017*

### *Regression Analysis of Emotional Intelligence*

According to the results of table 11, the R square of the study is 0.162 and it indicates 16.2% of the variation in the dependent variable (OCB) is explained by the model. The fitted second regression model is significant as the Sig value is 0.001 which is less than 0.05. , the  $\beta$  value for the Emotional Intelligence, the slope of the regression is 0.403. It indicates that there is a positive impact on OCB from Emotional Intelligence. Thus, the H1 hypothesis is accepted concluding that, there is a significant impact of EI on OCB.

*Table 11: Results of Simple Regression Analysis (There is a significant impact of Emotional Intelligence on OCB)*

Method	Linear
R square	0.162
Adjusted R Square	0.149
F	12.406
Significance	0.000
B- constant	2.722
Standardized Beta	0.403

*Source: Survey Data, 2017*

## **Findings, Recommendations and Conclusion**

### ***Key Findings and Recommendations***

The current research results indicate that for executive level employees in the selected organization, the impact of Emotional intelligence on Organizational citizenship Behaviour is only 16.2%. As a result, the factors that affect other than Emotional Intelligence has amounted to 83.8%. The residual value of 83.8% may include the other factors which affect to Organizational citizenship Behaviour such as, work culture, job satisfaction, leadership, effective communications, job responsibilities, relationships at work, family and personal life, power and politics, HR policies and practices, motivation, perception, learning etc.

The mean value of Organizational Citizenship Behaviour is accounted to be 4.0625 which indicate that employees within the company are highly engaged in Organizational citizenship behaviours. The mean value of the distribution of Emotional intelligence is 3.9489 which indicate that they have high EI. Such that their levels of EI and OCB can be determined.

### ***Limitations of the Study***

The study involves executive level employees at JB Apparel and the sample was limited to 70 participants. The study focused on the apparel industry taking data from that particular industry would limit the generalizability of the information. Therefore it is advised for future researchers to consider other industries, without considering only one industry if the researchers need to come to a very practical conclusion.

Further, the questionnaire response may be wrong due to they deliberately change the answer. The employees might not respond genuinely because of fear of mentioning ill of the organization. Some employees were unable to take time for reading well and answering the questionnaire due to lack of time they had as a result of high work pressure. This study was based on the personal views of respondents through the questionnaire. It may not be effective and becomes bias as the respondent's feelings will be affected for the answers. Also, the WELIS and OCB scales are self-reported and have the chance for over or underestimations.

Employee personal values may vary from the perspectives of national culture and organizational culture. Thus, further studies could fill the research gaps in these aspects. In this regard, this research could be a stepping stone for conducting further studies in relevant fields of studies for advancing the knowledge.



## **Conclusion**

Having considered all the factors enumerated in previous chapters, it can be seriously concluded that there is a significant positive moderate relationship between Emotional Intelligence and Organizational Citizenship Behaviour. Further, Self-Emotional awareness, Use of emotion and Regulation of Emotion has an impact on OCB, though Others' Emotional Appraisal has no significant impact on OCB. Therefore the main objective of the study was achieved by identifying the impact of Emotional Intelligence on OCB. On the other hand, the relationship between Emotional Intelligence and OCB, levels of Emotional Intelligence and OCB were identified.

Based on a result from Pearson Correlation Analysis, it showed that there was a moderately positive impact from Emotional Intelligence on OCB. It implies that is a 95% confidence level that there was a positive significant relationship.

The researcher was able to find Emotional Intelligence has a positive and significant impact on Organizational Citizenship Behaviour.

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# **SOFT SKILLS AND ACADEMIC PERFORMANCE OF UNDERGRADUATES: EVIDENCE FROM A STATE UNIVERSITY IN SRI LANKA**

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## **ABSTRACT**

*Soft skills development is an important topic of Human Resource Management. It has become a top priority for workers everywhere. Most organizations are trying to attract & retain their valued employees by enhancing their soft skills. This study aims to analyze how soft skills impact on the academic performance of the undergraduates of Department of Commerce and Financial Management in University XYZ. The general objective of this research is to study on the important soft skills that need for the undergraduates and how it impacts on the academic performance of them. The study reveals the importance of understanding the current levels of soft skills of the undergraduates, identify the impact of the soft skills and*

*recommend inputs and insights to improve soft skills and the working proficiency in the English language of the undergraduates of the department. This research was conducted using the scientific method. The sample size of 50 employees was selected using simple random sampling method. The population consists of 200 undergraduates. Data was gathered through both primary and secondary sources. The conclusion is drawn from the research accepting a significant positive relationship between communication skills and problem-solving skills with academic performance.*

**Keywords:** Communication skills, Problem solving skills, Adaptability skills, Academic performance

## **Introduction**

Academic performance is one of the key highlighting factors of the academic life of the undergraduates. The academic performance can be defined as the extent to which a student, teacher or institution has achieved their short or long-term educational goals. Cumulative GPA and completion of educational degrees such as High School and bachelor's degrees represent academic performance. Therefore, managing academic performance is very crucial for the undergraduates. Students' academic gain and learning performance are affected by numerous factors including gender, age, soft skills, father/guardian's social economic status, residential area of students, the medium of instructions in universities, daily study hour and accommodation as hostellers or day scholar. However, among these factors, the researcher considers the soft skills of the undergraduates to determine the academic performance.



Therefore, soft skills are an effective instrument that relies on the academic performance of the undergraduates and creating confidence in it. Soft skills are the aspects of personality that are coming to the forefront as professional assets – communication skills, problem-solving, teamwork and adaptability to change. The truth is, today the society thinks it is important to have knowledge but also critical to have the skills to deal with people, find solutions to problems and be adaptable in a world. Among the soft skills communication skills, problem-solving skills and adaptability skills play a major role in the academic performance of the undergraduates. Communication skills comprise with the ability to communicate effectively with superiors, colleagues, and staff is essential, no matter what industry you work in. Problem-solving skills are the analytical or logical thinking includes skills such as ordering, comparing, contrasting, evaluating and selecting. Adaptability as a skill refers to the ability of a person to change his actions, course or approach to doing things to suit a new situation.

In Sri Lanka, there are 16 state universities. It is very difficult to get selected to a state university in Sri Lanka. The first is that in terms of opportunities for university education, only a small proportion of students who qualify for admission to a university is admitted to the country's state university system and therefore there is no inclusiveness in higher education. It is only a small number of people who get that opportunity exclusively. For a year, around 1,700 students enroll to University XYZ.

After all these difficulties, when a student gets selected to a state university from a rural area, they have to face a lot of difficulties due to the language barriers, lack of communication and other skill gaps to meet the demands in the study environments. As a result, their academic performances tend to be declined with the time even though

they are super brainy students of the country. The language barrier is one of the biggest hurdles, as most of the university examinations have been conducted in English medium. Many undergraduates focus to develop expertise in their fields and they neglect to develop their soft skills. Soft skills are character traits and interpersonal skills that characterize a person's relationships with other people.

Under the Faculty of Commerce and Management studies the Department of Commerce and Financial Management )DCFM( has established. In this context, the researcher is keen to identify the influence of the soft skills on the academic performance of the undergraduates of the Department of Commerce and Financial Management in the University XYZ.

In this research, the researcher considers how communication skills, problem-solving skills and adaptability skills )Independent variables( impact to academic performance )dependent variable( of the undergraduates.

### **Problem Identification**

When a new batch of students have enrolled to university, they have to attend for compulsory English learning course to enhance their English language literacy Even though there is a program to enhance English literacy, most undergraduates face difficulties when facing exams and giving presentations due to lack of English literacy and the proficiency. The majority of undergraduates are coming from very rural areas and the Sinhala language happens to be the most preferred language of them. So, the researcher has identified due to the lack of English literacy the undergraduates of DCFM have weak communication skills. Also, their other soft skills such as problem-solving skills and adaptability skills are at a lower level. So that they have been showing

significantly dropped academic performance during their first-years. Therefore, this research paper will examine how soft skills impact the academic performance of undergraduates of DCFM.

## **Research Questions**

1. What are the soft skills that mainly impact on academic performance of the undergraduates of the department?
2. Why undergraduates have not improved their soft skills?
3. What are the attempts taken by the department to increase the soft skills of undergraduates?

## **Literature Review**

### ***The Concept of Soft Skills***

“Soft skills are character traits and interpersonal skills that characterize a person's relationships with other people” (Staff, 2017) They are more intangible and non-technical abilities that need to interact effectively with other people. Soft skills also known as “Transferable skills” or “Professional skills”. Soft skills referred to attitudes or to intuitions. Soft skills are more personally driven, and it is very much important to have knowledge about the personal soft skills which a person has.

### ***Types of Soft Skills***

It is hard to judge which soft skills are most important, but for the ease of the research, the researcher identifies main three soft skills that are important for the undergraduates to enhance the academic performance. Most employers consider these skills in the time of recruitment because of these soft skills most likely to enable undergraduates, graduates and

employees to build constructive educational and working relationships with others, or to be a constructive and helpful employee.

### ***Communication Skills***

Communication skills define “the ability to convey information to another effectively and efficiently. Business managers with good verbal, nonverbal and written communication skills help facilitate the sharing of information between people within a company for its commercial benefit.” (Business Dictionary.com, 2017( According to Stone, 1995 communication is an essential part of the performance appraisal process.

Communication skills were measured using construct elements including written, oral and social behavior.

### ***Problem-solving Skills***

“Problem-solving is the process of analyzing and understanding a problem, diagnosing its cause and deciding on a solution that solves the problem and prevents it being repeated. You will often have to react to problems as they arise, but as far as possible a proactive approach is desirable, involving anticipating potential problems and dealing with them in advance by taking preventive action.” )Armstrong, 2012(

The ability of problem-solving has a significant role in undergraduates’ academic performance and their construction of the concepts. The major factors of education are the ability of problem-solving that affect the academic achievement. Problem solving is important to achieve success and has been regarded as the most significant aspect of human behavior. So that, problem-solving ability plays an important role in the academic achievement of students. Problem solving skills were

measured using construct elements including thinking, reasoning and decision-making ability.

### ***Adaptability Skills***

Adaptability as a skill refers to the ability of a person to change his actions, course or approach to doing things in order to suit a new situation. )Cleverism, 2017(

Adaptability skills were measured using construct elements including expectations, requirements and desires. The power to adapt to any situation in life lies in getting clear on what are the expectations, requirements, and desires actually are. )Here & Guides, 2018(

### ***Academic Performance***

Academic development of the pupil is the primary concern and the most important goal of education. Academic achievement can be defined as performance, knowledge or skill acquired after instructions and training in courses or subjects of study, usually determined by test score or by marks assigned by the teacher )Dictionary of Education, 2003(. The study measures the academic performance using construct elements including intelligence, personality, and motivation.

### ***Soft skills and Academic Performance***

Soft skills are essential for career success. It is also more important for the students because the soft skills that can positively impact the academic success and lead them to graduation. These would include important soft skills such as Note taking, Time management, study skills, Creative thinking, Responsibility, Communication, Ability to follow directions, Goal setting, Problem-solving, Questioning skills,

Comfort with technology, Self-management, Teamwork, and Adaptability.

### ***The Relationship between communication skills and academic performance***

Communication skills and academic performance has a relationship. Students with a greater willingness to communicate more during class, engage more in projects that imply communication is much more useful to maintain comfortable communication relationships, whereas students with a lower willingness to communicate tend to be reluctant to communicate with others. In turn, teachers have positive expectations from students with a higher willingness to communicate and negative ones for those who have a lower willingness. Students with a higher willingness to communicate have more friends and seem to be more satisfied with their university experience, as compared to those with a lower willingness to communicate are seen in a negative way by their peers. Also, studies show that “teachers’ attitude, involvement, immediacy and teaching style influence the learners’ participation and their willingness to communicate” (Zarrinabadi, 2014). Students who communicate more effectively with their teachers learn more successfully in the lecture room.

