



Journal of Business and Technology

Volume 3 Number 2 July 2019

Department of Commerce and Financial
Management
University of Kelaniya

Journal of Business and Technology

Journal of Business and Technology which is published semi-annually is the journal of the Department of Commerce and Financial Management. The vision of the journal is to offer an academic platform to local and international authors to publish their novel empirical and high-quality research works. It proposes to encourage research connecting to modern trends and practices in finance, entrepreneurship, human resource management, marketing and emerging paradigms in related areas of management including social sciences, education and information, and technology. As a journal with a broad disciplinary readership, the journal aims to publish papers accessible to this readership.

Copyright © 2019 Department of Commerce and Financial Management

Editorial Advisory Board

P N D Fernando, Ph.D.

Dean,
Faculty of Commerce and Management Studies,
University of Kelaniya

C N Wickramasinghe, Ph.D.

Head,
Department of Commerce and Financial Management,
University of Kelaniya

Editor in Chief

H.M.T.S. Herath, Ph.D.

Senior Lecturer,
Department of Commerce and Financial Management,
University of Kelaniya

Editorial Board

Professor **W. Indralal de Silve**,

Emeritus Professor in Demography

University of Colombo

Assistant Director, Reginal Center for Strategic Studies, Colombo

Senior Professor **H D Karunaratne**,

Department of Business Economics

Faculty of Management and Finance,

University of Colombo

G W J S Fernando, Ph.D.

Senior Lecturer,

Department of Commerce and Financial Management,

University of Kelaniya

M M M Shamil, Ph.D.

Senior Lecturer,

Department of Commerce and Financial Management,

University of Kelaniya

H A K N S Surangi, Ph.D.

Senior Lecturer,

Department of Commerce and Financial Management,

University of Kelaniya

K G M Nanayakkara, Ph.D.

Senior Lecturer,

Department of Commerce and Financial Management,

University of Kelaniya

Editorial Assistants

R K H S Wimalasiri

Lecturer (Probationary),

Department of Commerce and Financial Management,

University of Kelaniya

Journal of Business and Technology

01. Motivation Behind Managing Employee Information in the Banking Sector: Comparative Study Between Sri Lanka and New Zealand
A. Perera 01 - 16

02. Factors Affecting Work Life Balance of Women Employees in Sri Lanka; With Special Reference to Data Entry Operators in Selected it Companies
G. S. Malalage, W. R. P. K. Fernando 17 - 27

03. The Relationship between Leadership Style, Organizational Culture and Organizational Effectiveness: A conceptual study of organizational effectiveness
Susil S K Edirisinghe , K A S Dhammika 28 - 42

04. Factors Affecting Employee's Turnover in the Banking Sector: Evidence from- Small Domestic Licensed Commercial Banks in Sri Lanka.
C. S. Gunawardhana, N. M. M. Damayanthi 43 - 57

05. Empirical Study on Factors Influence to the Export Market Orientation and its Influence on the Export Performance
*P.G.P. Kumara *, S.M.A.K. Samarakoon* 58 - 64

Motivation Behind Managing Employee Information in the Banking Sector: Comparative Study Between Sri Lanka and New Zealand

A. Perera^{1*}

Abstract

The purpose of this study is to investigate motivations behind managing employee information in banking sector in Sri Lanka and New Zealand. Specially, this study answers for two research questions first, why does the banking sector in Sri Lanka manage employee information and second, how does the motivations to manage employee information in banking sector in Sri Lanka different to New Zealand. Qualitative method was employed in this study and data was collected through in-depth interviews. Responses were analysed using content analysis. The findings revealed that both banking sectors in Sri Lanka and New Zealand manage employee information to achieve two purposes; internal management and external reporting. Although the study identified various differences, some of the reasons for managing employee information in both Sri Lanka and New Zealand appear similar.

Keywords: Case Study, Critical Realism, Entrepreneurship Research

Introduction

The use of organisational resources to accomplish both short-term and long-term goals is a major task of a manager. As Brummet et al. (1968) state, the ability to acquire, develop, allocate, maintain and utilise those resources is a determining factor of managerial effectiveness. Indeed, these functions require a myriad of information (Brummet et al., 1968). Among the extensive information received by management concerning tangible and intangible resources, employee information has been gaining in relative importance (Baron & Armstrong, 2007) because employee information is considered the most important resource in an organisation (Brummet et al., 1968; Massingham, Nguyet Que Nguyen, & Massingham, 2011; Mayo, 2012). However, the general belief is that information relating to employee information is relatively rare (Baron & Armstrong, 2007; Goodman, 1993; Singh, 2000) and while managers tend to make decisions based on available information, such decisions based on inaccurate information about the human resource component may ruin the entire organisation (Singh, 2000). As Goodman states,

Managers frequently plan, solve problems and make decisions based upon incomplete and sometimes

inaccurate information. At worst, this may result in dire consequences for their organisation. (1993, p. 12)

Baron and Armstrong have blamed the human resource profession for a lack of emphasis on gathering employee information stating that “Too many times we are led to believe that collecting data and developing measures on the contribution of people to the business is too hard, too costly or too time consuming (2007, p. 45)”. They argue that the problem is not the lack of data as indeed organisations are rich in data from the recruitment to the resignation of employees, but the major problem associated with employee information is the absence of proper ways to manage it (Baron & Armstrong, 2007; Singh, 2000). In this setting, as researchers argues organisations have different views on managing employee information.

In Sri Lanka, very little is known regarding why do organisations manage their employee information. In fact, a review of literature also indicated that there is a few research on managing employee information in Sri Lanka. Specially, it was rare to find published research on this topic between Sri Lanka and a developed country; New Zealand. Thus, this research aims to compare the views of banking sectors in two nations: Sri Lanka and New Zealand, regarding managing employee information. Specially, this study focus on

¹ Unitec Institute of Technology, New Zealand

* Corresponding author: aheshasp@gmail.com

investigating (1) has the banking sector in Sri Lanka manage employee information, if yes why, and (2) how does managing employee information in banks in Sri Lanka differ to that of New Zealand. This study contributes to the literature in two ways. First, studies focusing managing employee information have been a research agenda among academics for several decades (Brummet et al., 1968; Dilu, Gebreslassie, & Kebede, 2017; Mayo, 2012), however, there is a lack of evidence focusing banks in Sri Lanka (Wickramasinghe, 2010; Wickramasinghe & Fonseka, 2012). Specially, comparative study between Sri Lanka and a developed country is rare. This is despite the fact that Sri Lanka still need to be improved to reach the level of developed countries (UNDP, 2018). Thus, this study contributes to the literature offering a new insight into why banks in Sri Lanka manage employee information and how the managing employee information different to that of New Zealand. Second, the findings will pave the ways for banks in Sri Lanka to compare themselves with international banks' practices to improve operational efficiencies.

The structure of this paper is as follows. After this introduction, the next section reviews the literature underpinning managing employee information and presents theoretical perspectives. The methodological approach together with the data collection and analysis process used in this research will present in the third section. The findings and the discussion together with the conclusion drawn will report in the section fourth and fifth respectively.

Literature Review

Managing employee information is a conceptual term that has often been defined and interpreted within the broad concept of managing information (Wilson, 2003); thus, it is necessary to review current definitions focussed on managing information in order to gain a broader understanding of what employee information is taken to mean. Researchers have provided various definitions for the term managing information. Wilson defined it as "the application of management principles to the acquisition, organisation, control, dissemination and use of information relevant to the effective operation of organisations of all kinds" (2003, p.263). "Information" here refers to all information regardless of whether it originates internally or

externally; for example; information includes production, personnel, market and competitor information. Detlor defines managing information as "the control over how information is created, acquired, organized, stored, distributed, and used as a means of promoting efficient and effective information access, processing, and use by people and organizations" (2010, p.103). Baron and Armstrong (2007) defined it as the gathering and collating of human capital data. Fox and Meyer (1995) defined it as "planning, organization, development and control of the information and data in an organization and of the people, hardware, software and systems that produce the data and information" (as cited in Caron 1995, p.2). Caron and Brown defined managing of information as a "philosophy of management that recognizes and calls for the creation, identification, capture and management of information resources as corporate assets to enable and support the development of policy and effective decision making" (2012, p.1). Though many definitions are available in the literature, some commonalities exist which are that all definitions discuss the process of managing information including collecting, organising, controlling, distributing and using information of all kinds.

As per previous research, some common benefits of managing employee information can be identified. First, it assists both people and organisations to access, process and use information efficiently and effectively (Detlor, 2010; Kirk, 1999). For example, through managing information systematically, and with the assistance of modern computer-based management information systems, a person or an organisation can provide requested information within a few seconds. This enhances the performance of task (efficiency) through reducing the response time for requests (Wilson, 2003). Organisations are then able to operate more competitively and tactically, as such a system helps people better accomplish their tasks and become better informed (Detlor, 2010). Second, as Wilson (2003) details, valuable, quality, and secured information is needed for achieving the best organisational performance. In this case, managing employee information accomplishes these information requirements; for example, attentive management of information reduces lost or missing information. Through this,

managers will be able to use all relevant and accurate information for quality decision making (Goodman, 1993; Roberts, 2007) which is increasingly vital to the strategic success of all types of organisations (Cascio & Boudreau, 2008). Third, research has highlighted that the use of properly managed information is helpful in solving individual and organisational information problems (Choo et al., 2006). In particular, it has been widely accepted by the public that organisations collect too much personal information when they recruit employees, and at the same time may use such information improperly (Cook, 1987; Vidmar & Flaherty, 1986). Cordell (1987) claims that the way organisations deal with information creates circumstances in which personal information can become public information; thus, staff members may not be willing to make available their personnel information to other staff members. In this case, Wilson (2003) states that through properly managing information, organisations can tighten the security of information and reduce (or eliminate) violations of trust. Finally, Cohen (1989) emphasised the importance of managing employee information in decision making. Cohen (1989) states that the basis of a robust decision making process is a solid foundation of employee information, and warns that the quality of the decisions may be questioned without adequate information. This view was shared by Goodman (1993) in his discussion of the management decision making process and information needs. He elaborates on how managerial decision making can be affected by faulty information. Goodman argued that managers in organisations often take decisions based on inaccurate and incomplete information which results in regrettable consequences for organisations such as weakened competitive positions among others. Hence, information should be carefully managed in order to avoid adverse consequences.

According to above literature review, there are wide array of reasons for organisations to manage employee information. However, except Wickramsainghe (2010) and Wickramsainghe and Fonseka (2012) it is rare to find studies related to Sri Lankan context. Wickramsainghe (2010) has examined employee perceptions towards web-based human resource management systems in Sri

Lanka. For this study 30 companies with web based human resource management system has been surveyed. Further, Wickramsainghe and Fonseka (2012) explored and compared current practice of the measurement and reporting of human resource information by manufacturing and service sectors in Sri Lanka. In this study, the method of managing human resource information is also investigated. Data was collected from 30 manufacturing and service oriented companies through survey method. In this setting managing employee information in banks in Sri Lanka and how it different to a developed country is an investigated topic. Thus, to fill this gap this study developed following research questions;

1. Has the banking sector manage employee information, if yes why?
2. How does the managing employee information in the banks in Sri Lanka different to that of New Zealand?

Theoretical perspectives

Many theoretical perspectives have been used in previous research on the field of human capital. This section provides an overview of stewardship, stakeholder, political economy, pluralism perspectives, as they are related to the reasons for managing employee information, in subsequent sections.

The Stewardship perspective addresses the agency-principle relationship disagreements and the organisational complexities. (Barney, 1990; Davis, Schoorman, & Donaldson, 1997). The Stewardship perspective go a step forward and provide a brooder explanation on how the management of an organisation is perform/act when achieving shareholder objectives (Davis et al., 1997; L. Donaldson & Davis, 1991). Specially, as the Stewardship Theory suggests, managers are keen on achieving high performance in order to provide the best interest to the shareholders (Davis et al., 1997; L. Donaldson & Davis, 1991). Here, managers of an organisation act as a good steward of the corporate assets and essentially try to do a good job (L. Donaldson & Davis, 1991). They are not stimulated by individual goals as a self –interested rational economic person (Muth & Donaldson, 1998).

Stakeholder perspective suggests that an organisation must be involved in activities to formulate and implement processes, that benefit stakeholders who can affect and who

are affected by the accomplishment of organisational objectives (Deegan, 2002; R. E. Freeman & McVea, 2001). As Freeman and Mc Vea (2001) noted, the key task in this process is to “manage and integrate the relationships and interests of shareholders employees, customers, suppliers, communities and other groups in a way that ensures the long-term success of the firm” (p. 10). Stakeholder perspective involve two branches; ethical and managerial (Deegan, 2002). How an organisation should treat their stakeholders is explained in the ethical branch. In other words, it emphasises the organisation’s responsibilities towards stakeholders (see T. Donaldson & Preston, 1995; R. R. Freeman & Reed, 1983; Hasnas, 1998). The managerial branch, on the other hand, explains the requirement of managing some special groups of stakeholders. These groups appear to be most powerful because of their ability to influence organisational operations (Ullmann, 1985). The managerial perspective of Stakeholder Theory was used in many previous studies to investigate the reasons for organisations to disclose social information (Azizul Islam & Deegan, 2008; James Guthrie, Petty, Yongvanich, & Ricceri, 2004; Reverte, 2009). In this context, social corporate disclosure acts as a management tool, which provides the necessary information to stakeholder groups (Abeysekera, 2006). Thus, organisations disclose social information with different purposes, either to manage or manipulate the most powerful stakeholder groups (Gray, Owen, & Adams, 1996).

Political Economy is another perspective which can be used to explain the corporate disclosures. As defined by Jackson (1982) Political Economy is;

The study of the interplay of power, the goals of power wielders and the productive exchange system. As a framework, political economy does not concentrate exclusively upon market exchanges. Rather, it first of all analyses exchanges in whatever institutional framework they occur and second, analyses the relationship between social institutions, such as government, law and property rights, each fortified by power and the economy i. e. the system of producing and exchanging goods and services. (p. 74)

A brief definition was given by Gray et al (1996) of Political Economy as “the social, political and economic framework within which human life takes place” (p.47). The meaning behind the Political Economy perspective is that society, politics, and economics are closely connected, and if they disregarded these groups, organisations could not examine their issues (Deegan, 2002). The theory identifies the inconsistent nature of the distribution of power in society and the struggles that emerge between different stakeholder groups. In this context, organisations have to take action to avoid possible interference of these groups, social, economic, and political, by motivating them. Thus, organisations tend to disclose information in a way which helps in sustaining and legitimising the arrangements of social, political and economic groups (Cooper & Sherer, 1984; Tinker & Neimark, 1987). Annual reports appear to be one of the main tools to disclose organisational information related to social, economic and political fields (J. Guthrie & Parker, 1990; Tinker & Neimark, 1987). This reporting could be arranged in the private interests of the organisation as, for example, they can decide either not to disclose some information (Chwastiak & Young, 2003) or use different words when reporting (Tinker & Neimark, 1987).

The Pluralism perspective indicates how the power is distributed among groups with different interests. Business organisations are complex social constructs that comprise a variety of interest groups (Abbott, 2006). Two such groups are management and employees, who have different values and objectives. Thus, there is high potential for conflict between these two groups over work related activities (Abbott, 2006; Budd, Gomez, & Meltz, 2004). By identifying the inevitable nature of conflict between management and employees, theorists who hold the pluralism perspective, consider these conflicts as a positive factor for the health of the organisations because the perspective reveals the problems associated with employees (Abbott, 2006). Because of conflicts between different interest groups, pluralists acknowledge the existence of competing sources of authority, especially trade unions,

which act on behalf of employees' rights. Here, trade unions are regarded as the mechanism to provide support to management, not only to institutionalise employment rules, but also to minimise the level of workplace conflicts.

Method

The research questions of “why” and “how” focused on gaining a rich understanding of managing employee information in the banking sector in Sri Lanka and New Zealand. Responses for these research questions have embedded words rather than numbers, therefore the purpose of this research is to interpret the responses than measuring relationship between variables. Thus qualitative approach has employed to conduct this study. Data was collected through depth interviews. Banking sector has chosen to collect data due to key role of employees for banking operations. While research has emphasised the importance of HC for “every business” (e.g. Memon, Mangi, & Rohra, 2009); however, some research argues that service sector organisations are more highly contingent on HC than manufacturing organisations (Clulow, Gerstman, & Barry, 2003; Gebauer, 2003). For service sectors (such as banking, finance, and information technology), the fuel and energy that drive the business come from people (Gebauer, 2003; Stephen, Waswa, Venancio, & Joseph, 2014). In other words, it is noted that, in service oriented organisations, the competitive edge is the HC (Curado, 2008; Gebauer, 2003; Gratton & Ghoshal, 2003) and as a part of the service sector, the banking sector performs in keeping the knowledge central (Mavridis, 2004). Thus, banking sector was chosen as the case sector. All banks were invited to participate for interviews however, only six banks from Sri Lanka and four banks from New Zealand agreed to participate. The author interviewed 13 personnel from six banks and eight from four banks in New Zealand. When selecting the personnel for interviews, it was decided to interview those who have broad knowledge about employee information thus managerial personnel who involve in employees were invited for the interviews (Rubin & Rubin, 2005). The main questions that was raised is; Does your banks manage employee information, if yes why? All the responses were audio recorded with the permission of the

interviewees. The responses that were audio recorded then transcribed into text for the purpose of data analysis.

These texts then analysed through content analysis with the support of the NVivo software for qualitative data analysis. Content analysis is a method of analysing text in contents using systematic procedures (Miles & Huberman, 1994, p.56). Miles and Huberman (1994) identified three types of coding in a qualitative research; descriptive codes, categories, and themes. The descriptive codes development process comprises reviewing texts line by line and codifying the texts (J. Guthrie & Petty, 2000). These codes can develop using deductive method or inductive method (Elo & Kyngas, 2008; Hsieh & Shannon, 2005; Moretti et al., 2011). In inductive method, codes generate through data while pre-defined list of codes is used in deductive method. Off these two methods, this study used the inductive method. Descriptive codes development process is crucial in data analysis in a qualitative study, as the next stages of data analysis; the development of categories, identification of patterns and themes, and development of frameworks are based on the development of descriptive codes (Creswell, 1997; Miles & Huberman, 1994).

The process of developing descriptive codes resulted 23 codes for banks in Sri Lanka (Refer table 1 below) and 20 codes for banks in New Zealand (Refer table 2 below). Second stage of data analysis was to construct categories and themes with more interpretations (Miles & Huberman, 1994). Categorising were developed grouping similar codes into categories or families based on similar characteristics (Saldana, 2008). At this stage, the above developed descriptive codes were reduced through refining, merging and integrating to categories based on their similarities and the way the respondents interpret them (Saldana, 2008). This process resulted developing four categories for banking sector in Sri Lanka and four categories for banks in New Zealand. However, as per the views of the respondents all the reasons could further categorised into two themes; Internal management purposes and External reporting purpose (Refer table 1 and 2 below).