*Hypothesis 1: Undergraduates’ communication skills will influence his/her academic performance.*

### ***The Relationship between problem-solving skills and academic performance***

Problem-solving is the key to success and known as the most significant aspect of human behavior. Problem-solving ability plays an important role in the academic achievement of students and has been received broad public interest as important competency in modern

societies. Improving the ability of problem-solving is a key factor for effective learning.

Moreover, Darchingpui )1989(, Gupta )2014( and Kumar et al. )2014( pointed towards the students' problem-solving ability based on the variable types of the high school, academic success, socio-economic and socio-cultural background. The ability of problem-solving has a fundamental role in students' academic performance and their construction of the concepts. The findings showed that students' ability has a significant influence on the problem-solving task. )Adeyemo, 2010(.

*Hypothesis 2: Undergraduates' problem-solving skills will influence his/her academic performance.*

### ***The Relationship between adaptability skills and academic performance***

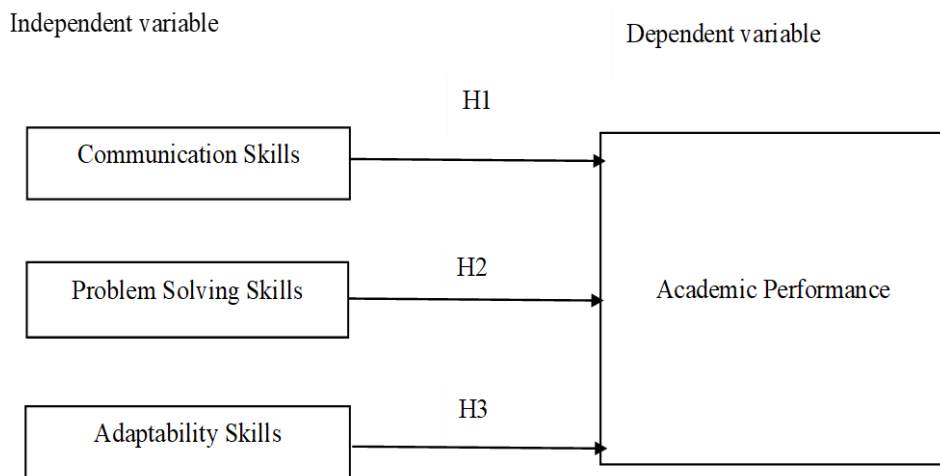
Adaptability skills and academic performance has a relationship. Adaptability is related to success, happiness, ambition, academic performance and also a lower incidence of risky behaviors. Also, it creates the type of flexibility necessary to survive and succeed in the modern workplace.

Lecturers can encourage students to seek out new or more information or take a different course of action when faced with a new situation. Also, thinking about the opportunities a new situation might create or not assuming that change is a bad or undesirable thing. Students can also be encouraged to learn to minimize disappointment and maximize enjoyment when circumstances change. Students who can quickly adapt to the changing situation can gain good academic performance because they know to respond to the changes.

*Hypothesis 3: Undergraduates' adaptability skills will influence his/her academic performance.*

### **Conceptual Framework and Operationalization**

Three types of soft skills, namely 'Communication', 'Problem-solving' and 'Adaptability skills' have been identified as the predictor or the independent variables of the model. Academic Performance is a causal outcome of the predictor or the independent variables has to be the



criterion variable or the dependent in the model.

*Figure 1: Conceptual Framework*



## Development of Hypotheses

*Table 1: Hypotheses development*

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<b>1</b>	$H_{0(1)}$ There is no relationship between communication skills and academic performance of the management undergraduates.
	$H_{a(1)}$ There is a relationship between communication skills and the academic performance of the management undergraduates.

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<b>2</b>	$H_{0(2)}$ There is no relationship between problem-solving skills and the academic performance of the management undergraduates.
	$H_{a(2)}$ There is a relationship between problem-solving skills and the academic performance of the management undergraduates.

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<b>3</b>	$H_{0(3)}$ There is no relationship between adaptability skills and the academic performance of the management undergraduates.
	$H_{a(3)}$ There is a relationship between adaptability skills and the academic performance of the management undergraduates.

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## Research Methods

The study population consisted of 200 first-year undergraduates in the Department of Commerce and Financial Management. The sample focused on 50 first year undergraduates. The sample has been chosen through simple random sampling technique. The research sample )N( included 50 undergraduates, which is 40% of the total population. Collection of data has been conducted by the questionnaires which distribute to undergraduates. Further, personal interviews conducted with the selected members of the sample facilitated to collect crucial information as well.

## Validity & Reliability Analysis

Reliability and construct validity were ensured by reliability analysis with Cronbach's alpha. As shown in Table 2, all Cronbach's alpha values were above 0.7 for all constructs indicating sufficient internal consistency of the items in the scale.

*Table 2: Cronbach's Alpha table*

Variable	Cronbach's Alpha ( $\alpha$ )	State of internal consistency	Number of items
Communication skills	0.867	( $0.9 > \alpha \geq 0.8$ ) - Good	12
Problem-solving skills	0.818	( $0.9 > \alpha \geq 0.8$ ) - Good	11
Adaptability skills	0.876	( $0.9 > \alpha \geq 0.8$ ) - Good	8
Academic performance	0.727	( $0.8 > \alpha \geq 0.7$ ) - Acceptable	13

## Correlation Matrix

Correlation coefficient analysis reveals the degree of statistical relationship between variables in addition to their strengths and directions of each other. Mean values of constructs supporting the respective variable are computed and recorded as separate products in the data model.

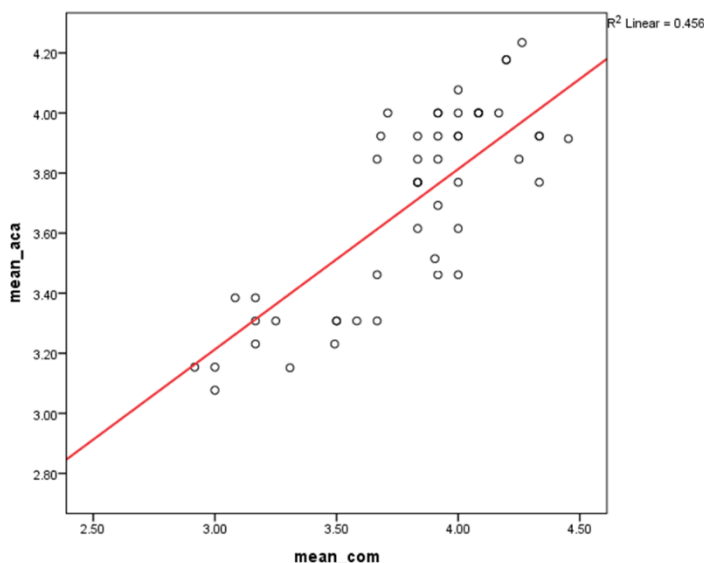
*Table 3: Correlation coefficient of variables*

Correlations		mean_com	mean_pro	mean_ada	mean_aca
mean_com	Pearson Correlation	1	.561 <sup>**</sup>	.943 <sup>**</sup>	.675 <sup>**</sup>
	Sig. (2-tailed)		.000	.000	.000
	N	50	50	50	50
mean_pro	Pearson Correlation	.561 <sup>**</sup>	1	.578 <sup>**</sup>	.388 <sup>**</sup>
	Sig. (2-tailed)	.000		.000	.005
	N	50	50	50	50
mean_ada	Pearson Correlation	.943 <sup>**</sup>	.578 <sup>**</sup>	1	.513 <sup>**</sup>
	Sig. (2-tailed)	.000	.000		.000
	N	50	50	50	50
mean_aca	Pearson Correlation	.675 <sup>**</sup>	.388 <sup>**</sup>	.513 <sup>**</sup>	1
	Sig. (2-tailed)	.000	.005	.000	
	N	50	50	50	50

<sup>\*\*</sup>. Correlation is significant at the 0.01 level (2-tailed).

### ***Correlation between Communication skills and Academic performance.***

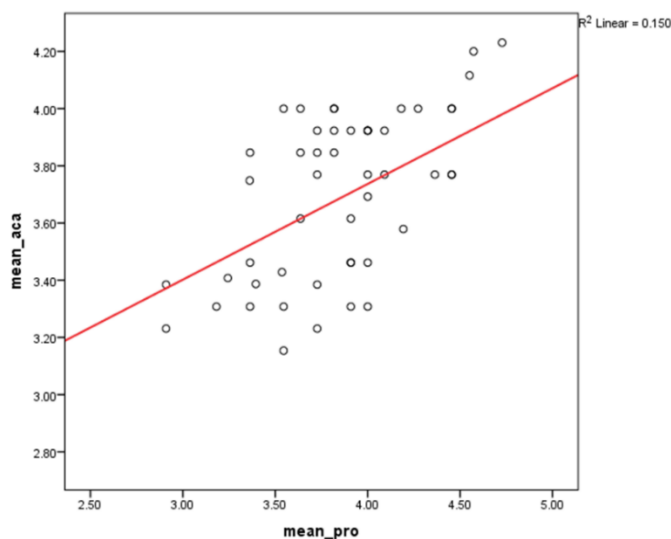
The correlation coefficient between communication skills and academic performance is statistically significant and is also indicating a moderate positive linear relationship  $r=0.675$ ,  $p<.000$ . Strength is moderate, where 45% of the criterion is explained by the predictor. The direction is positive the interpretation is, high communication skills contribute a high academic performance. After analyzing the research data the researcher has found that the communication skills have a significant impact on academic performance, hence the hypothesis ***H<sub>a</sub> (1) is supported.***



***Figure 2: Scatter Plot - Linear Relationship – Communication skills & Academic performance***

### ***Correlation between Problem solving skills and Academic performance.***

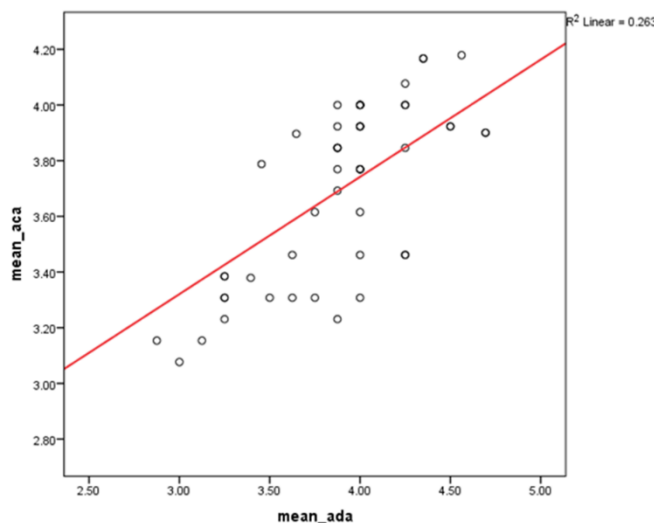
The correlation coefficient between problem-solving skills and academic performance is significant and is also indicating a weak positive linear relationship  $r=0.388$ ,  $p<.005$ (. Strength is weak, where 15% of the criterion is explained by the predictor. The direction is positive the interpretation is, high problem-solving skills contribute a high academic performance. The researcher has found that problem-solving skills have a significant impact on academic performance. Hence the hypothesis  $H_{a(2)}$  ***is supported***.



***Figure 3:***  
***Scatter Plot - Linear Relationship – Problem solving skills & Academic performance***

## Correlation between Adaptability skills and Academic performance

The correlation coefficient between adaptability skills and academic performance is statistically significant and is also indicating a moderate positive linear relationship  $r=0.513$ ,  $p<.000$ . Strength is moderate, where 26.3% of the criterion is explained by the predictor. The direction is positive the interpretation is, high adaptability skills contribute a high academic performance. The researcher has found that the adaptability skills have a significant impact on academic performance, hence the hypothesis  $H_a (3)$  *is supported*. But the researcher further runs the regression to get the final coefficients values.



*Figure 4: Scatter Plot - Linear Relationship – Adaptability skills & Academic performance*

## Regression Analysis

*Table 4: Regression analysis – Model summary*

<b>Model Summary<sup>b</sup></b>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.777 <sup>a</sup>	.603	.577	.22138	2.092

a. Predictors: (Constant), mean\_ada, mean\_pro, mean\_com

b. Dependent Variable: mean\_aca

Multiple correlation “R” is 0.777. This says that there is a strong positive linear relationship between the individual variables and academic performance. R-square is 0.603. This indicates that 60.3% of the dependent variable has been described by the individual variables. Durbin-Watson statistic is to test the presence of autocorrelation in a regression model. Durbin-Watson statistic is always falling between 0 and 4. A value of 2.092 means that there is no autocorrelation in the test model.

*Table 5: Regression analysis – ANOVA*

<b>ANOVA<sup>a</sup></b>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.424	3	1.141	23.290	.000 <sup>b</sup>
	Residual	2.254	46	.049		
	Total	5.679	49			

a. Dependent Variable: mean\_aca

b. Predictors: (Constant), mean\_ada, mean\_pro, mean\_com

According to the above table, the “P” value of the analysis shows a value of 0.000 which is <0.05. through the indication of the F value of

23.290, it is obvious that the alternative hypothesis of this study in terms of all three independent variables can be accepted. The probability of F test statistics of the regression ANOVA is highly significant. This means that the model is jointly significant.

*Table 6: Coefficients of independent variables*

Coefficients <sup>a</sup>							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1.271	.355		3.584	.001		
mean_com	1.538	.250	1.730	6.160	.000	.109	9.135
mean_pro	.084	.098	.097	.849	.000	.664	1.506
mean_ada	.965	.234	1.175	4.125	.000	.106	9.403

a. Dependent Variable: mean\_aca

According to table 6, the Beta values of the three independent variables namely communication skills, problem-solving skills and adaptability skills 1.730, 0.097 and 1.175 respectively. This proves that all three of these variables positively influence academic performance.

Communication skills and adaptability skills are having higher VIF )Variance Inflation Factors( )9.135( and )9.403( respectively and confirm the multicollinearity effect in the model and cause problems in estimating the regression coefficients. It is essential to drop one of the independent variables from the regression equation model. Since adaptability skills have the highest VIF researcher dropped the mean\_ada )adaptability skills( from the model even the study accepted the  $H_a$  (3) and showed a significant value earlier and ran the regression equation again.



*Table 7: Coefficients of independent variables (after dropping adaptability skills)*

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.393	.409		3.404	.001		
	mean_com	.594	.115	.668	5.142	.000	.686	1.458
	mean_pro	.011	.112	.013	.101	.000	.686	1.458

a. Dependent Variable: mean\_aca

Multicollinearity issue has been rectified and VIF values are lower. So, now the model has two independent variables namely communication skills and problem-solving skills both are having a significant statistical relationship with the dependent variable of academic performance.

## Findings

The study has conducted validity and reliability analysis and the reliability coefficient in all constructs supporting each variable and none of the variables have been rejected. The Beta values of the three independent variables proved that all three of these variables positively influence the academic performance of the undergraduates. As per the collinearity statistics, communication skills and adaptability skills are having higher VIF )Variance Inflation Factors( )9.135( and )9.403( confirm the multicollinearity effect in the model. Researcher dropped the mean\_ada )adaptability skills( from the model and ran the regression equation again. The outcome gained after dropping the variable had shown that multicollinearity issue had been rectified. Based on the regression results the study has tested the hypotheses.

## Conclusions and Recommendations

According to the above statistics, it clearly showed that the hypotheses except for *Ha (3)* will result in increased undergraduates' academic performance. Among them, the most prominent soft skill which impacts on academic performance is the communication skills. Consequently, by concentrating on the results the following recommendations have been suggested.

Academic performance of the undergraduates has to be uplifted by improving the communication skills and problem-solving skills. Based on the outcome of the research, communication skills and problem-solving skills have a significant positive relationship with academic performance. Among the other variables, communication skills have the highest positive correlation. Therefore, the department must ensure to enhance and maintain sound communication skills to enhance undergraduates' academic performance. So for that department should encourage them more in group activities and ask them to organize events. Then the undergraduates will be able to know how to maintain good interpersonal relationships with others and will be able to groom them in front of the corporate world. In the lecture room also give opportunities for undergraduates to express their views and ideas and encourage to do more presentations and team activities. To improve problem-solving skills, the department can organize events such as Quiz competitions, Debates, Finance challenges etc. and to enhance logical thinking, reasoning and decision-making skills of the undergraduates, can encourage the undergraduates to express creative ideas. At the same time advice lecturers to encourage students to raise questions and clarify their problems without getting aggressive. Also, it is important to maintain an effective lecture culture. So, the department should take steps to create a student-centered learning experience. To improve the English language proficiency among undergraduates the

department should design workshops and training programs and make the programs compulsory for the undergraduates to get the fullest contribution for the program, where the department can add the marks of the English training program to their GPA.

### **Future Research Prospects**

Following areas needs more detailed and scientific analyses in research nature for better understanding and effective corrective and preventive actions;

According to, Crosnoe et al., 2004 there are some other variables inside and outside of the institute that affect students' quality of academic achievement. These factors may be termed as student factors, family factors, school factors and peer factors

Most researches are conducted concerning the relationship between soft skills and academic performance. But the researcher finds out that the areas such as students' nutrition and its effects on academic performance, the impact on the instrumental materials on academic performance and the impact of the teacher's characteristics regarding the student's academic performance have few research evidence. So, the future researchers can conduct scientific studies regarding academic performance by concerning the above areas.

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# **PSYCHOLOGICAL EMPOWERMENT AND EMPLOYEE ENGAGEMENT: A STUDY OF EXECUTIVE LEVEL EMPLOYEES IN CAMSO LOADSTAR (PVT) LTD**

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## **ABSTRACT**

*The main purpose of this study was to identify the impact of psychological empowerment on employee engagement. Further the current research identifies the relationship among above-stated variables and the impact for the four dimensions of the independent variable on the dependent variable were also measured separately in order to have a better understanding of the situation.*

*This study was carried out as a cross-sectional study among a sample of 63 executive level employees selected from a population of 75 executives at Camso Loadstar (Pvt) Ltd, which is the largest solid tyre manufacturer in the world. A standard widely used and self –*

*administered questionnaire was used to collect primary data through a survey. After determining the sample size based on the sampling size calculation table of Krejcie & Morgan (1970), random sampling was applied to distribute the questionnaires to the sample of 63 among the population of 75 executives.*

*To analyze data gathered SPSS 23 (Statistical Package for the Social Science) was used. To interpret the data which analyzed, the researcher presented the results using the descriptive statistics, correlation coefficient, and simple regression analysis.*

*Statistical results revealed that there is a significant impact of psychological empowerment on employee engagement of the executive level employees. Findings revealed that out of the four dimensions (meaning, competence, self-determination, and impact) only two dimensions of psychological empowerment, namely competence and impact have a significant influence on the dependent variable, employee engagement. Cross-validation of the findings of this study to be done in different industries and different cultures comparatively among a bigger sample in subsequent studies is recommended, which will add more insights to the substance of the present study.*

**Keywords:** Competence, Employee engagement, Impact, Meaning, Psychological Empowerment, Self-determination

## **Introduction**

To be the best in the competitive world of business, organizations are continuously developing technologies and operational processes. Rapidly changing and challenging business environment force organizations to review management systems in order to remain competitive in today's turbulent economy. According to the idea of Ndlovu & Parumasur, 2005 organizations are having a huge pressure to upgrade their performance and increase their competitiveness in the continuously changing world of work. To perform well in such a



turbulent environment competitively they need various resources. To manage organizations effectively and efficiently the most valuable and crucial factor that the organizations need is its human resource. Accordingly, the major sources of competitive advantage will lie not only in technological advancements but with the engaged, committed and competent workforce.

Firms are considered to be competitive on the basis of competency of their human resources in this modern era, where the world has become a global village. It is somewhat a difficult task to handle people who physically, psychologically, culturally and ethnically different from each other. In order to be successful in the business world, cognitive ability and the creativity of the human capital should be grabbed up to its maximum level.

In today's context most of the employees within organizations are not only thinking of the financial benefits they could get but about the importance or the value that the organization place on them. On that platform, the employees can be motivated through non-financial motivating factors rather than giving financial benefits. When considering the non-financial motivating factors, empower employees psychologically is relatively a new concept that the organizations can be used to increase the level of employee engagement.

### ***Employee Engagement***

Choo, et al., (2013) cited the definition from Kahn (1990) and mentioned that employee engagement is initially defined as “harnessing of organizational members’ selves to their work roles in engagement, people employ and express themselves physically, cognitively and emotionally during role performances”. Evolution of the definitions and the concept of employee engagement will be discussed in a detailed manner in chapter two, literature review.

According to Shuck et al., (2015) cited evidence from Shuck & Wollard (2009) and mentioned that employee engagement has become very popular in the field of human resource management more recently

human resource development, irrespective of being presented in the practitioner community and further cited evidence from Shuck & Herd (2012) and stated that building employee engagement is a challenge for the management and top priority for many organizations. Further Valentino et al., (2015) cited evidence from Albrecht (2010) and stated that the concept of employee engagement has generated enormous interest in both domains of academics and practitioners.

Importance of employee engagement has been recognized in various angles, including a major report on employee engagement recently commissioned by the UK government's Department of Business Innovation and Skills (MacLeod & Clarke (2009) as cited in Tinline & Crowe, (2010)). As mentioned by Tinline & Crowe (2010) improving employee engagement is a challenge that most of the organizations identified as critical to the companies' performance and reputation. This idea of Tinline & Crowe (2010) strengthens MacLeod & Clarke's idea. Most of the research shreds of evidence link employee engagement with performance and other important organizational outcomes has created a widespread belief among senior executives and human resource practitioners that improving and sustaining high levels of employee engagement is good for business (Attridge (2009) as cited in Robertson et al., 2012.

### ***Psychological Empowerment***

The study of empowerment was first developed by Hackman and Oldham using the motivational framework model: Test of a theory. Empowerment in the workplace is often a misunderstood concept. Employee empowerment is a term that many managers and organizations think they understand and properly practicing, but few actually do, and even fewer really put in to practice. The concept of empowerment act as a drive to gain organizational effectiveness through the wise utilization of human resources as mentioned by Siegall & Gardner, 2000.

There are two constructs in empowerment namely structural and psychological. The psychological perspective of empowerment moves

away from the traditional study of management practices and instead highlight employees' perceptions and experiences of empowerment. According to the previous research articles on psychological empowerment, there are four main components. Namely meaningfulness, competence, self-determination, and impact.

As stated by Siegall & Gardner in 2000, the organizations which are more relying on team-based designs, empowerment becomes important at both individual and team levels. When the employees see themselves as competent individuals and believing that they can influence on their jobs in meaningful ways, psychological empowerment is linked to the effectiveness of both individuals and organization (Spreitzer (1995) as cited in Solansky (2014)). Similarly Meyerson & Kline, 2008 stated that psychological empowerment relates to how competent or capable employees within organizations feel in a working environment which has an empowered work culture. As per his idea empowered employees who feel more satisfied with their work, willingly committed towards the success of the organization, have lower intentions to leave the organization and also exhibit more positive work behaviors than the employees who are not psychologically empowered. Even though many researchers have shown the positive side of psychological empowerment Marc Siegall & Susan Gardner, 2000 mentioned that empowerment programs are not always recognized as effective by taking pieces of evidence from Griggs & Manring, 1991; Thorlakson & Murray, (1996).

### ***Introduction to the Organization***

The organization concerned for the present study is Camso Loadstar (Pvt) Ltd. Camso Loadstar (Pvt) Ltd is the largest manufacturer of Solid tyres in the world who has the vision of being the global leader in tyres and tracks by meeting the mobility needs of the off-the-road vehicle market through the lowest cost of ownership. Apart from that, they produce pneumatic tyres, steel rims, and rubber tracks. The company was established in 1984 as a joint venture between Jinasena group of companies and their Belgian partner Solideal Ltd.