Table 1: Sri Lanka

Descriptive codes	Categories	Themes	
1. Safeguard information 2. Reduce the demotivation of employees 3. Protect the confidentiality of data	Ensuring the confidentiality of Information	Internal management Purpose	
4. Branch expansions 5. Career development 6. Learning purpose 7. Performance appraisals 8. Planning 9. Promotions 10. Resourcing 11. Succession planning 12. Decision making 13. Information distribution 14. Identify employee issues 15. Make easily available of data 16. To decide termination benefits	Making decisions		
17. Control cost 18. Information efficiency 19. Reduce paper works 20. Reduce man hours 21. Reduce time	Enhancing efficiency		
22. Comply with compliance requirements 23. External reporting	External reporting purpose		External reporting purpose

Table 2: New Zealand

Descriptive codes	Categories	Themes	
1. Career development 2. Succession planning 3. Compare and track employee progress 4. Transfers & promotions 5. Get to know about the employees 6. Organisational development	Employee development	Internal management	
7. Provide updated information 8. Decision making 9. Internal reporting 10. Use as a management tool 11. Make sure the quality of the information 12. Objective setting 13. Planning tool	Making decisions		
14. Assure the efficiency 15. Identify issues 16. Review periodically 17. Mitigate potential damages 18. Secure information	Enhancing efficiency		
19. Protect the trust 20. External reporting	External reporting purpose		External reporting

Findings and Discussion

Sri Lanka

From Sri Lankan respondents' perspective, banks manage employee information for two purposes; internal management and external reporting.

Internal Management

Employee information appears to be vital to ensure the internal management of the bank, specially to safeguard the confidentiality of information, enhance efficiency, making decisions.

First, banks appear to store their employee information in a central location and keep backups due to the believe that information needs to be secured, accurate, timely, reliable, accessible, and complete etc. Especially in the service sector, employee information flowing through the human resource section was growing daily. Thus, it was very important to maintain records in a way that protected the confidentiality of sensitive information because employees may otherwise not be willing to disclose information to others in the bank. If employee information was readily available for others to see, anybody would be able to misuse the information, perhaps for personal reasons. Further, from the privacy perspective, information like poor performance, low employee ratings and warning letters should not be made available to other, non-managerial employees in the bank. In a case where a bank discloses their employee's information to others, the employee may feel uncomfortable, which can result in employee demotivation/burnout. Specially, banks believed employees' innovative ideas could be considered as the bank's confidential information because innovative ideas form part of the bank's assets. One great idea could transform the business model; thus, it was crucial to protect ideas. Bright ideas could easily be stolen by other employees and passed on to other banks. Such "industrial espionage" could result in the demotivation of the particular employee who introduced the innovative idea. As provided by a respondent;

We have a records scheme where we recognise individuals who come up with innovative ideas. All these ideas are sent to a committee. The committee sits and goes through the best ideas and appoints a set of people to help those units/person/departments to implement

new ideas. On and off we carry out those kinds of projects to stimulate people's talents. We don't disclose this information. If we disclose it, others might use it. (Bank B)

Thus, banks managed employee information in order to safeguard information. Extending the above view of the importance of managing information to assure confidentiality, respondents further stated that the Sri Lankan sample banks were concerned with protecting confidential employee information because of possible risk of trade union actions. Pressure coming from unions was highlighted as a reason for the bank's concern with managing employee information. In privately owned organisations in Sri Lanka, the growth of trade unions was hard to see because of the failure of trade unions to adapt to the new challenges of private sector organisations (Global Union Federation (Sri Lanka office), (n.d.)). However, the banking sector seemed to encourage employees to engage with unions, perhaps because the banks gained advantages through maintaining healthy relationships with employees. This was consistent with the literature that indicated that employers preferred to deal with a group rather than handle disputes with each individual employee (Gamage, 2013).

In this study, the Pluralism interpretation (Clegg, 1975) could use to explain the influence of managing employee information to reduce the pressure from unions. There is a high potential for conflict between two groups: management and employees, over work-related activities (Abbott, 2006; Budd et al., 2004); hence, pluralists acknowledge the existence of competing sources of authority, especially trade unions, which act on behalf of employees' rights (Clegg, 1975; Fox, 1966). Sri Lankan banks recognise the power of trade unions, thus, they do not act in a way that might cause conflict. Banks believe the absence of proper management of information would make the information available to everyone in the bank, which would be likely to cause conflict. Thus, banks appeared to very careful in managing information in order to minimise conflicts between trade unions and management.

Thus, to avoid people misusing employee information, to reduce demotivation of employees due to disclosing personnel information to others, to avoid losing of

information due to lack of keeping records, storage and maintenance, and to avoid trade unions' negative actions, organisations take all the actions to secure the confidentiality of information.

Second, the banks in the sample also recognised enhanced efficiency as a reason for managing employee information. As stated by Mokhtar et al. (2008), efficiency could be achieved through: (1) maximisation of output; (2) minimisation of cost; and (3) maximisation of profits. Consistent with Mokhtar et al. (2008), the Sri Lankan sample banks remarked that they wanted to minimise costs to enhance efficiency through managing employee information. Further, Kumbhakar and Lovell (2003) suggested the enhancement of efficiency through obtaining maximum output from given inputs. Consistent with this view, the sample banks noted that due to an effective employee information management process, banks could process information within a shorter period of time, with fewer man hours and paperwork which in turn enhance technical efficiency. In summary, the above views indicate that the Sri Lankan sample tended to manage employee information to enhance efficiency through minimising costs and enhancing output with less time, paperwork and man-hours. As noted by Mokhtar et al. (2008), efficiency was one way to investigate an organisation's performance. From this view, a bank could maximise the revenue/return by enhancing efficiency and thereby, maximised shareholders' interests (Akroush, Dahiyat, Gharaibeh, & Abu-Lail, 2011).

Third, providing timely, accurate, reliable and relevant information to internal users making diverse decisions was recognised as one of the reasons for banks to manage a wide range of employee information. Managing employee information is useful in making decisions at different stages of employment. As Bank E stated, employee information is required for deciding the career path of the employees specially, employee promotions, succession plans and transfers. Confirming Bank E's views, Bank B and C provided further evidence of the importance of managing employee information to make decisions, for example, training and development, and compensation.

Based on past records we decide what type of training programmes we need to

provide to develop our employees. (Bank B)

At the time of compensation, we have to look at the employment history; when they joined, how many years they have worked etc. (Bank C)

Managing employee information is recognised as important, not only for make employee related decisions, but also for operational decisions. Bank B supported this view, providing an example of making an operational decision based on employee information. It is highly likely that the employee information is one influential factor when making branch expansion decisions. The HRIS (human resource information system) facilitates decision making by providing the necessary information.

In the H/O level also there are some instances where they refer to our employee information. Let's say there are some expansions going on in the branch. Then the planning department first goes through the HRIS and sees how many employees currently exist and how many will be needed in the future. Sometimes we could use the existing staff with more training. If there is a requirement for more employees, then, H/O decides what kind of employees are needed for the particular branch. Here they inquire from me as a branch manager. The number of employees depends on the area, volume of the business, number of customers that we handle, skills and competencies of existing staff etc. Using available information, we make decisions. (Bank B)

The respondents' view on the association between managing information and decision making, supports previous studies. Goodman (1993) argued that the managerial decision-making is often based on inaccurate or incomplete information; thus, an organisation needs to manage information to enhance the decision-making role. As Cohen (1989) suggested, an organisation needs a solid foundation of employee information on which to base decisions. Antuceviciene, Taviana, Nilashi, & Bausys (2017) perfect information is key in decision making.

External reporting purpose

It appears that the external distribution of timely, relevant, and reliable information to relevant authorities is embedded in the process of managing the employee information of sample banks in Sri Lanka. External reporting fell into two categories of reporting: voluntary and mandatory. As Cowan and Gadenne (2005) viewed, voluntary reporting allows a greater amount of discretion to the organisation about the information reported. In contrast, mandatory reporting is reporting information in accordance with legal and policy requirements (Kavitha & Anita, 2011). Both categories were observed in the case of the sample banks in Sri Lanka. For example, in terms of voluntary reporting, an extensive amount of employee information is found in public documents such as annual reports, websites, and media releases. Also, respondents revealed that they disclose employee information to the public, for example:

Training measurements are HR standard measurements. Training needs to be measured. Then we can boost our staff. We should be elegant and open to the outside. When you declare all these things they will be challenged and the other thing is benchmarking. When you go through our information in the annual report you can see the information is very detailed. (Bank B)

Since there was no law requiring such reporting of training and development information, this could be identified as a voluntary reporting. In terms of mandatory reporting, the sample banks were found to be reporting employee information to external regulatory authorities such as CBSL, the Department of Inland Revenue, the Labour Department, and Census and Statistics. For example, respondents stated:

In addition to that, the Central Bank of Sri Lanka needs us to disclose some employee information periodically. (Bank A)

Sometimes we have to send employee information to regulators; for example, EPF, ETF information. For that purpose also, we have to manage records. (Bank B)

Even we have to provide information to the Census and Statistics Department. It needs some statistics like age, level,

positions, salary information, etc. (Bank E)

Thus, banks in the sample appear to report employee information voluntarily as well as mandatorily and this agrees with previous studies. Marr et al. (2003) remarked that organisations communicated measures to external stakeholders. Wills (2005) noted that information management was vital in reporting to deliver transparency, accountability and to meet legal obligations.

New Zealand

Internal Management

For internal management purpose, New Zealand banks manage employee information for three purposes; employee development, enhance efficiency, making decisions.

First, banks in the sample in New Zealand noted that they manage employee information to ensure that they provide required information to employee development. For the sample banks in New Zealand, employee development is a process rather than a single activity. It starts from reviewing employee performance periodically in order to identify training requirements. Based on the level of achievement of the individual employee's performance, the bank can then determine whether or not the employee needed additional training. In the case where an employee could not achieve his/her objectives, the bank took on the responsibility for providing further training in order to develop that particular employee. As the representatives of the banks in the sample noted, information plays an important role in this process; thus the sample banks kept proper and accurate records on how each employee was performing, what training is given and what training needs to be given in the following year. In addition to employee development through training, how managing employee information help in succession planning also was emphasised by the respondents.

We manage quite lot of information to develop the career path of employees.