The Sri Lankan company currently comprises 11 factories and 2 training centers, employing over 6,000 Shop floor employees. The current study is focusing on the executive level employees who are employed at Camso Loadstar (Pvt) Ltd and for the data collection purposes, the current researcher considers only 9 factories that belong to Camso Loadstar (Pvt) Ltd which are located within the Ja-Ela area. Camso Loadstar Pvt (Ltd) is a BOI (Board of Investment – Sri Lanka) approved company which production has done only Sri Lanka. But very recently company started its production in Vietnam.

As mentioned in the company website the selected organization is sending out a strong message that they are one team, dedicated to bringing a world-class brand manufacturer and service provider of the performance of products to meet all customers' off the road vehicle needs. The company presently holds 11% of the global off the road market and contributes to over 3.5% of Sri Lankan exports. Very recently the company received five awards at the “Presidential Export Awards 2016”. One such achievement that the company received was the best Sri Lankan multinational company which is into the exports.

Mainly the company has four main values. Namely empowerment, commitment, teamwork, and integrity. The current research is focusing on how the psychological side of the value empowerment, impact on the level of engagement of the executive level employees.

## **Problem Statement**

Various types of researches have been taken place on psychological empowerment and employee engagement from different angles over past years. Previous research testified that engaged employees tend to produce positive organizational outcomes including increased customer satisfaction, enhanced productivity, lower turnover intention (Harter et al., 2002) and increased in the role and extra-role behavior (Schaufeli et al., 2006). Solansky (2014) cited evidence from Spreiter (1995) and mentioned that psychological empowerment is a critical concept for both practitioners and researchers and merits continuous examination.

Having considered the situation discussed above, the main problem statement and the research questions of the current study was raised as follows.

*Assessing the impact of psychological empowerment on employee engagement of executive level employees at Camso Loadstar (Pvt) Ltd.*

1. What is the impact of psychological empowerment on employee engagement?
2. What is the relationship between psychological empowerment and employee engagement?
3. To what extent the company has empowered their executive level employees psychologically?
4. What is the level of employee engagement of executive level employees?

## **Objectives**

The prime purpose of this research study is to assess the impact of psychological empowerment on employee engagement of executive level employees who are currently working in Camso Loadstar (Pvt) Ltd. Moreover, the following secondary objectives were established to facilitate the achievement of the prime purpose.

1. To measure the relationship between psychological empowerment and employee engagement.
2. To investigate the extent to which the organization is empowering their executive employees psychologically.
3. To measure the level of employee engagement of executive and above employees.

## **Literature Survey**

### ***Employee Engagement***

Having an engaged workforce is a critical factor to obtain various favorable organizational outcomes. Many researchers defined employee engagement, highlighted the factors of employee engagement and illustrate the consequences of employee engagement from multiple angles.

Choo, Mat & Omari (2013) cited evidence from Khan (1990) and mentioned that for the first time the concept of employee engagement is identified by Khan, 1990 and he has defined employee engagement in a detailed manner as “the harnessing of organization members’ selves to their work roles; people employ and express themselves physically, cognitively, and emotionally during the performance”.

According to Schaufeli & Bakker, 2001 “Engagement is a positive fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption. Vigor is characterized by high levels of energy and mental resilience while working, the willingness to invest effort in one’s work, and persistence even in the face of difficulties. Vigor is identified through the level of energy, zest and stamina showed by the employees when working. Dedication refers to being strongly involved in one's work and experiencing a sense of significance, enthusiasm, inspiration, pride, and challenge. The employees who score high on dedication could be identified easily with their work since the work is experienced as meaningful, inspiring, and challenging to them. Not only that they usually feel enthusiastic and proud about their work. Absorption is characterized by being fully concentrated and happily engrossed in one’s work, whereby time passes quickly and one has difficulties with detaching oneself from work. The employees who score high on absorption feel that they usually are happily attached to their work, and have difficulties in separating from work. As a result, everything else around is forgotten and time seems to fly while working.

Similarly Hallberg & Schaufeeli, (2006) presented the employee engagement concept in a theoretical and empirical manner and defined it as representing the experience of vigor, dedication to the role, and periods of absorption over extended periods of time.

Further Shuck & Wollard, (2010) defined employee engagement as an individual employee's cognitive, emotional and behavioral state directed towards desired organizational outcomes. Further in Khan's study of engagement and disengagement he stated employee engagement was a concurrent expression of one's preferred self and promotion of connections to others while disengagement was identified to be withdrawal of oneself and one's preferred behaviors, promoting less connectedness, emotional absence and passive behavior for work (Khan(1990) as cited in Shuck et al., (2011).

Moreover, employee engagement is defined as "positive attitude held by the employee toward the organization and its values, and an engaged employee is aware of business context and works with colleagues to improve performance within the job for the benefit of the organization...."(Robertson et al., 2012). Valantin et al., 2015 investigated and found that during the period of 1992 and 2001 there were no researches taken place on the topic employee engagement, in other words during that period there was a space in the evolutionary timeline.

In a research conducted on "Exploring employee engagement from the employee perspective: implications for HRD" by Shuck et al., (2011), presented a model of employee engagement and disengagement through their research findings. The model comprised of two factors namely environment and person. As mentioned in the research the environment is a reflection of all items in the environment such as people in the environment, physical space of the environment, the climate of the environment and etc. The environment consists of both tangible and intangible elements. Tangible elements were defined as the things that are physically present. Intangible elements were defined

as the items that have no physical characteristics. For an example trust, corporation, being free from fear, community, attachment, and learning.

On the other hand, a person is a reflection of everything about a person: the emotions of the person, a personality of the person, physical traits, family and others. The person consists of two elements called internal and external. Internal elements were defined as items that affect the person and are inside of a person, like feelings and emotions. External elements were defined as items that affected to a person but exist outside of the person and noticeable to others. The model clearly shows the interaction between the components and elements which relates to employee engagement and disengagement. It suggests that both engagement and disengagement are prospective outcomes, depending on how the person and the environment interact. Further, in the research, they have an emphasis that no one factor alone contributes to creating engagement or disengagement at work.

### ***Psychological Empowerment***

The psychological perspective on empowerment focuses on the employee's perceptions of empowerment (Thomas & Velthouse, 1990). The focus is on the individual, with empowerment viewed as a personal attribute (Conger & Kanungo, 1988 as cited in Thomas & Velthouse, 1990). Psychological empowerment is "changes in cognitive variables, called task assessments, which determine motivation in workers" (Thomas and Velthouse, 1990).

This psychological perspective views empowerment as organic or bottom-up processing in which empowerment is achieved only when psychological states produce a perception of empowerment within the employee (Wilkinson (1998) as cited in Spreitzer (2007)). Apart from that Spreitzer, 2007 views psychological perspective of empowerment as organic or bottom-up processing in which empowerment is achieved only when psychological states produce a perception of empowerment within employees.



Empowerment is not something that managers do to their employees (Quinn & Spreitzer (1997) as cited in Spreitzer (2007)). In other words, employees are empowered only when they perceive themselves to be so (Mishra & Spreitzer, 1998; Quinn & Spreitzer, 1997). In addition to that empirical studies have shown that innovativeness of individuals, problem-solving skills and positive upward influencing behaviors are the consequences of psychological empowerment (Zimmerman, 1995). Menon (2001), said that psychological empowerment represents a psychological state that can be measured and it is considered as an uninterrupted variable, where the people can be viewed as either more or less empowered rather than empowered or not empowered.

As mentioned above, this study will focus on the psychological empowerment perspective. Psychological empowerment refers to a set of psychological states that are necessary for individuals to feel a sense of control in relation to their work. Rather than focusing on managerial practices that share power with employees at all levels, the psychological perspective is focused on how employees experience their work.

This perspective refers to empowerment as the individual belief that employees have about their role in relation to the organization (Bandura as cited in Spreitzer, 2007). Solansky (2014) cited evidence from Conger & Kanugo (1988) and mentioned that beyond the power sharing condition of empowerment there is a psychological experience of empowerment which experienced by the individuals. According to the above statement, the psychological experience is one of motivational self-efficacy. Self- efficacy is defined as an individual's belief to perform the activities skillfully which are to be done (Gist (1987) as cited in Solansky (2014)). As an extension of the idea Thomas & Velthouse, 1990 said that empowerment is an increased task intrinsic motivation.

The dimensions of psychological empowerment are also known as the components of psychological empowerment. These dimensions are firstly introduced by Thomas & Velthouse in 1990. Building on the

Thomas & Velthouse model of empowerment Spreitzer (1995) validated a measure for all four dimensions of empowerment. In her research series on empowerment, Spreitzer found that, if an organization wants to achieve or get the full benefits of empowerment, it is needed to provide and create an environment where all the four components of empowerment exist.

The four components of psychological empowerment, namely meaningfulness, competence, Self-determination, and impact can be described as follows.

### *Meaningfulness*

As per the idea of Thomas and Velthouse (1990), meaningfulness involves “the individual intrinsic caring on a given task”. Further Spreitzer (1995) defined meaning as “value of a work goal or purpose, judged in relation to an individual’s own ideas or standards”. Siegall & Gardner, 2000 mentioned that the work done by an individual should be personally meaningful. Meaning involves a fit between the requirements of a work role and beliefs, values, and behaviors and it can be found in almost any task, job or organization (Pratt & Ashforth, 2003).

### *Competence*

Competence is also considered as self-efficacy by some authors. According to the definition of Thomas & Velthouse (1990), he uses the term self-efficacy instead of competence and it was defined as the degree to which a person can perform activities skilfully when doing the work. By giving the same idea Spreitzer (1995) defined competence as an individual’s belief in his or her capacity to perform activities with skill. Competence was measured by a job holder’s confidence in their ability to perform the job well, self-assurance on the personal capabilities to perform work activities and sense of mastery about the necessary job skills (Siegall & Gardner, 2000).

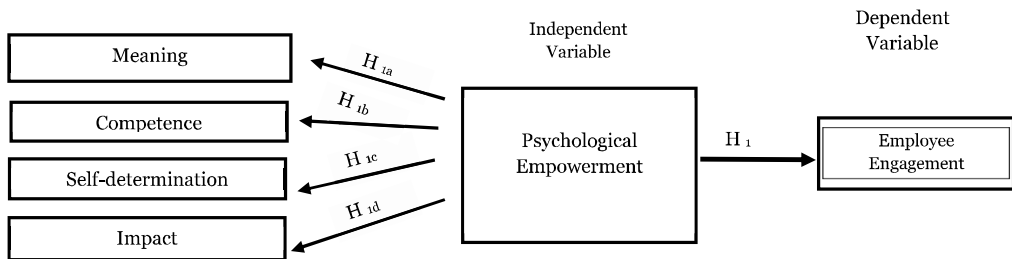
### *Self-determination*

Thomas & Velthouse (1990) defined choice as involving casual responsibility for a person's actions. Spreitzer (1995) in her research introduced self-determination as a choice and defined as autonomy in the initiation and continuation of work behaviors and processes. Ugwu et al., (2014) cited the definition from Deci & Ryan (2000) and mentioned that self-determination is an individual's sense of having a choice or freedom in initiating and regulating actions.

### *Impact*

According to the definition of Thomas & Velthouse (1990), the impact was the degree to which the behavior is seen as making a difference in terms of accomplishing the purpose of the tasks. A few years later Spreitzer, 1995 defined impact as the degree to which an individual can influence strategic, administrative, or operating outcomes at work. In other words, employees feel in control and perceive that they are capable of shaping their work role and context. Quinn and Spreitzer (1997) state that impact is the accomplishment one feels in achieving goals. The feeling of perceived impact involves the sense that employees' activities are really accomplishing something and that others listen to them (Quinn & Spreitzer, 1997).

## Conceptual Framework



*Figure 1: Conceptual*

*Figure 01: Conceptual Framework*

The above figure 1 signifies the conceptual framework that specifies the variables that the researcher intends to explore in the following research. In the current research, employee engagement is taken as the dependent variable while psychological empowerment is taken as the independent variable as shown in the framework. The independent variable is subdivided into four main dimensions namely meaning, competence, self-determination, and impact. The hypothesized relationships among constructs are shown in the same figure. Current research is access the relationship and impact between the above-stated variables and dimensions, assuming that the other factors are constant.

## Development of Hypotheses

Having considered the pieces of evidence supported by the literature, following hypotheses have been derived by the researcher.

- H<sub>1</sub>:** There is a relationship between psychological empowerment and employee engagement of the executive level employees working in Camso Loadstar (Pvt) Ltd.

**H<sub>1a</sub>:** There is a relationship between meaning and employee engagement of the executive level employees working in Camso Loadstar (Pvt) Ltd.

**H<sub>1b</sub>:** There is a relationship between competence and employee engagement of the executive level employees working in Camso Loadstar (Pvt) Ltd.

**H<sub>1c</sub>:** There is a relationship between self-determination and employee engagement of the executive level employees working in Camso Loadstar (Pvt) Ltd.

**H<sub>1d</sub>:** There is a relationship between impact and employee engagement of the executive level employees working in Camso Loadstar (Pvt) Ltd.

## **Research Design**

This study is a quantitative study that attempts to find out the solution for the research problem of ‘assessing the impact of psychological empowerment on employee engagement of executive level employees at Camso Loadstar (Pvt) Ltd’. As the current study attempts to test the formulated hypotheses and the established relationships in the research model, this would be considered as an explanatory research.

The current study explains the relationships between variables and it also becomes descriptive in nature. Thus, for the current study, quantitative explanatory research design is more appropriate to be continued. Further, this is a cross-sectional study as data will be collected only in a particular point of time and it will not repeat. Also, the researcher's interference will be minimum in the present study. Unit of analysis will be at the individual level; an executive level employee serving for Camso Loadstar (Pvt) Ltd. The study will be conducted among 63 executive level employees who work for Camso Loadstar (Pvt) Ltd within Ja-Ela area. The Krejcie & Morgan (1970) sampling table was used as the base to determine the sample size from the population. Data will be collected through a self-administered, pre-tested, standard questionnaire which has met the accepted standards of

validity and reliability. Data were analyzed using SPSS and Excel. Frequency analysis, correlation test, and regression analysis will be performed to analyze data, and to test the advanced hypotheses.

### ***Population & Sampling***

The population concerned for the current study includes the executive level employees, serving for the selected factories of Camso Loadstar (Pvt) Ltd which are located in the in the Ja- Ela area. According to the SAP updates as at 25<sup>th</sup> November 2017, there were 75 executive level employees are currently working for the selected factories.

As the total number of respondents in the population is known, a simple random sampling technique would be more appropriate to be used to select a representative sample (Saunders, Lewis & Thornhill, 2009). As per the sample size calculation table of Krejcie & Morgan (1970), a total of 63 executive level employees was selected randomly from the factories of Camso Loadstar (Pvt) Ltd which are located in the in the Ja- Ela area where the population was 75 executive level employees. Hence, the unit of analysis is at the individual level; an executive level employee.

### **Data Analysis**

Data were collected using questionnaires. The population of the study is executive level employees in Camso Loadstar (Pvt) Ltd, who works for the factories located in the Ja-Ela area. From the total population of 75 executive level employees, the sample size was determined as 63 executives, according to the sample size calculation table of Krejcie & Morgan (1970). Out of 75 executives 63 executives were randomly selected to distribute the questionnaire. Two questionnaires were not returned, thus reducing the number of returned questionnaires to 61 (96.83%).

## ***Reliability and Validity***

### ***Reliability***

Reliability measure the internal consistencies of the measurement instruments, which indicate homogeneity of the items, consist within the questionnaire whether it taps the original concept of the variable. According to the Sekaran (2006), the reliability of a measure demonstrates the stability and consistency with which the Instrument is measuring the concept and helps to assess the “goodness” of a measure.

*Table 1. Results of Cronbach's Coefficient Alpha Value*

Variable	Cronbach's coefficient alpha
Psychological Empowerment	0.702
Employee Engagement	0.706

*Source: Survey Data, 2017*

### **Validity**

The content validity of the questionnaire was analyzed using factor analysis. According to Sekaran (2006) content validity ensures that questionnaire consists of adequate and representative items which tough the original concept of the variable. The validity of the measurement was ensured by calculating the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO). Therefore, the measurement instrument can accept as validate instrument which consists of adequate and representative items that cover the original idea of variables.

*Table 2. KMO and Bartlett's Test*

Variable	Kaiser-Meyer-Olkin	Sig. Value
	Measure of Sampling Adequacy	
Psychological Empowerment	0.532	.000
Employee Engagement	0.663	.000

*Source: Survey Data, 2017*

### ***Correlation Analysis***

As the relationship between psychological empowerment and employee engagement is linear, the researcher used the 'Pearson Correlation Coefficient' to test the strength of the relationship among the above mentioned two variables.

#### ***Correlation Analysis between Meaning and Employee Engagement***

Pearson correlations were computed between Meaning and Employee Engagement. As shown in table 3, the Pearson Correlation coefficient is 0.462, which shows that there is a moderate positive relationship between the independent variable and the dimension meaning. On the other hand, the correlation coefficient is significant at the sig. 0.000 level (2- tailed) and this value is below the 0.01 significant level. So, there is statistical evidence to claim that there is a significant relationship between Meaning and employee engagement among executive level employees of Camso Loadstar (Pvt) Ltd.



*Table 3. Result of Correlation Analysis of Meaning and Employee Engagement*

		Employee Engagement Average	Meaning Average
Employee Engagement Average	Pearson Correlation	1	.462**
	Sig. (2-tailed)		.000
	N	61	61
Meaning Average	Pearson Correlation	.462**	1
	Sig. (2-tailed)	.000	
	N	61	61

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

Source: Survey Data, 2017

#### *Correlation Analysis between Competence and Employee Engagement*

Pearson correlations were computed between competence and employee engagement. As shown in table 4, the Pearson Correlation coefficient is 0.000, which shows that there is no relationship between two variables. On the other hand, the correlation coefficient is significant at the sig. 0.998 level (2-tailed). So, there is statistical evidence to claim that there is a no significant relationship between Competence and employee engagement among executive level employees of Camso Loadstar (Pvt) Ltd. The researcher would not further calculate the regression for the dimension of competence. Hypothesis H<sub>1b</sub> cannot be accepted since there would not be an impact of competence on employee engagement without having a significant relationship.

*Table 4. Result of Correlation Analysis of Competence and Employee Engagement*

		Employee Engagement Average	Competence Average
Employee Engagement Average	Pearson Correlation	1	.000
	Sig. (2-tailed)		.998
	N	61	61
Competence Average	Pearson Correlation	.000	1
	Sig. (2-tailed)	.998	
	N	61	61

*Source: Survey Data, 2017*

*Correlation Analysis between Self-determination and Employee engagement*

Pearson correlations were computed between self-determination and employee engagement. As shown in table 5, the Pearson Correlation coefficient is 0.167, which shows that there is a positive weak relationship between two variables but the correlation coefficient is not significant at the sig. value of 0.200 level (2-tailed). So, there is statistical evidence to claim that there is no significant relationship between Self-determination and employee engagement among executive level employees of Camso Loadstar (Pvt) Ltd. The researcher would not calculate regression for the dimension of self-determination. So the Hypothesis H<sub>1C</sub> cannot be accepted since there would not be an impact of self-determination on employee engagement without having a significant relationship.

*Table 5. Result of Correlation Analysis of Self-determination and Employee Engagement*

		Employee Engagement Average	Self-determination Average
Employee Engagement Average	Pearson Correlation	1	.167
	Sig. (2-tailed)		.200
	N	61	61
Self-determination Average	Pearson Correlation	.167	1
	Sig. (2-tailed)	.200	
	N	61	61

*Source:* Survey Data, 2017

*Correlation Analysis between Impact and Employee engagement*

Pearson correlations were computed between Impact and Employee Engagement. As shown in table 6, the Pearson Correlation coefficient is 0.264, which shows that there is a positive weak relationship between two variables. On the other hand, the correlation coefficient is significant at the sig. 0.040 level (2-tailed) and this value is below the 0.05 significant level. So, the statistical evidence in the table claims that there is a significant relationship between Impact and employee engagement among executive level employees of Camso Loadstar (Pvt) Ltd.

*Table 6. Result of Correlation Analysis of the Impact and Employee Engagement*

		Employee Engagement Average	Impact Average
Employee Engagement Average	Pearson	1	.264*
	Correlation		
	Sig. (2-tailed)		.040
	N	61	61
Impact Average	Pearson	.264*	1
	Correlation		
	Sig. (2-tailed)	.040	
	N	61	61

*\*Correlation is significant at the 0.05 level (2-tailed).*

*Source: Survey Data, 2017*

### ***Correlation Analysis for Main two variables (Psychological Empowerment and Employee engagement)***

According to the study, the main independent variable can be identified as Psychological empowerment and the dependent variable is Employee Engagement. Based on the four dimensions meaning, competence, self-determination and impact the concept of psychological empowerment would be measured. According to the table 7, the Pearson Correlation coefficient is shown as 0.349 which can be identified as the positive weak relationship in between two variables. And the correlation coefficient sig. value can be identified as 0.006 which is below the 0.01 significance level (2-tailed). Therefore

with the selected factors for the study, it can be concluded that there is a positive weak relationship between psychological empowerment and employee engagement. Therefore the H1 hypothesis can be accepted.

*Table 7. Result of Correlation Analysis of the Psychological Empowerment and Employee Engagement*

		Employee Engagement Average	Psychological Empowerment Average
Employee Engagement Average	Pearson Correlation	1	.349**
	Sig. (2-tailed)		.006
	N	61	61
Psychological Empowerment Average	Pearson Correlation	.349**	1
	Sig. (2-tailed)	.006	
	N	61	61

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

*Source: Survey Data, 2017*

By considering above statistics that has been calculated based on the dimensions of the independent variable it can be finally concluded that only two dimensions out of four (Meaning and Impact) and additively all dimensions (Independent Variable) would create a significant relationship with the dependent variable, employee engagement. The other two dimensions (Competence and Self-determination) would not create a significant relationship with the dependent variable, employee engagement. Therefore the alternative hypothesis developed as H<sub>1b</sub> and H<sub>1c</sub> cannot be accepted by the study, since without having a significant relationship, the impact between those also is insignificant.

### ***Regression Analysis***

As per the results obtained from correlation analysis, it can be identified that the two dimensions of Meaning and Impact out of four dimensions would only create a significant relationship with the dependent variable, employee engagement. And also the independent variable and the dependent variable as a whole has shown a significant relationship. So, the current researcher could proceed to measure the impact through the regression analysis only for above stated dimensions and variables which indicated a significant relationship between two variables.

#### ***Regression Analysis for Meaning on Employee Engagement***

**H1<sub>a</sub>** There is a significant impact of meaning on employee engagement of the executive level employees working in Camso Loadstar (Pvt) Ltd.

According to the table 8, the R square value is 0.214, which implies a weak positive impact of meaning on employee engagement. The beta value in the table is 0.462. On the other hand according to the table sig. value is 0.000 level (2- tailed) and this value is below the 0.01 significant level. There is statistical evidence to claim that there is a significant impact of Meaning and employee engagement among executive level employees of Camso Loadstar (Pvt) Ltd. So the developed hypothesis H1<sub>a</sub> is accepted.

*Table 8. Result of Regression Analysis of the Meaning and Employee Engagement*

Method	Linear
R Squire	.214
Adjusted R Squire	.200
F	16.034
Significance	.000
B constant	2.689
Standard beta	.462

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*Source: Survey Data, 2017*

***Regression Analysis for Impact on Employee Engagement***

*H1b There is a significant impact of impact on employee engagement of the executive level employees working in Camso Loadstar (Pvt) Ltd.*

According to the 11<sup>th</sup> table, the R square value is 0. 070, which implies a positive weak impact of impact on employee engagement. The beta value in the table is 0.264. On the other hand according to table 9 sig. value is 0. 040 level (2- tailed) and this value is below the 0.05 significant level. There is statistical evidence to claim that there is a significant impact of impact on employee engagement among executive level employees of Camso Loadstar (Pvt) Ltd. Therefore the hypothesis H1b is accepted.