We have training information, career development; the development planning is at an individual level. We do successions for leadership roles. (Bank H)

As the sample banks noted in the above comments, all these actions relating to employee and leadership development need

information, which could be obtained only through managing employee information effectively. No previous literature was found supporting the association between managing employee information and employee development; thus, an investigation of why sample banks in New Zealand want to develop their employees seems especially appropriate. Two principal justifications for the provision of employee training and development were offered. First, when compared to OECD countries, New Zealand's employee turnover is relatively high (Maloney, 2007; Mills & Timmins, 2011). There is a relatively easy movement of people from one employer to another possibly because of skill shortages in the country. Immigration New Zealand (2015) has noted that some industries, such as education, construction, finance/ business, ICT, and health and social services, have a short supply of people with the necessary skills. With high mobility and high turnover come job opportunities and thus the necessity to offer job specific training. The nature of the labour market (high turnover and high job mobility) in New Zealand may force banks to give job-specific training to those who were hired without sufficient experience, or where their training conflicted with the bank's operations.

Second, sample banks tend to provide training because of regulatory requirements. This means that some training that sample banks provide is due to the pressure that comes from their regulatory groups. Economic forces and regulatory bodies are powerful influences, which need to be attended to in order to survive. Therefore, the sample banks had to train and develop their employees. Such an interpretation clearly conforms to the Political Economy Theory (Cooper & Sherer, 1984) and thus, banks seemed manage employee information as an aid to providing the necessary training for employees and their development.

Second reasons the sample banks in New Zealand managed employee information was to ensure the enhancement of the banks' efficiency. As Bank H stated, if banks could not manage information for planning purposes, inefficiencies were more likely to result.

I don't think just gathering of information is useful. If we are not using employee information as a management tool or planning tool we are highly

inefficient. If we think any information can't be used for future planning we discard it. We don't manage it.

A similar view was provided by the following respondents.

HRIS simplifies the employee related work, for example payroll. It reduces the time and money that we need to spend on it. (Bank J)

It (managing employee information) enhances the information usage efficiency. If we can access updated information very quickly we can save our time and money. (Bank K)

Supporting Banks J and K's views Mokhtar et al. (2008) provided that an organisation can enhance efficiency through saving time and money. Thus, as has been shown in the above comments, managing employee information enhance efficiency (Kamery, 2004; Mokhtar et al., 2008) which leads to better performance by organisations (Kamery, 2004; Tariq & Riaz, 2013).

Third, banks in the sample seemed to be making wide varieties of decisions based on managed employee information. In addition, respondents in the sample banks noted that their decision making is based on managed employee information. As shown in the following comments, the sample banks seemed to record and manage all employee information duly in order to provide accurate, trusted, and up-to date information to make valid decisions.

If we can access updated accurate information very quickly we can make decisions quickly ... (Bank G)

I think it (managing employee information) gives you surety around the quality of the information for decision makers. (Bank H)

Respondents further extended the above views by mentioning how managing employee information required making particular decisions. For example, as the respondent from Bank J noted, the bank has to make decisions in order to do the extra work in the periods of high demand, such as Christmas, while Bank H stated that Bank H needed to make decisions to prevent employees leaving the bank. Further, training and development decisions were emphasised by the interview with Bank K. All these three scenarios needed updated, quality information as stated in the quotations below.

We need to manage employee leaving information, for example the main reasons why people are leaving the organization and how we can improve on that. This information can be used for future decision making. (Bank H)

For example, leave bookings for Christmas, we have a big spike in November for example, but if we have a lot of information, then we can look at the resourcing. So those are the areas where you would use that information specifically to make decisions around resourcing and ensuring there are people there to service the customer need. (Bank J)

The bank takes responsibility to train the personnel to the required standard. Without managing adequate information, we can't make these decisions. (Bank K)

The influence of managing employee information on decision making was well addressed in previous studies (Antucheviciene et al., 2017). As Cohen (1989) suggested, a decision has to be based on a solid foundation of employee information, while Goodman (1993) argued that the managerial decision-making should be based on accurate and complete information. For this, an organisation needs to manage information.

External reporting purpose

Similarly, to Sri Lanka, in the New Zealand sample banks also appeared to be distributing employee information externally. Banks G, H and J exposed that they reported much employee information to stakeholders to add rigour to their external reporting. Some information was reported to stakeholders via annual reports, websites, newsletters and the media, while some was reported to regulatory authorities. Based on the different nature of stakeholder groups, two categories of reporting employee information were identified as voluntary reporting and mandatory reporting. Voluntary reporting denoted the reporting of employee information as required by the organisation themselves (Cowan & Gadenne, 2005). In the case of the New Zealand's banks it was found that banks reported much employee information voluntarily to stakeholder groups, such as the total workforce by employment type, employment contract, and region, total number and rate of employee

turnover by age group, gender, region, and many others.

The other type of reporting was mandatory reporting, which meant reporting of employee information to regulatory bodies as required by law (Kavitha & Anita, 2011) such as the Senses and Statistics, Stock Exchange listing requirements, for example:

In late 2012, NZX introduced a listing rule requiring companies to include the gender breakdown of directors and senior management in their annual reports, the 16th country in the world to do so. (Case study, Bank J, p.13)

Comparison of Sri Lanka and New Zealand

The below paragraphs described similarities between the Sri Lankan and the New Zealand contexts. First, a similarity observed in both countries was the management of employee information in order to make decisions. In this regard, both banking sectors revealed that it was essential to manage employee information in order to provide timely, accurate, reliable and relevant information to make employee-related decisions, such as recruitment, promotions, training and development, employee rewards, and performance appraisals.

Second, enhancing efficiency was also indicated by both sample banks. As far as the sample banks were concerned, (1) the reduction in the cost of managing information through curtailing paperwork and time, and (2) enhancing information usage efficiency by keeping information readily available, helped banks enhance their efficiency.

Third, external reporting was identified as a reason to manage employee information. In this regard, both banking sectors recognised the requirement of manage employee information to fulfil mandatory reporting as well as inform stakeholders via voluntary reporting.

Apart from these similarities, a distinctive difference was also observed. The banks in the Sri Lankan sample emphasised ensuring the internal confidentiality of information as a reason for managing employee information. As these banks remarked, employee information was highly sensitive and, therefore, they needed to protect this in order to prevent information from becoming available to others in the bank. This appeared to be exclusive to Sri Lankan banks. As noted

by some respondents, the reason for banks to be concerned about managing employee information was in order to avoid the pressure that came from employee unions.

It is worthwhile to think about why banks in New Zealand did not worry about ensuring confidentiality of information. Two reasons could be identified in this regard. First, when compared with developing nations, the density of labour unions in developed nations is higher. Thus, they exceedingly rely on collective bargaining and regulations to resolve employee-related disputes (R. Freeman, 2007). Owing to this, the behaviour of labour unions' in developed countries with regard to their organisational activities was less contentions and more favourable than in developing countries (Botero, Djankov, La Porta, López de Silanes, & Shleifer, 2004). Thus, there was little or no pressure from unions focussed on bank activities in New Zealand, as compared with that in Sri Lanka. Second, people from individualistic countries have lower privacy concerns and prefer to disclose information to others (Ting-Toomey, 1991). In contrast, people from collectivist countries are more concerned about privacy than individualistic countries (Myanard & Taylor, 1996). This means that employees from an individualistic country like New Zealand are likely to be less concerned over privacy and are therefore more willing to make information available for others to see.

Conclusion of the findings

This research was guided by a research question designed to examine why banks in different environments manage employee information. The samples in Sri Lanka and New Zealand also revealed two specific purposes of managing employee information, namely internal management and external reporting. In Sri Lanka, internal management was recognised to include the confidentiality of information, enhancing efficiency, and making decisions. In New Zealand, it was recognised as necessary to employee development, enhancing efficiency and making decisions. Further, external reporting to stakeholders also identified as a reason to manage employee information in banks in two countries.

Overall, the findings of this study indicated few differences in terms managing employee information. This could be due to differences

in cultural orientation, institutional policies, and economies. Although the study identified various differences, most of the reasons for managing employee information in both Sri Lanka and New Zealand appear similar. Such similarity between the banking sector in a developing and a developed country could be explained as a result of international influence (Allen & Carletti, 2008).

References

- Abbott, K. (2006). A review of employment relations theories and their application. *Problems and Perspectives in Management, 1*, 187-199.
- Abeyssekera, I. (2006). The project of intellectual capital disclosure: Researching the research. *Journal of Intellectual Capital, 7*(1), 61-77. doi: 10.1108/14691930610639778
- Akroush, M. N., Dahiyat, S. E., Gharaibeh, H. S., & Abu-Lail, B. N. (2011). Customer relationship management implementation: An investigation of a scale's generalisability and its relationship with business performance in a developing country context. *International Journal of Commerce and Management, 21*(2), 158 - 190.
- Allen, F., & Carletti, E. (2008). The roles of banks in financial systems *Oxford Handbook of Banking*.
- Antucheviciene, J., Tavana, M., Nilashi, M., & Bausys, R. (2017). Managing Information Uncertainty and Complexity in Decision-Making. *Complexity*. doi: 10.1155/2017/1268980
- Azizul Islam, M., & Deegan, C. (2008). Motivations for an organisation within a developing country to report social responsibility information: Evidence from Bangladesh. *Accounting, Auditing & Accountability Journal, 21*(6), 850-874.
- Barney, J. B. (1990). The debate between traditional management theory and organisational economics: Substantive differences or intergroup conflict? *Academy of Management Review, 15*(3), 382-393.
- Baron, A., & Armstrong, M. (2007). *Human capital management: achieving added value through people*: Kogan Page Limited.
- Botero, J., Djankov, S., La Porta, R., López de Silanes, F., & Shleifer, A. (2004). The