*Table 9. Result of Regression Analysis of the Impact on Employee Engagement*

Method	Linear
R Squire	.070
Adjusted R Squire	.054
F	4.416
Significance	.040
B constant	3.338
Standard beta	.262

*Source: Survey Data, 2017*

*Regression Analysis of Psychological Empowerment on Employee Engagement*

**H1:** There is a significant impact of psychological empowerment on employee engagement of the executive level employees working in Camso Loadstar (Pvt) Ltd.

According to the table 10, the R square value is 0. 122, which implies a weak positive impact of psychological empowerment on employee engagement. The beta value in the table is 0.264. On the other hand sig. value is 0. 006 level (2- tailed) and this value is below the 0.05 significant level. There is statistical evidence to state that there is a significant impact of psychological empowerment on employee engagement among executive level employees of Camso Loadstar (Pvt) Ltd. Therefore the main hypothesis H<sub>1</sub> is accepted.



*Table 10. Result of Regression Analysis of the Psychological Empowerment and Employee Engagement*

Method	Linear
R Squire	.122
Adjusted R Squire	.107
F	8.175
Significance	.006
B constant	2.571
Standard beta	.349

*Source:* Survey Data, 2017

## **Findings, Recommendations and Conclusion**

### ***Key Findings***

It was found to be that there is a weak positive relationship between psychological empowerment and employee engagement. The Pearson correlation between these variables was 0.349, which is significant at .006 levels. This was based on two - tailed tests. Because of that H2 hypothesis can be accepted. Out of four dimensions of psychological empowerment, only the dimension of meaning and impact respectively had a positive moderate relationship (Pearson correlation 0.462) and a positive weak relationship (Pearson correlation 0.264).

The regression analysis was calculated between psychological empowerment and employee engagement and resulted in the R square value as 0.122, which means psychological empowerment has an impact of only 12.2% on employee engagement while 87.8% impact

comes from the factors other than the psychological empowerment. The beta value in the table is 0.264. The sig. value is 0.006 level (2-tailed) and this value is below the 0.05 significant level. Consequently, both dimensions of the independent variable, meaning, and impact had a positive weak relationship. Respectively the R square values are calculated to be 0.214 and 0.070. So the hypothesis of H1, H<sub>1a</sub>, and H<sub>1d</sub> are accepted.

The research done Ugwu et al., (2014) identified the relationship between employee engagement and psychological empowerment in a systematic way. In their research, they suggested that the employees who are empowered tend to find meaning in what they do, feel they are in control of the work they do, feel that they have the required capacity to perform their job roles and believe that they can influence for the outcomes of the job. In that way, psychological empowerment help employees to become more engaged in the work.

The current researcher has measured the relationship between psychological empowerment and employee engagement and also the impact of the main independent variable and the dimensions of the independent variable with the dependent variable in a detailed way in relation to the selected company Camso Loadstar (Pvt) Ltd.

### ***Implications***

Findings of the current research study have both the theoretical implications and practical implications. This measurement instrument on the perceptions of psychological empowerment and employee engagement can be used in future researches by academics and practitioners when evaluating the relationship or the impact of psychological empowerment and employee engagement. This will also provide insights into the selected organization to identify the level of engagement that their employees are having currently and steps can be taken to increase the level of engagement of the employees. On the other hand, the results of the study would make a platform for the competitors in the same industry to identify what are the steps that Camso Loadstar (Pvt) Ltd has taken to empower their employees

psychologically and how those steps are been practically implemented within the working environment. And also this study would be helpful for the potential employees of the organization, to get an understanding of how the company is treated to its employees.

Since the main hypothesis of the research got accepted, it is confirmed that psychological empowerment has a significant positive weak impact on the career development of employees. This research study clearly identifies what dimensions of the independent variable has a positive significant impact and what dimensions of the independent variable have no significant impact on the dependent variable employee engagement. Also, this study provides recommendations which can be used by practitioners to achieve more employee engagement for the companies.

The findings from this study will contribute theoretically to the literature and practice for many parties including employers, employees and students.

### ***Recommendations***

In today's competitive world of business, it is essential to increase the level of employee engagement in order to get the maximum output or the contribution from the employees. The current research results indicate that for executive-level employees in the selected organization, the impact of psychological empowerment on employee engagement is only 12.2%. As a result, the factors that affect other than psychological empowerment amounts to 87.8%. The residual value of 87.8% may include the other factors which affect employee engagement such as pay fairness, welfare facilities provided, relationship with the supervisor, peer culture and development opportunities.

The mean value of employee engagement is accounted to be 3.9559 which indicates that employees within the company are highly engaged in their work. Since psychological empowerment factor contributes a less portion of 12.2% to the level of engagement, the employees in the selected company Camso Loadstar (Pvt) Ltd may engaged through

other factors such as fair, attractive pay levels and welfare facilities provided by the company, friendly working environment created, the greater chance of getting more knowledge and also feeling that the job is secured. The mean value of the distribution is 4.03 which indicates that psychological empowerment of the respondents is also “high”. So, this recommendation will help them to further increase the level of employee engagement.

Instead of giving financial and other tangible benefits to improve the level of employee engagement if the company can move in to more intrinsic methods such as psychologically empowered employees to do the work the company can engage their employees in a long-lasting ~~lasting~~ manner with a minimum cost, since the engagement is coming out from the inner feelings and not because of mere financial and other tangible benefits.

### ***Limitations of the Study***

The researcher’s objective was to identify the impact of psychological empowerment on employee engagement. The current researcher only considers about the factories located in the Ja-Ela area which belongs to Camso Loadstar (Pvt) Ltd. In order to get more valid and reliable information the researcher may not limit into a particular area.

Taking data from one industry itself limits the generalizability of the information. Therefore it is advised for future researchers to consider other industries, without considering only one industry if the researchers need to come to a very practical conclusion.

Questionnaire response may be wrong due to they deliberately change the answer. The employees might not respond genuinely because of fear of mentioning ill of the organization. Some employees were unable to take time for reading well and answering the questionnaire due to lack of time they had as a result of high work pressure. This study was based on the personal views of respondents through the questionnaire. It may not be effective and becomes bias as the respondent’s feelings will be affected for the answers.

And the responses were limited only to the 63 executive employees in Camso Loadstar (Pvt) Ltd. As this is a cross-sectional study sometimes the findings may not be valid as time differences can happen. For future researches, longitudinal study is recommended. Only 12.2% of psychological empowerment is impacted for employee engagement, hence future researchers investigate other 87.8% of unexplained factors in the organization is recommended.

### ***Conclusion***

Nowadays human resource is considered to be the most important resource of an organization to remain competitive in the business world. The general objective of this study is to investigate the impact of psychological empowerment on employee engagement with special reference to Camso Loadstar (Pvt) Ltd. The results from this study examined and determined the relationship between psychological empowerment on employee engagement. Based on the result of the Pearson Correlation Analysis, it showed that there was a weak positive relationship (0.349) between psychological empowerment and employee engagement. It implies that it is a 99% confidence level that there was a positive weak significant relationship.

The researcher was able to find psychological empowerment has a weak positive and significant impact ( $R^2 = 0.122$ ) on employee engagement. Consequently, this research article addresses all the objectives of the research.

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# **GAMIFICATION ON EMPLOYEE ENGAGEMENT OF THE EXECUTIVES: EVIDENCE FROM AN INFORMATION TECHNOLOGY FIRM IN SRI LANKA**

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## **ABSTRACT**

*In the current society, most of the people spend the majority of their time in organizations. Therefore, the engagement or the involvement of them towards the organization has been identified as a key factor, which has a great impact on organizational productivity into a large extent. Well-implemented employee engagement practices are vital for an organization when considering the fact, that employee is the most important asset of an organization.*

*Gamification is an emerging phenomenon that has been advocated for its potential to improve organizational outcome. The focus is to understand how the employee engagement can be influenced and increased by the use of Gamification. Employees from companies that use Gamification were found to have significantly higher overall engagement levels, intellectual and affective engagement levels, and*

*social engagement levels, as well as increased organizational citizenship behavior levels and reduced intent to turnover.*

*This study explores the impact of Gamification in employee engagement at VWX Corporation and the relationship between each attribute of Gamification considered by the researcher and employee engagement. The research demonstrates on attributes of employee engagement and an evaluation of those attributes in the light of conceptual framework developed from the current theoretical arguments, empirical findings and expert opinions. The conceptual framework focuses on two main variables and three attributes. Gamification stands as the independent variable where the employee engagement refers to the dependent variable. A randomly selected sample of one hundred and twenty-one employees presented their responses to the questionnaire. Data analyses were carried out using correlation and regression analysis. More concern is given to improve employee engagement through gamified processes. It was further based on the findings; a guideline will be developed within the scope of Human Resources Management to restructure the employee engagement practices to be implemented in Sri Lankan organizations, which will enhance the employee engagement.*

**Keywords:** Employee Engagement, Gamification, Vigor, Dedication, Absorption and Non-technological platform

## **Introduction**

Employee engagement is a workplace approach designed to ensure that employees are committed to their organization's goals and values, motivated to contribute to organizational success, and are able at the same time to enhance their own sense of well-being. Various definitions make the state of knowledge of employee engagement difficult to determine as each study examines employee engagement under a different protocol. Engaged employees speak highly of their place of employment, maintain a strong interest in remaining at the company and give extra effort in their work.

Employee engagement is based on trust, integrity, two-way commitment and communication between an organization and its members. It is an approach that increases the chances of business success, contributing to organizational and individual performance, productivity and well-being. It can be measured. It varies from poor to great. It can be nurtured and dramatically increased; it can be lost and thrown away. Employee Engagement is about understanding one's role in an organization, and being sighted and energized on where it fits in the organization's purpose and objectives. Employee engagement is about having a clear understanding of how an organization is fulfilling its purpose and objectives, how it is changing to fulfill those better, and being given a voice in its journey to offer ideas and express views which are taken account on the decisions to make.

1. Kahn (1990) suggests that personal engagement is a state in which employees "bring in" their personal selves during the work role performances as they invest time and energy by experiencing a state of emotional connection with their job. This implies that work engagement is essentially motivational.

This realization has led to a new trend stemming from Silicon Valley 2. (Reeves & Leighton, 2009) which is Gamification. Gamification is basically about motivating, engaging and in the end changing people's behaviour by applying game mechanics to non-game contexts. One definition of Gamification is "*Gamification is the concept of applying game-design thinking to non-game applications to make them more fun and engaging.*" 3. (Gamification Wiki, 2012)

People are addicted to games all the time. People play games not only for the game itself as for the experience the game creates: an adrenaline rush, a vicarious adventure, a mental challenge; or the structure games provide, such as a moment of solitude or the company of friends. Researchers found that there are currently 25 million active Farmville gamers spending 50 million hours per week growing virtual crops and expanding their farms during the working hours (Appdata, 2012).). Angry Birds, the popular smartphone game, have 40 million monthly active users who together spend 5 million hours a day trying to kill green pigs 4 .(Hamburger, 2012). In fact, if you combine the yearly in-game time in World of Warcraft, Angry Birds and Farmville it approximately equals the accumulative time the entire Swedish population spends working annually. Gamers pour that time into games for free and it is hard not to think about the outcome of that effort if you design a game with a productive outcome. Games obviously have a great impact on people's behavior, routines and day-to-day living. The realization of games influence on behavior through increasing individual's vigor, dedication and absorption have led many people around the world to start thinking about using game elements in other contexts to raise productivity. The idea is not necessarily to create a game but rather try using certain gaming techniques, which can make learning experiences for employees more fun and engaging. Gamification is about using fun like elements to help people move little bit closer towards their objective. On the other hand, Gamification can



be considered as participation and reward system that focusses on users sharing information with their networks.

### ***Information Technologies Sector of Sri Lanka***

Information and communication technology (ICT) is one of the fastest growing sectors in Sri Lanka. Sri Lanka has been quick to adopt new information technology and has a high mobile phone penetration rate, approximately 115 percent. The private sector is mostly computerized, with many public institutions also having access to IT facilities.

Sri Lanka's information technology and business process outsourcing sector tripled exports and doubled the workforce in a little over five years. According to the Sri Lanka Association of Software and Services Companies (SLASSCOM), export revenues grew to an estimated \$858 million in 2016. The sector grew by 120 percent over the past five years making it one of the highest growth areas in the economy and is the fifth largest export segment. Sri Lanka's IT business process management sector vision, according to SLASSCOM, for 2022 is \$5 billion in revenue, 200,000 direct jobs, and 1,000 start-ups. Sri Lanka is emerging as a global IT Business Process Outsourcing (BPO) destination of choice in a number of key areas. Sri Lanka is ranked among the top 50 global outsourcing destinations by AT Kearney. Sri Lanka's software industry produces world-class products and has grown significantly over the past decade.

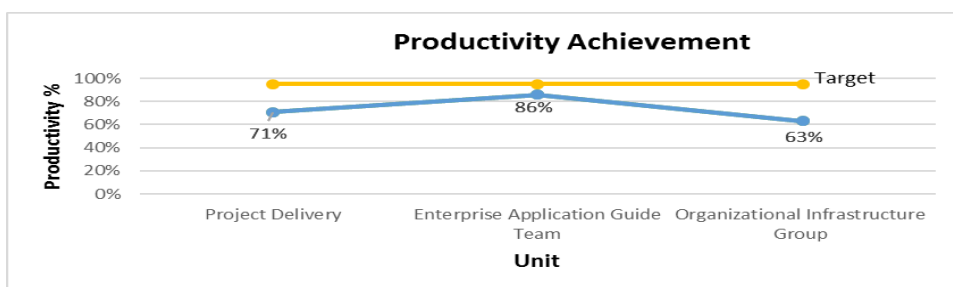
The aim of this research project is to address the academic gap in determining the impact of Gamification on employee engagement in the context of Information Technology Industry - VWX Corporation. The research is focused on the non-technological elements of Gamification. IT Industry context has been chosen as the context as it is demographically younger, creative, technologically literate, adaptable

to change, and open to new ideas and techniques. Management and leadership teams in the IT Industry is very focused on future market and performance culture, thus more likely to be opening to using new techniques such as Gamification.

## Problem Statement

VWX Corporation is a well-established IT consulting and outsourcing service provider. VWX is Sri Lanka’s largest IT Corporation and Blue-chip Company. VWX is in control of the largest IT resources including Engineers, QA Engineers, Business Analysts Project Managers, Engineer-Specialist and other support staff such as Administration, IT, HR, Finance etc.

VWX Corporation categorized all employees into three Categories base on the business segment. These main 03 processes called Project Delivery, Enterprise Application Group (EAG) and Organizational Infrastructure Group (OIG). In each segment, there is a pre-determined Productivity target to achieve. The productivity rate of each unit depends on the effective and efficient contribution of employees. Current “employee productivity achievement data” can be graphically shown below:



*Figure 1; Productivity Analysis– VWX Corporation FY18 (2017)*

Comparing the Units and EDI results, EAG Unit has achieved their target and the main cause is identified as the internal process automation. The researcher further understood that process Gamification is the main alteration that EAG team initiated. This is the research gap that has been addressed in this research. The following questions are addressed in this study.

1. How non-technological platform of Gamification infrastructure effect on employee engagement?
2. What is the impact of the components of Gamification on employee engagement?
3. How to increase the Employee Engagement from Gamification?

## **Objectives**

The following are the objectives of the study.

1. To identify the impact of Gamification on Employee Engagement.
2. To explore the relationship between Gamification and Employee Engagement.
3. To understand the perceptions of the future of Gamification in Business Process
4. To understand how to increase employee engagement through Gamification.

## **Literature Survey**

The objective is to determine how Employee Engagement aligns with the new technological platform over time and how the concept of Employee Engagement changed.

## ***Employee Engagement***

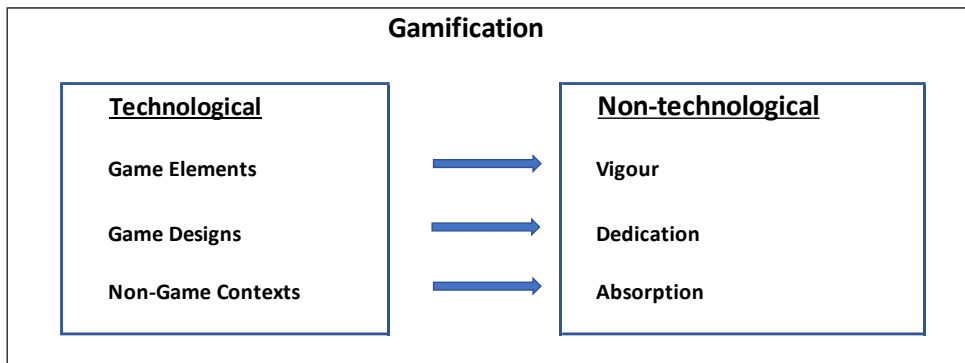
19. Shuck & Rose (2013) Define Employee Engagement as the cognitive, emotional, and behavioral energy an employee directs towards positive organizational outcomes. Jaupi & Llaci (2015) echo this sentiment by defining employee engagement as the ‘individual’s involvement and satisfaction with as well as enthusiasm for work’. It is a condition that is desirable for the employee and organization, and produces consequences including that is desirable for the employee and organization, and produce consequences including involvement, commitments, passion, enthusiasm, focused effort and energy.

According to Saks (2006), antecedents of employee engagement include job characteristics; perceived organizational support; perceived supervisor support; rewards and recognition; procedural justice; and distributive justice. Supportive leadership is also an important antecedent of employee engagement<sup>8</sup>. (Naicker, 2013).

## ***Gamification***

Gamification is defined by<sup>9</sup>. (Kristoffer et al., 2012) as *‘the use of game thinking and mechanics in non-game contexts’*. Another critical component of Gamification is improving mundane tasks by adding an element of fun and internal motivation to the work<sup>10</sup>. (Osheim, 2013). Gamification is viewed as an upcoming method for improved engagement, with over 50% of organizations expected to gamify their innovation processes by 2015.

Main components of Gamification are dividing into two main categories call technological platform and non-technological platform.



*Figure 2: Relationship of the platforms of Gamification*

### ***Technology platform***

Technology platforms are ideal for Gamification systems. Stack Overflow is one of the largest programming forums on the internet. As users interact on the forum, they gain points and badges. Uber has also used Gamification to help its drivers learn to navigate their cities. Drivers can use their Uber app to earn a high score for identifying the safest and more efficient routes to their destinations

The technological platform includes; Game Design, Game Elements and Non-Game contexts such as rules and intrinsic motivation.

### ***Non-technological platform***

Gamification is really about what we call human-focused design (non-technological platform), as opposed to function focused (technological platform) design. Most systems function-focused, and assumes that people will perform the desired behavior, and then optimize for efficiency for usability. Whereas human focused design remembers that people have feelings, have insecurities, there are reasons why they do and do not want to do something. And it optimizes for that. So, if you look at why this is so important today it's because behavior motivation

is at its most critical point. Gamification is much more than leaderboards and badges and involves more than creating games with entertainment value. It means incorporating game elements into existing processes to boost productivity, improve skills and drive performance. As a result, it helps increase employee engagement.

Non-technological components included;

### **Vigor**

Vigor refers to a set of interrelated effects (e.g., feeling energetic and vital) that employees experience at work <sup>11</sup>. (A. Shirom, 2007). For empowered salespeople, their sales roles are more meaningful and thus they are more willing to perform their sales work. Meanwhile, the sense of competence and the perceived freedom to perform their sales work at their own discretion will make them more confident and more proactive, and anticipate fewer obstacles while completing their work. In addition, feeling that their work will have an impact on their work units will increase their sense of self-esteem and self-actualization. All these perceptions are likely to generate more active and energetic feelings among salespeople. In other words, empowered salespeople are more likely to be invigorated at work. Previous research has found that when people are vigorous and feeling energetic, they will be more motivated, more involved in their job tasks, and able to perform them more successfully <sup>12</sup>. (Carmeli et al., 2009).

Gamified elements can be well utilized over here to keep the energy level and ensuring that people stay motivated enough to achieve the targets. Game mechanics like the competition has been proven that higher levels of performance can be achieved when a competitive environment is established, and the winner rewarded. That's because we gain a certain amount of satisfaction by comparing our performance

to that of others. All elements of game mechanics tap into this desire, even self-expression, but the use of leaderboards is central to display competitive results and celebrate winners. Most all games provide at least a simple top ten list and using that public display to indicate new levels achieved, rewards earned, or challenges met can be a great motivator for the salespeople to achieve their targets before the stipulated time. Dedication - strong psychological involvement in one's work and "by a sense of significance, enthusiasm, inspiration, pride, and challenge.

### **Dedication**

Employee involvement can be associated with the dedication. *Dedication can be defined as the strong psychological involvement in one's work and "by a sense of significance, enthusiasm, inspiration, pride, and challenge"* <sup>13</sup>. (Schaufeli et al., 2002, 74). This dimension of engagement shares some conceptual similarity with the concept of job involvement or commitment <sup>14</sup>.(Mauno et al., 2007).

The Job Characteristics Model (JCM) suggests that organizations can design jobs to increase employee involvement by enriching jobs with more autonomy and decision-making authority. Job enrichment provides employees the opportunity to have meaning and responsibility in their work. Researchers have found that job satisfaction is increased when jobs are enriched with more involvement and discretion (Fried & Ferris, 1987) and greater skills and autonomy.

In addition to influencing job satisfaction, involvement is thought to be an important motivator for employees to attend work. Employee absenteeism, which refers to the temporary withdrawal from the organization, is used by employees to escape from a work situation considered stressful and unpleasant.

Both dedication and job involvement are regarded as rather stable phenomena. Dedication seems to be a broader phenomenon—at least with respect to its operationalization—than job involvement; the former includes feelings of enthusiasm, inspiration, pride and challenge, while the latter focuses solely on the psychological importance of the job in an employee's life.

Based on the above theories, the hypothesis can be framed involving Game designs i.e., Conceptual models of the components of games or game experience can be adapted to increase the engagement. Few examples would be MDA; challenge, fantasy, curiosity; game design atoms; CEGE. MDA (Mechanics, Dynamics, and Aesthetics) is said to bridge the gap between game design and development, game criticism, and technical game research. Basically, mechanics (such as rewards, challenges, competitions, win states etc), dynamics (such as constraints, status, achievements, self-expression etc.) and aesthetics can be together combined into a framework or interface (for eg: GUI/HCI) which can keep the employees engaged in anticipation for more challenges and competitions. Monetary and non-monetary rewards can further boost the employee's interest thereby lessening the effect of absenteeism.

## **Absorption**

Absorption refers specifically to total concentration on and immersion in work characterized by time passing quickly and finding it difficult to detach oneself from one's work <sup>13</sup>. (Schaufeli et al., 2002a and Schaufeli et al., 2002b). In other words, Absorption is about forgetting about the time when working. Absorption has conceptual similarity with the concept of flow <sup>18</sup>. (González-Roma et al., 2006). Flow experiences are more likely to happen in work situations that are



characterized by high challenge or skill utilization <sup>16</sup>. (Eisenberger et al., 2005).

Games are primarily motivating to the extent that players experience autonomy, competence, and relatedness while playing – three basic psychological needs that promote intrinsic motivation. This theory is referred to as Self-Determination Theory. <sup>17</sup>. (Ryan R., 2000)

Autonomy refers to the choices people make and why they make them. When people choose to take on an activity for interest or personal value rather than for rewards or because they are made to do it, then perceived autonomy is high. <sup>17</sup>. (Deci, 2000).