- regulation of labor. *Quarterly Journal of Economics*, 1339-1382.
- Brummet, R. L., Flamholtz, E. G., & Pyle, W. C. (1968). Human resource measurement: A challenge for accountants. *The Accounting Review*, XLIII(2), 217-224.
- Budd, J. W., Gomez, R., & Meltz, N. M. (2004). Why a balance is best: The pluralist industrial relations paradigm of balancing competing interests. In B. E. Kaufman (Ed.), *Theoretical Perspectives on Work and the Employment Relationship* (Vol. Research Volume, pp. 1-45): Industrial Relations Research Association.
- Caron, D. J., & Brown, R. (2012). Information resource management: Encyclopedic Dictionary of Public Administration.
- Cascio, W. F., & Boudreau, J. W. (2008). *Investing in people: Financial impact of human resource initiatives*. New Jersey: Pearson Education, Inc.
- Choo, C. W., Furness, C., Paquette, S., Berg, H., Detlor, B., Bergeron, P., & Heaton, L. (2006). Working with information: Information management and culture in a professional services organisation. *Journal of Information Science*, 32, 491-510. doi: 10.1177/0165551506068159
- Chwastiak, M., & Young, J. J. (2003). Silences in annual reports. *Critical Perspectives on Accounting*, 14(5), 533-552. doi: 10.1016/S1045-2354(02)00162-4
- Clegg, H. A. (1975). Pluralism in industrial relations. *British Journal of Industrial Relations*, 13(3), 309-316.
- Clulow, V., Gerstman, J., & Barry, C. (2003). The Resource-Based View and sustainable competitive advantage: The case of a financial services firm. *Journal of European Industrial Training*, 27(5), 220-232.
- Cohen, S. L. (1989). Managing human-resource data: Information, please. *Training and Development Journal*, 43(7), 28-35.
- Cook, S. H. (1987). Privacy rights: Whose life is it anyway? *Personnel Administrator*, 32(4), 58-65.
- Cooper, D. J., & Sherer, M. J. (1984). The value of corporate accounting reports: Arguments for a political economy of accounting. *Accounting, Organisations and Society*, 19(3/4), 207-232.
- Cordell, A. J. (1987). The uneasy eighties: The transition to an information society. *Computers and Society*, 16, 12-18.
- Cowan, S., & Gadenne, D. (2005). Australian corporate environmental reporting: A comparative analysis of disclosure practices across voluntary and mandatory disclosure systems. *Journal of Accounting & Organisational Change*, 1(2), 165-179. doi: 10.1108/18325910510635344
- Creswell, J. W. (1997). *Qualitative inquiry and research design: Choosing among five traditions*. London: Sage Publications.
- Curado, C. (2008). Perceptions of knowledge management and intellectual capital in the banking industry. *Journal of Knowledge Management*, 12(3), 141-155. doi: 10.1108/13673270810875921
- Davis, J. H., Schoorman, F. D., & Donaldson, L. (1997). Toward a stewardship theory of management. *The Academy of Management Review*, 22(1), 20-47.
- Deegan, C. (2002). Introduction: The legitimising effect of social and environmental disclosures-A theoretical foundation. *Accounting, Auditing & Accountability Journal*, 15(3), 282-311. doi: 10.1108/09513570210435852
- Detlor, B. (2010). Viewpoint: Information management. *International Journal of Information Management*, 30, 103-108. doi: 10.1016/j.ijinfomgt.2009.12.001
- Dilu, E., Gebreslassie, M., & Kebede, M. (2017). Human Resource Information System implementation readiness in the Ethiopian health sector: a cross-sectional study. *Human Resources for Health*, 15(85), 1-10. doi: 10.1186/s12960-017-0259-3
- Donaldson, L., & Davis, J. H. (1991). Stewardship theory or agency theory: CEO governance and shareholder returns. *Australian Journal of Management*, 16(1), 49-65.
- Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of Management Review*, 20(1), 65-91.
- Elo, S., & Kyngas, H. (2008). The qualitative content analysis process. *Journal of Advanced Nursing*, 62(1), 107-115. doi: 10.1111/j.1365-2648.2007.04569.x
- Fox. (1966). *Industrial sociology and industrial relations: An assessment of the*

- contribution which industrial sociology can make towards understanding and resolving some of the problems now being considered by the Royal Commission: HM Stationery Office.
- Fox, W., & Meyer, I. H. (1995). Public Administration Dictionary. Cape Town, ZA: Juta & Co.
- Freeman, R. (2007). Labor regulations, unions, and social protection in developing countries: Market distortions or efficient institutions? *Handbook of Development Economics*. Centre for Economic Performance: Harvard and NBER.
- Freeman, R. E., & McVea, J. (2001). A stakeholder approach to strategic management. In E. F. M. Hitt, and J. Harrison (Ed.), *Handbook of Strategic Management*. Oxford: Blackwell.
- Freeman, R. R., & Reed, D. (1983). Stockholders and stakeholders: A new perspective in corporate governance. *California Management Review*, 25(3), 88-106.
- Gamage, P. N. (2013). Multiplicity of trade unions: Issues and challenges in Sri Lanka. *The Indian Journal of Industrial Relations*, 49(1), 22-34.
- Gebauer, M. (2003). Information systems on human capital in service sector organisations. *New Library World*, 104(1/2), 33-41.
- Global Union Federation (Sri Lanka office). ((n.d.)). *Country report on the trade union situation in Sri Lanka*. Sri Lanka.
- Goodman, S. K. (1993). Information needs for management decision-making. *ARMA Records Management Quarterly*, 27(4), 12-23.
- Gratton, L., & Ghoshal, S. (2003). Managing personal human capital: New ethos for the 'Volunteer' employee. *European Management Journal*, 21(1), 1-10. doi: 10.1016/S0263-2373(02)00149-4
- Gray, R., Owen, D., & Adams, C. (1996). *Accounting and accountability: Changes and challenges in corporate social and environmental reporting*. London, UK: Prentice Hall.
- Guthrie, J., & Parker, L. D. (1990). Corporate social disclosure practice: A comparative international analysis. *Advances in Public Interest Accounting*, 3, 159-175.
- Guthrie, J., & Petty, R. (2000). Intellectual capital: Australian annual reporting practices. *Journal of Intellectual Capital*, 1(3), 241-251.
- Guthrie, J., Petty, R., Yongvanich, K., & Ricceri, F. (2004). Using content analysis as a research method to inquire into intellectual capital reporting. *Journal of intellectual capital*, 5(2), 282-293.
- Hasnas, J. (1998). The normative theories of business ethics: A guide for the perplexed. *Business Ethics Quarterly*, 8(01), 19-42.
- Hsieh, H., & Shannon, S. E. (2005). Three approaches to qualitative content analysis. *Qualitative Health Research*, 15(9), 1277-1288.
- Immigration New Zealand. (2015). Job market and key industries. Retrieved from <https://www.newzealandnow.govt.nz/work-in-nz/nz-jobs-industries>. Accessed on 15.07.2016.
- Jackson, P. M. (1982). *The political economy of bureaucracy*. Oxford: Philip Allan.
- Kamery, H. (2004). *Employee motivation as it relates to effectiveness, efficiency, productivity, and performance*. Paper presented at the Allied Academies International Conference, Nova Southeastern University.
- Kavitha, W., & Anita, P. (2011). Disclosures about CSR practices: A literature review. *The IUP Journal of Corporate Governance*, X(1).
- Kirk, J. (1999). Information in organisations: Directions for information management. *Information Research*, 4(3).
- Kumbhakar, S. C., & Lovell, C. A. K. (2003). *Stochastic Frontier Analysis*. Cambridge University Press: Cambridge.
- Maloney, T. (2007). Job mobility and earnings in New Zealand. *Australian Journal of Labour Economics*, 10(4), 295 - 318.
- Marr, B., Gray, D., & Neely, A. (2003). Why do firms measure their intellectual capital? *Journal of Intellectual Capital* 4(4), 441-464.
- Massingham, P., Nguyet Que Nguyen, T., & Massingham, R. (2011). Using 360 degree peer review to validate self-reporting in human capital measurement. *Journal of Intellectual Capital*, 12(1), 43-74.
- Mavridis, D. G. (2004). The intellectual capital performance of the Japanese banking sector. *Journal of Intellectual Capital*, 5(1), 92-115. doi: 10.1108/14691930410512941