### ***How Gamification works on Employee Engagement***

Competence relates to Flow theory that describes a mental state of operation where a person is fully and completely immersed in an activity.

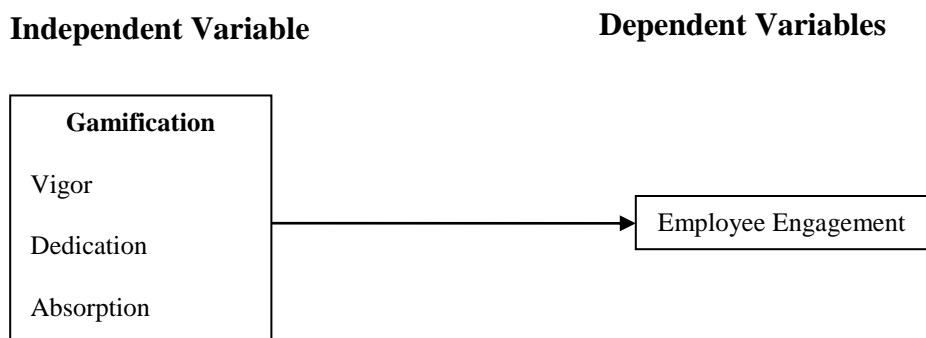
Relatedness refers to a person's connection with others, in a game this may be with computer generated personalities or with other players.

Based on the above theory, the hypothesis can be established between these three elements along with the Employee Engagement. The ability to optimally challenge people, in games if the controls are intuitive and the tasks within the game provide ongoing optimal challenges and opportunities for positive feedback then the rate of absorption would be high. Rather than simply falling back to motivation by rewards, then the player might be more engaged with the non-game context if they are given the freedom of choice over the sequence of actions they undertake and are not forced to one specific path in a Gamification design. ). However, it is increasingly being acknowledged that employee engagement, burnout, and their constituent dimensions not

only differ between individuals but also vary within individuals over relatively brief periods of time

### **Conceptual Framework**

Based on the literature a model was developed and it is presented in Figure 3.



*Figure 1: Conceptual Framework*

The above figure 3 signifies on how non-technological factors of Gamification impact on the Employee Engagement in VWX Corporation. The objective of the conceptual framework is to represent the relationship between independent factors and dependent factors of the examination.

### **Development of Hypotheses**

The researchers had derived from the following hypotheses in this research.

### ***Hypotheses 01***

- H0:** There is no relationship between Gamification and Employee Engagement of VWX Corporation
- H1:** There is a relationship between Gamification and Employee Engagement of VWX Corporation

### ***Hypotheses 02***

- H0a:** There is no relationship between Vigour and Employee Engagement of VWX Corporation.
- H1a:** There is a relationship between Vigour and Employee Engagement of VWX Corporation

### ***Hypotheses 03***

- H0b:** There is no relationship between Dedication and Employee Engagement of VWX Corporation
- H1b:** There is a relationship between Dedication and Employee Engagement of VWX Corporation

### ***Hypotheses 04***

- H0c:** There is no relationship between Absorption and Employee Engagement of VWX Corporation
- H1c:** There is a relationship between Absorption and Employee Engagement of VWX Corporation

## **Research Design**

The aim of this research project is to address the academic gap in determining the impact of Gamification on employee engagement in the context of Information Technology Industry - VWX Corporation. Hypothesis testing will be done for finding out the correlation among variables. This research is mainly based on a survey and researcher interference of this type of researches is minimal. Time horizon means, how long it will take to do the particular research. Time perspectives are independent of which research strategies pursuing by the researcher. There are two levels of time horizon they are cross-sectional and longitudinal. This present study hopes to carry out as a cross-sectional study. It can be used within a short space of time and data can be summarized statistically. Unit of analysis for this study will be individual which the level of data collection to be analyzed.

## ***Population & Sampling***

The population of this present study consists of the Engineers, Associate Engineer, Executive, Associate Executive, Associate consultant and consultant category in the EAG unit after considering available resources and limited time period. The study population is selected by the researcher selected only the EAG unit as the Gamification projected implemented only for the EAG Unit as a pilot project. The total cadre of VWX Corporation 22000 and 2400 are based in Sri Lanka. Four hundred and thirty-one (431) employees are categorized under the EAG team and One hundred and seventy-seven (177) employees of them fall into the category of Engineers, Associate Engineer, Executive, Associate Executive, Associate consultant and consultants and this quantity of 177 Employees are currently working in the organization. In all, a sample size of 121 respondents was selected from the simple random sampling method.

Primary data for the study is gathered through the standard questionnaire constructed using a five- point Likert scale and series of Likert scale questions ranging from Strongly Agree (5) to Strongly Disagree (1). The questionnaire consists of two parts. Section A focused on gathering demographic information from the survey respondents and section B includes the in-depth identification of major factors of Gamification affecting Employee Engagement in the non-technological platform.

### **Testing of Hypotheses**

The work-related factors have been divided into 4 sections in order to conduct the analysis clearly. It comprises of Vigor, Dedication, Absorption and Employee Engagement. In this section, the researcher will analyse all the hypotheses using the Regression fitted line in Minitab software. The sample details have been categorized into the four sections R-value has recorded below.

**H0:** There is no relationship between Gamification and Employee Engagement of VWX Corporation

**H1:** There is a relationship between Gamification and Employee Engagement of VWX Corporation

As of Minitab generated data  $R^2$  is 14.3%. It implies that 14.3% variation in Employment Engagement is due to Gamification. And also  $R = 0.378$   $R$  (value of correlation coefficient) It is greater than 0.3 and less than 0.5. P value ( $P=0.00$ ) is less than 0.05. Thus, there is a positive moderate significant relationship between Gamification and Employee Engagement. Hence H1 can be accepted.

**H0<sub>a</sub>:** There is no relationship between Vigour and Employee Engagement of VWX Corporation.

**H1a:** There is a relationship between Vigour and Employee Engagement of VWX Corporation

As per Minitab generated statistical results  $R^2$  is .044 and it implies that 4.4% variation in Employee Engagement is due to vigour. And also  $R = 0.209$ .  $R$  (value of correlation coefficient) is greater than 0.0 and less than 0.3.  $P$  value is less than .05 ( $P=0.00$ ) Thus, there is a positive significant but weak relationship or the weak uphill linear relationship between Vigour and Employee Engagement. Hence H1a can be accepted.

**H0b:** There is no relationship between Dedication and Employee Engagement of VWX Corporation

**H1b:** There is a relationship between Dedication and Employee Engagement of VWX Corporation

As of per Minitab generated statistical results  $R^2$  is 0.22. It implies that 22.0% variation in Employee Engagement is due to dedication. And also  $R = 0.4690$ .  $R$  (value of correlation coefficient) is greater than 0.3 and less than 0.5.  $P$  value is also less than 0.05 ( $P=0.00$ ). Accordingly, there is a positive moderate significant (uphill positive) relationship between Dedication and Employee Engagement. Hence H1b is accepted

**H0c:** There is no relationship between Absorption and Employee Engagement of VWX Corporation

**H1c:** There is a relationship between Absorption and Employee Engagement of VWX Corporation

As of per Minitab generated statistical results  $R^2$  is 0.14. It implies that 1.4% variation in Employment engagement is due to Absorption. And

also  $R = 0.1183$ .  $R$  (value of correlation coefficient) is greater than 0.0 and less than 0.3.  $P$  value is greater than 0.05. Accordingly, this is a positive but weak relationship between Absorption and Employee Engagement. Hence  $H1c$  is rejected.

## **Conclusion, Findings, and Recommendations**

### ***Findings & Conclusion***

Vigour, which is an attribute of the independent variable – Gamification, consists of four questions. According to the responses gathered through the questionnaire and the values obtained are 100%, 90%, 100% and 79% as the positive factor, 0%, 0%, 0%, and 1% as the negative factor and 0%, 10%, 0% and 20% as the neutral factor. Hence, the researcher discovered most of the respondents have answered positively and the least number of respondents have answered negatively. A medium number of respondents have answered neither agree nor disagree. The total organization representative commitment to Employee Engagement is a positive but moderate significant relationship according to the overview information.

Dedication, the second dependent attribute of the independent variable is -Gamification, consist of four questions. According to the responses gathered through the questionnaire, the values obtained are 74%, 79%, 71% and 84% as the positive factor and 7%, 0%, 0% and 4% as the negative factor. In addition, 18%, 21%, 29% and 12% respondents as a neutral manner. The researcher has discovered that there is an increase of neutral and negative responses in employee dedication through Gamification towards Employee Engagement comparing to the Vigour. There is a strong moderate significant relationship between Dedication and Employee Engagement.

The four questions consist to the absorption which is an attribute of the independent variable – Gamification generated the values 28%, 43%, 52% and 46% positive factor and 49%, 19%, 32% and 23% negative factor and 23%, 38%, 16% and 31% neutral factor. As an average of the above values, it is discovered that a decrease of the positive feedback of respondents towards the absorption compared to the Vigour and dedication. The final analysis of the four questions of dedications illustrated that average 42% positive, 31% negative and 27% neutral. It is demonstrated that there is a weak relationship of absorption through Gamification towards the Employee Engagement.

In conclusion, Gamification had a highly significant impact on overall engagement. It is increased organizational citizenship behaviour. As employee engagement has highly positive benefits for the organization, Gamification is an important tool for businesses to use to increase Employee Engagement and thus improve their performance.

### ***Recommendations***

The findings from the current study have potential future applications for the work environment; the mechanics of points and narrative may be used as a means to improve performance and motivation respectively. Therefore, employee performance evaluation cycles can be linked to the points system of the Gamification to engage employees more energetically. As an example, when a team delivered a project on time 100 point adding to the team and 5% will be added to the individual performance appraisal.

Introduce a reward system to encourage employees to spend more time in the gamified process. In VWX Corporation, use Rave and point system based on employees' appreciations and their work.



Rave system is an appreciation system which will use internally to appreciate the individuals' works. For example, if the employee needs urgent help from Y and if the done the help for B as much as possible, then B employee can give the rave to Y for his support given for the urgent matter. Rave system content in different batches such as Hulk batch for help, Good job batch, PIRL value etc. The researcher intended is to link this Rave system for knowledge sharing. Which means if the employee is more engaged in spending the time in the processing company will provide points or batches and appreciate the involvement.

Introduce monthly or quarterly intersegment or different segments Gamification competition to enhance the engagement. By introducing this system employees spend more time in the process to earn the points. From this competition select the winners and reward them. Therefore, it will create more encourage and participation among employees.

As per the employee feedback, the interference of the social media portal in XYZABC Company is not very attractive. Out of the survey responds the researcher has identified that most of the employees are from age between 20-30years and they are more millennial. Therefore, they will be looking forward to more attractive social media tools in the organization. Feedback loops not only keep Gamification going; they also provide insights into employee behaviour by generating data that can be refined with behavioural analytics. In addition, collect the suggestions from the employees and enable the escalation points to be more transparent.

Create a culture in the organization that supports open/two-way communication. E.g. Democratic Organizational Culture. The review of literature clearly describes that when managers are advising, ordering,

and informing subordinates, the employees also should get a chance for further clarifications. This makes the task clear to perform.

According to the findings, it is identified that 20% has agreed that their job is very monotonous, they are not directly responding to the statement that they will perform well if the job is challenging. But there is a relatively high percentage who agrees with the statement and energetic to find new insights relating to the job they perform. Therefore, the following recommendations are provided to increase the level of energy inside the individual:

Adding a degree of responsibility and autonomy to the targets. It was clearly reviewed in the literature review that in order to get motivated intrinsically to perform a task, it has to be complex, challenge and need of various skills to enhance the excitement. This can be designed through game elements such as levels, target badges etc.

### ***Suggestions for Future Researches***

It is evident that the findings of this study can be changed in different contexts, especially in the apparel industry, the hospitality industry. Thus, it is worth to conduct the same study in different contexts which will help to identify the strengths and weaknesses in different industries. Limitation factors such as limited time, a small sample of employees should be avoided to conduct successful research.

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