- Mayo, A. (2012). *Human resources or human capital?: Managing people as assets*. Surrey: Gower Publishing Limited.
- Memon, M. A., Mangi, R. A., & Rohra, C. L. (2009). Human capital a source of competitive advantage " ideas for strategic leadership". *Australian Journal of Basic and Applied Sciences*, 3(4), 4182-4189.
- Miles, M. B., & Huberman, A. M. (1994). *Qualitative data analysis: An expanded sourcebook* (2nd ed.). Thousand Oaks: Sage.
- Mills, D., & Timmins, J. (2011). *Firm dynamics in New Zealand: A comparative analysis with OECD countries*. New Zealand.
- Mokhtar, H. S. A., Abdullah, N., & Alhabshi, S. M. (2008). Efficiency and competition of Islamic banking in Malaysia. *Humanomics*, 24(1), 28-48. doi: 10.1108/08288660810851450
- Moretti, F., Vliet, L. V., Bensing, J., Deledda, G., Mazzi, M., Rimondini, M., . . . I., F. (2011). A standardised approach to qualitative content analysis of focus group: Discussions from different countries. *Patient Education and Counselling*, 82, 420-428.
- Muth, M. M., & Donaldson, L. (1998). Stewardship theory and board structure: A contingency approach. *Corporate Governance*, 6(1), 5-28.
- Myanard, M. L., & Taylor, C. R. (1996). A comparative analysis of Japanese and U.S. attitudes toward direct marketing. *Journal of Direct Marketing*, 10(1), 34-44.
- Reverte, C. (2009). Determinants of corporate social responsibility disclosure ratings by Spanish listed firms. *Journal of Business Ethics*, 88(2), 351-366.
- Roberts, B. (2007). Data driven human capital decisions. *HR Magazine*, 105-108
- Rubin, H. J., & Rubin, I. S. (2005). *Qualitative interview: The art of hearing data* (2nd Edition ed.). Thousand Oaks, CA: Sage Publications.
- Saldana, J. (2008). An introduction to codes and coding *The coding manual for qualitative researchers* (pp. 1-31). London: Sage.
- Singh, A. K. (2000). Accounting information system for human resource management. *Delhi Business Review*, 1(2).
- Stephen, K. N., Waswa, B., Venancio, T., & Joseph, M. N. (2014). Board role performance in service organisations: The importance of human capital in the context of a developing country. *Social Responsibility Journal*, 10(4), 646-673.
- Tariq, M. N., & Riaz, M. R. A. (2013). The impact of employee turnover on the efficiency of the organisation. *Interdisciplinary Journal of Contemporary Research in Business*, 4(9), 700-711.
- Ting-Toomey, S. (1991). Intimacy expressions in three cultures: France, Japan, and the United States. *International Journal of Intercultural Relations*, 15(1), 29-46.
- Tinker, T., & Neimark, M. (1987). The role of annual reports in gender and class contradictions at General Motors: 1917-1976. *Accounting, organisations and society*, 12(1), 71-88.
- Ullmann, A. A. (1985). Data in search of a theory: A critical examination of the relationships among social performance, social disclosure, and economic performance of US firms. *Academy of Management Review*, 10(3), 540-557.
- UNDP. (2018). *Human Development Indices and Indicators: 2018 Statistical Update*. United Nations Development Program (UNDP).
- Vidmar, N., & Flaherty, D. H. (1986). Concern for personal privacy in an electronic age. *Journal of Communication*, 35(2).
- Wickramasinghe, V. (2010). Employee perceptions towards web-based human resource management systems in Sri Lanka. *The International Journal of Human Resource Management*, 21(10), 1617-1630.
- Wickramasinghe, V., & Fonseka, N. (2012). Human resource measurement and reporting in manufacturing and service sectors in Sri Lanka. *Journal of Human Resource Costing & Accounting*, 16(3), 235-252. doi: 10.1108/14013381211286388
- Willis, A. (2005). Corporate governance and management of information and records. *Records Management Journal*, 15(2), 86-97.
- Wilson, T. D. (2003). Information management. In J. Feather & P. Sturges (Eds.), *International Encyclopedia of Information and Library Science* (2nd ed., pp. 263-278). New York: Routledge.

Factors Affecting Work Life Balance of Women Employees in Sri Lanka; With Special Reference to Data Entry Operators in Selected IT Companies

G. S. Malalage¹, W. R. P. K. Fernando²

Abstract

Work life balance is a worldwide phenomenon for each and every individual in the field of Human Resources Management. It has become a top priority for workers in everywhere. This study aims to analyze the organizational level factors that affecting on work life balance of women data entry employees in selected IT (Information Technology) companies. There are main three objectives of this study; to find out the relationship of each organizational level factor and the work life balance of women employees, to understand the reasons behind inadequate work life balance of women data entry employees and to understand about the initiatives taken by organizations for the effective work life balance. Using simple random sampling technique, 150 employees were chosen from 300 women data entry employees in selected IT companies. Model of the study is strongly fit and the strength is strong. The conclusion drawn from the research accepting a significant positive relationship of work environment, leadership style and employee benefits with the work life balance of women data entry employees in IT companies in Sri Lanka.

Keywords: Work life balance, Work environment, Leadership style, Employee benefits, Employee wellbeing.

Introduction

Work life balance is very important among employees and employers in each and every organization. In the fast growing, global market, it is essential for organizations to consider their foremost and highly valuable asset known as employees. Work life balance is very much important related to almost every employee. Work life balance can be described as those practices at workplace that appreciate and support the needs of employees in achieving a balance between the demands of their work and their lives (Allen, 2006). The concept of work life balance emerged from the realization that an individual's work life and personal life may have conflicting demands. Work life balance has been identified as an important part of human beings in any organization by the experts of Human Resources Management. Human resource management can take the reins and assist their organization's workforce by building in more work life balance using mobile technology. Organizations can survey employees to discover their needs, Institute a flex-time policy for the workforce and also can integrate

work life balance into the company culture year-round.

As per Srilankabusiness.com (2018), Sri Lanka will be renowned for yet another exciting, prominent feature as Asia's favorite ICT (Information and Communication Technology) Centre of Excellence. ICT continues to shrink the world. As major players are facing increasing difficulties in coping with the global demand, Sri Lanka is emerging as a world's ICT destination of choice. The island is steadily transforming itself into the most preferred ICT hub in Asia due to the availability of the most precious resource in the world talent. It has also become the 4th largest export earner of the country.

According to Sri Lanka Export Development Board 2018 statistics, the Sri Lankan ICT sector serves a number of Industry verticals with over 300 companies at present. Sri Lanka's success in ICT exports are chartered through an impressive upward trend in annual figure. The export revenue of this sector grew from US\$ 166 million in 2006 to reach US\$ 900 million in 2016 with a workforce of over 85,000. With over 90% value addition and high

^{1,2}Department of Commerce & Financial Management, University of Kelaniya
* Corresponding author: gmalalage@gmail.com

to reach paying jobs, this progress generates significant impact on the growth of the Sri Lankan Economy.

Demographic changes including the increase in the number of women in the workplace, dual career families, single parent families and an aging population have generated an increasingly diverse workforce and a greater need of employees to balance both work and home life. So that when a company hiring women professionals it needs to provide certain basic facilities and infrastructure to encourage women employees to stay on and have a balance between work and family life (Brough & Kelling, 2002).

Background of the study

The world is meant to be a place that offers equal status to women and men. However, the afflicted society in which we live, treats women unequally. Society expects all women and men to behave in a stereotyped manner (Gunawardena, 2014). In general, men are assigned 'power' and are expected to take control over women. As a result, women are often denied their rights and opportunities, the freedom to develop their personal abilities, and to make choices in life.

Since in IT field, the employees needed to perform night shifts in order to complete the foreign IT projects successfully. Both male and female employees needed to perform these night shifts and they both had equally complex tight schedules. So sometimes it was difficult for the female employees because the company asked them to perform night shifts without prior notice. Apart from these night shifts, female employees faced lot of complexities such as extended night shift hours without prior notice, no proper food provided, difficulties to obtain short breaks from supervisors etc.

Even though the companies developed strategies and policies to encourage work life balance of women employees, the process had been slow therefore the study aimed at investigating the organizational factors which affecting work life balance of women data entry operators and recommended some insights to support on work life balance.

Problem Statement

Managing the integration of work and family demands is a critical challenge facing by most

women employees (Glynn et al., 2002). Most female employees of the companies are in dual career families. There are less number of families consist of two parents with a stay at home mother. The work role of employees is essential in maintaining work life balance as the demographics of the workforce is changing with more women joining in multiple roles at home (De Cieri & Olekalns, 2001).

Sri Lanka labor demand survey (2017) statistics stated that more than 55% of females quitted from their jobs in ICT sector. Total number of resignations were approximately same during 2015 and 2016. But more females have quitted from the job in 2016 than 2015.

Preliminary study was carried out and it was understood that employees had very limited time away from work. Since the organizations that the study considered was an IT based companies and the shop floor level of female employees were the Data Entry Operators and they needed to perform night shifts in order to complete the foreign IT projects on time. Sometimes it was difficult for them to undertake the night shifts because the companies requested unplanned overtimes without prior notice. So that women data entry operators cannot took offs as per normal working hours and they had to keep family in "second place". Besides these night shifts, there were other complexities such as, companies didn't provide a proper meal and only provided tea and biscuits during the night shift hours. Since biologically female employees were less strong than male employees, they hard to concentrate on their work without a balanced meal. Also, it was very difficult for the data entry operators to obtain leaves from supervisors. The other issues were inability to pay salary on time and even though the company didn't pay salary on time, the management expects data entry operators to achieve higher performance targets.

Most studies on work life balance had been focused the factors affecting work life balance of employees and few researches had been done on the organizational factors that impact specifically on women employees in order to achieve work life balance, the main focus of this research. Hence the research problem was to find out the factors that affecting to work life balance of women data entry employees in selected IT companies.

Research questions

The study considers following research questions

- What is the relationship between each factor and the work life balance of women employees in IT companies in Sri Lanka?
- Why women employees have inadequate work life balance in IT companies in Sri Lanka?
- What are the initiatives taken by organizations for the effective work life balance?

Objectives of the study

The research objectives of the study are,

- To find out the relationship of each factor and the work life balance of women data entry employees in IT companies in Sri Lanka.
- To understand the reasons behind inadequate work life balance of women data entry employees in IT companies in Sri Lanka.
- To understand about the initiatives taken by organizations for the effective work life balance.

Literature Review

Work life Balance of women employees has become an important subject since the time has changed from men earning the family living in today's world where both men and women equally share the responsibility of earning for the betterment of their family life. Hence it is for the betterment of their family life. Therefore, it is very necessary to know how the women balance professional and domestic life. In the initial stages, women had to struggle a lot to establish their identity in this competitive world, both in the society as well as in the professional life. But with the advancement in educational and training institutions, things have improved to a great extent (Lakshmi & Sand Gopinath, 2013).

According to Munn (2009), work life balance is defined as a person who prioritizes their work, family, individual, and community responsibilities. The means and way to prioritize individual work, family, personal and community responsibilities are influenced by the availability and knowledge of work-life initiatives as well as the organizational culture. If employees do not perceive that their workplace supports the use of family-friendly initiatives, or if they are not aware of the initiatives that are available, then those initiatives will not be used. However, when the

culture is supportive, employees are aware of and are making use of the work-life balance policies that are in place there can be positive gains for the organization as well as for the employee. Good work-life balance is one factor that can affect levels of work-to family and family-to-work conflict for employees as well as commitment to the organization and turnover intentions (Smith & Gardener, 2007). Studies have identified several variables that influence the level of work family conflict and family work conflict. Variables such as the work environment, leadership style, employee benefits and employee wellbeing impacted the experience of work life balance.

Work environment can be defined as the location where a task is completed. Work environment can be measured using construct elements including transparent and open communication, flexible working arrangements and sound working process (Poh, 2018). Staines (1980) defines "spillover as a positive relationship between work and family, whence positive work experiences would be associated with positive family experiences and negative work experiences would be associated with negative family experiences."

As per Newstrom & Davis (1993), leadership style is the manner and approach of providing direction, implementing plans, and motivating people. Leadership style can be measured using construct elements including power, influence and leader follower relationship (Ebrary.net, 2018). The Path-Goal model is a theory based on specifying a leader's style or behavior that best fits the employee and work environment in order to achieve a goal.

In general, indirect and non-cash compensation paid to an employee indicated the employee benefits. Employee benefits were measured using constructive elements including benefits mandated by law and benefits not mandated by law (TheBalanceCareers.com, 2018). Lambert (1990) stated a theory which underpinned the employee benefits was the compensation theory. The Compensation theory proposes that workers try to compensate for the lack of satisfaction in one domain (work or home) by trying to find more satisfaction in the other.

Wellbeing is essentially how someone feels about various aspects of their life – their home life, their health, their relationships with

others, their job and other activities. It's about whether they feel well and happy (Pingboard.com, 2018). Employee wellbeing can be measured using above constructive elements such as physical and mental wellbeing (Morgan Lovell, 2018). Conservation of resources theory to describe the employee wellbeing and work life balance. That is, work has the ability to tax an individual's resources interfering with one's ability to perform in other areas of life. This model also assumes that individuals are sensitive to resource loss due to interference of work. The process of reacting to and dealing with work interfering life consumes resources in and of it and can lead to adverse consequences for personal well-being (Grandey & Cropanzano, 1999)

Work life balance is an important aspect of a healthy work environment. Maintaining work life balance helps reduce stress and helps prevent burnout in the workplace.

Variables of the study

The variables of the study are work environment, leadership style, employee benefits, employee wellbeing and the dependent variable was work life balance of women data entry employees.

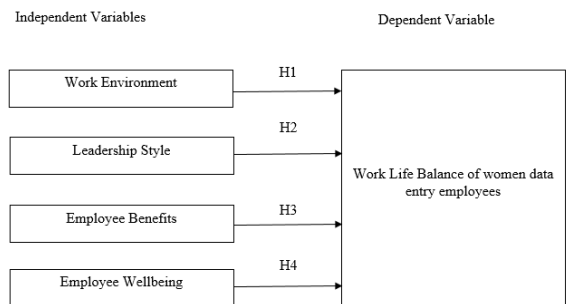
Operationalization

The study considered the variables such as the work environment, leadership style, employee benefits and employee wellbeing impacted the experience of work life balance. Work environment can be defined as the location where a task is completed. Work environment can be measured using construct elements including transparent and open communication, flexible working arrangements and sound working process. Leadership style is the manner and approach of providing direction, implementing plans, and motivating people. Leadership style can be measured using construct elements including power, influence and leader follower relationship. In general, indirect and non-cash compensation paid to an employee indicated the employee benefits. Employee benefits were measured using constructive elements including benefits mandated by law and benefits not mandated by law. Wellbeing is essentially how someone feels about various aspects of their life – their home life, their

health, their relationships with others, their job and other activities. It's about whether they feel well and happy. Employee wellbeing can be measured using constructive elements such as physical and mental wellbeing. The dependent variable of work life balance can be measured by using two constructive elements such as multiple roles and satisfaction of multiple roles.

Conceptual Framework

Figure 1: Source - Developed by the researcher



Hypotheses of the study

The following hypotheses were formulated in the study.

H₁ There is a relationship between work environment and work life balance of women data entry employees in IT companies in Sri Lanka.

H₂ There is a relationship between leadership style and work life balance of women data entry employees.

H₃ There is a relationship between employee benefits and work life balance of women data entry employees.

H₄ There is a relationship between employee wellbeing and work life balance of women data entry employees.

Methodology

Sample size was 150 women data entry employees in selected IT companies and 300 women data entry operators were employed in selected three companies at the time of the study (Year 2018). Sample had been chosen through simple random sampling technique. The research sample (N) included 150 women data entry employees. Collection of data has been conducted by the questionnaires which

distributed to women employees in selected IT companies.

The researcher gathered data from two sources. Primary sources were the structured questionnaires distributed to respondents. The secondary data has been gathered through the business magazines, websites and research articles in order to identify and assess significant organizational level factors that affecting the work life balance of women employees.

Scales and nature of the questionnaire

The researcher has developed a questionnaire in order to gather the primary data to conduct the research. At first the researcher reviewed the literature and identified that five-point Likert scale which was suitable for the study.

Table 1: Scales and nature of the questionnaire

Variable	Constructs	Operationalization Reference Questions no
General information	Age, Service period	Q1, Q2
Work Environment	Transparent and open communication	Q3
	Flexible working arrangements	Q4
	Sound working process	Q5
	Overall work environment	Q6, Q7
Leadership Style	Power	Q8
	Influence	Q9, Q10
	Leader follower relationship	Q11
	Overall leadership style	Q12
Employee Benefits	Mandated by law	Q13, Q14
	Not mandated by law	Q15, Q16
	Overall employee benefits	Q17
Employee Wellbeing	Physical wellbeing	Q18, Q19
	Mental wellbeing	Q20, Q21
	Overall employee wellbeing	Q22
Work Life Balance	Multiple roles	Q23, Q24
	Satisfaction of multiple roles	Q25, Q26
	Overall work life balance	Q27

Source- Developed by the researcher

Based on the above data collection instrument, a structured questionnaire had been developed for the purpose of collection of primary data from the selected sample.

The questionnaire consisted with two parts namely Part A and Part B. Part A consisted with multiple choice questions in order to examine the respondent’s age and service period. Part B consisted with the questions addressing all the independent variables and dependent variable of the study.

Researcher has conducted a pilot study in order to measure the reliability of the variables. A pilot study is a small-scale study done in preparation for a wider study. In this study, thirty sample questionnaires were circulated among 30 women data entry employees to test the questions and desired outcome as a pilot project to measure the validity and reliability of the questionnaire. The outcome of the test indicated under analysis of the study section.

Analysis of the study

This research presented a quantitative study with the purpose of quantifying the association between the independent and dependent variables. In order to test the reliability, the study has considered the Cronbach’s Alpha value. The data collected with regard to the variables plotted in a scatter diagram, which was helpful in identifying the level of correlation between two dimensions. SPSS Software package (version 23) was applied for the analysis of the data, using statistical tools such as descriptive statistics, the Pearson’s correlation, multiple regression and ANOVA. Further regression analysis, coefficient of correlation and correlation of determination calculated to these variables.

Table 2: Reliability of variables (Cronbach’s Alpha table)

Variable	Cronbach’s Alpha (a)	State of internal consistency	Number of items
Work environment	0.806	($0.9 > \alpha \geq 0.8$) - Good	5
Leadership style	0.928	($\alpha \geq 0.9$) - Excellent	5
Employee benefits	0.929	($\alpha \geq 0.9$) - Excellent	5
Employee wellbeing	0.932	($\alpha \geq 0.9$) - Excellent	5
Work life balance	0.941	($\alpha \geq 0.9$) - Excellent	5

Source – Primary Data

By considering the accuracy of variables of the study has used Cronbach's alpha method. 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. All the independent variables supported the dependent variable of the study. So, the study was reliable as per the statistics.

Table 3: Case Processing Summary

Case Processing Summary						
Mean	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Work Environment	150	100.0%	0	0.0%	150	100.0%
Leadership Style	150	100.0%	0	0.0%	150	100.0%
Employee Benefits	150	100.0%	0	0.0%	150	100.0%
Employee Wellbeing	150	100.0%	0	0.0%	150	100.0%
Work Life Balance	150	100.0%	0	0.0%	150	100.0%

Source – Primary Data

According to the above Table 3 there were no missing values and all the respondents provided their responses.

Table 4: Test of normality

Test of Normality						
Mean	Kolmogorov- Smiron			Shapiro-Wilk		
	Statistic	df	Sig	Statistic	df	Sig
Work Environment	.097	150	.002	.947	150	.112
Leadership Style	.095	150	.141	.932	150	.265
Employee Benefits	.094	150	.008	.941	150	.118
Employee Wellbeing	.096	150	.171	.902	150	.295
Work Life Balance	.093	150	.162	.912	150	.286

a. Lilliefors Significance Correction

Source – Primary Data

According to the Shapiro-Wilk test, if the significant value is greater than the confident level, consider that the data set is normally distributed. All the variables had greater Shapiro-Wilk significant value than the confident level. So, the data set was numerically normally distributed

Table 5: Correlation coefficient of variables

	Work Environment	Leadership Style	Employee Benefits	Employee Wellbeing	Work Life Balance
Work Environment	1				
Leadership Style	0.867**	1			
Employee Benefits	0.866**	0.929**	1		
Employee Wellbeing	0.869**	0.940**	0.944**	1	
Work Life Balance	0.852**	0.921**	0.950**	0.944**	1

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

Source – Primary Data

The correlation coefficient between work environment and work life balance was statistically significant and is also indicated a strong positive linear relationship ($r=0.852$, $p<.000$). Strong positive relationship indicated the strength and the direction of the two variables. Strength was strong, where 72.6% of the criterion was explained by the predictor. Direction was positive the interpretation was, high work environment contributed a high work life balance of women employees in IT companies.

The correlation coefficient between leadership style and work life balance was significant and was also indicated a strong positive linear relationship ($r=0.921$, $p<.000$). Strong positive relationship indicated the strength and the direction of the two variables. Strength was strong, where 84.9% of the criterion was explained by the predictor. Direction was positive the interpretation was, high leadership style contributed a high work life balance of women employees in IT companies.

The correlation coefficient between employee benefits and work life balance was statistically significant and was also indicated a strong positive linear relationship ($r=0.950$, $p<.000$). Strong positive relationship indicated the strength and the direction of the two variables. Strength was strong, where 90.3% of the criterion was explained by the predictor. Direction was positive and the interpretation was, high employee benefits contributed a high work life balance of women employees in IT companies.

The correlation coefficient between employee wellbeing and work life balance was statistically significant and was also indicated a strong positive linear relationship ($r=0.944$, $p<.000$). Strong positive relationship indicated the strength and the direction of the two variables. Strength was strong, where 89% of the criterion was explained by the predictor. Direction was positive and the interpretation was, high employee wellbeing contributed a high work life balance of women employees in IT companies.

However, according to the correlation matrix a high multicollinearity is existed among Independent variables. So, the researcher rectified multicollinearity and after results were showed under table 9.

Table 6: Model Summary

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of Estimate	Durbin-Watson
1	.961 ^a	.924	.921	.22691	2.043

a. Predictors: (Constant), Mean Employee Wellbeing, Mean Work Environment, Mean Leadership style, Mean Employee Benefits.
 b. Dependent Variable: Mean Work Life balance

Source – Primary Data

Multiple correlation “R” was 0.961. This says that there was a strong positive linear relationship between the individual variables and work life balance of women employees in IT companies.

R-square is 0.924. This indicated that 92.4% of dependent variable has been described by the individual variables. Adjusted R-square was also representing that 92.1% of the dependent variable has been described by the individual variables. As the value was more than 60%, the regression model was nicely fitted. Durbin-Watson value of 2.043 means that there was no autocorrelation in the test model.

Table 7: ANOVA

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig
Regression	173.017	4	43.254	290.018	.000 ^b
Residual	14.169	145	.149		
Total	187.186	149			

a. Dependent Variable: Mean Work Life balance
 b. Predictors: (Constant), Mean Employee Wellbeing, Mean Work Environment, Mean Leadership style, Mean Employee Benefits.

Source – Primary Data

According to the above table, the “P” value of the analysis showed a value of 0.000 which is

<0.05 and the F value is 290.018. Based on the significant value (“P” value), alternative hypotheses of this study in terms of all four independent variables can be accepted. Probability of F test statistics of the regression ANOVA was highly significant. So, the model was significant. Further all the independent variables such as work environment, leadership style, employee benefits and employee wellbeing significantly affect with work life balance of women employees in IT companies.

Table 8: Coefficients of independent variables

Model	Coefficients ^a						Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients	t	sig	Tolerance	VIF	
	B	Std Error	Beta					
1 (Constant)	.056	.110		-.508	.001			
Mean Work Environment	.017	.066	.015	.251	.002	.215	4.660	
Mean Leadership Style	.112	.094	.110	1.201	.003	.096	10.454	
Mean Employee Benefits	.510	.096	.495	5.297	.000	.091	10.979	
Mean Employee Wellbeing	.359	.101	.360	3.563	.252	.078	12.802	

a. Dependent Variable: Mean Work Life Balance

Source – Primary Data

All four of these variables positively influenced the work life balance. Probability of work environment and leadership style was significant with positive beta values and the probability of employee benefits was statistically significant with positive beta value. But the regression coefficient of employee wellbeing is insignificant with positive beta value. This says that work environment, leadership style, employee benefits and employee wellbeing influenced positively on work life balance of women employees in IT companies but the impact of employee wellbeing on work life balance of women employees in IT companies was insignificant.

As per the collinearity statistics in Table 8 above, leadership style, employee benefits and employee wellbeing were having higher VIF (Variance Inflation Factors) (10.454), (10.979) and (12.802) respectively and confirmed the multicollinearity effect in the model. It was essential to drop one of the independent

variables from the regression equation to rectify multicollinearity. So, the study has dropped employee wellbeing from the model and ran the regression equation again.

Table 9: Coefficients of independent variables (after dropping employee wellbeing)

Model	Coefficients ^a					Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients	t	sig.	Tolerance	VIF
	B	Std Error	Beta				
1 (Constant)	.097	.116		.835	.001		
Mean Work Environment	.057	.069	.053	.836	.002	.221	4.519
Mean Leadership Style	.265	.088	.259	3.009	.003	.121	8.261
Mean Employee Benefits	.684	.088	.664	7.765	.000	.112	8.176

a. Dependent Variable: Mean Work Life Balance

Source – Primary Data

Multicollinearity issue has been rectified and VIF values were lower. After dropped the variable of employee wellbeing, the VIF values of the other variables namely leadership style and employee benefits showed the lesser VIF values (less than 10).

Hypotheses testing

Table 10: Hypotheses testing

H₁	There is a relationship between work environment and work life balance of women employees in IT companies	Accepted
H₂	There is a relationship between leadership style and work life balance of women employees in IT companies	Accepted
H₃	There is a relationship between employee benefits and work life balance of women employees in IT companies	Accepted
H₄	There is a relationship between employee wellbeing and work life balance of women employees in IT companies	Rejected

Source- Developed by the researcher

The table was formulated for which the research hypotheses sought to test.

Based on the regression results the study has tested the hypotheses. After analyzed the research data the researcher has found that the work environment, leadership style, employee benefits had a significant impact on work life balance of women employees in IT companies, hence the hypotheses **H₁, H₂, H₃ were accepted**. The correlation coefficient between employee wellbeing and work life balance of women employees in IT companies was statistically insignificant. So that the hypothesis **H₄ was rejected**.

Findings

The major findings revealed in this study are given below.

The correlation coefficients between independent variables and work life balance of women employees in IT companies in Sri Lanka were statistically significant and were also indicated a strong positive linear relationship.

After analyzed the research data the researcher has found that the work environment had a significant impact on work life balance, hence the hypothesis **H₁ was accepted**. The interpretation was, favorable work environment contributed a high work life balance of women employees. More and more companies are trying to find ways to make the work place more enjoyable and to reinforce a culture where it’s focused on work. This ability to mentally check out while employees are at work serves as a way to foster creativity and prevent burnout. Not only that, but a strong work environment combats loneliness and enhances communication. These are all factors that can lower stress that might stem from the work place (Collisioncowork.com, 2018).

The independent variable of leadership style had a significant impact on the dependent variable of work life balance. So that the hypothesis **H₂ was accepted**. So that good leadership style that value women employees contributed a high work life balance. Leaders have an impact on the stress levels and work life balance of those they lead and, depending on the style of leadership, that impact can be either positive or negative. Autocratic leadership tends to generate fear, insecurity and political behavior in an organization. This of itself will cause increased and unnecessary stress. Even moderate autocracy can result in people feeling demotivated and unfulfilled.

This lack of positive feedback also tends to increase background stress and demotivation (Extensor.co.uk, 2018).

Employee benefits had a significant impact on the work life balance and also indicated a strong positive linear relationship. Hence the hypothesis *H₃ was accepted*. According to Simmons et al., (2010) younger workers do have a sense of entitlement, meaning they strongly value extrinsic rewards (e.g. pay, promotion). The study also confirmed that across all generations, intrinsic rewards remain highly valued. Dzuaranin, 2012 stated that companies that only have cash incentives must also introduce noncash rewards to their performance incentive systems to increase the motivation level of employees.

The correlation coefficient between employee wellbeing and work life balance was statistically insignificant and as per the current study there was no relationship between two variables. So that the hypothesis *H₄ was rejected*. There was a similar study conducted by Nordenmark et al., 2012 and was stated in his study a similar finding by indicated that there was no significant relationship between the work life balance and wellbeing, indicated that wellbeing was at a similar level among the self-employed women as it was among the employed women. When controlling for the level of job control, the relationship between work life balance and wellbeing was significantly negative.

The Beta values of the three independent variables proved that all four of these variables positively influence the work life balance of women data entry operators in IT companies in Sri Lanka.

As per the collinearity statistics leadership style, employee benefits and employee wellbeing were having higher VIF (Variance Inflation Factors) respectively and confirmed the multicollinearity effect in the model. Researcher dropped employee wellbeing 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. Hence the work environment, leadership style, employee benefits had a significant impact on work life balance of women employees in IT companies in Sri Lanka. But the correlation coefficient

between employee wellbeing and work life balance was statistically insignificant. Hence the hypotheses *H₁, H₂, H₃* were accepted and the hypothesis *H₄* was rejected.

Organizational initiatives for effective work life balance

Organizations can provide a childcare facility that employs a trusted staff and takes the guesswork and frustrations out of other babysitting and daycare services. If this is not possible, IT companies can offer employees a childcare service discount to reduce the stresses of caring for children during the workday and reduce the amount of missed work. Also, organizations can allow the employees some flexibility to care for their children. This can include the ability to take time off to pick up a sick child from school, the ability to see a child's school play at lunch time, or flexible start/end time for parents who drop off or pick up kids from school.

One of the best ways to boost employee morale and help workers get to know each other is by offering an occasional company outing. Companies can organize a company-paid lunch to be catered into the office or at a favorite restaurant nearby. Happy hours, holiday parties, birthday celebrations, and park days are other fun ways to get out of the office and bond in a non-traditional setting.

Organizations can allow short breaks for employees. Since it's important to workers' mental and physical health to take frequent breaks throughout the day. The human body was not designed to sit still and stare at a screen for eight hours and doing so can lead to a wide variety of health issues. These breaks are essentially required for IT sector employees because they spend most of the time sitting in front of computer screens. Taking breaks at work also makes employees better at their jobs because they are more focused, less burned out, and more productive in the long-term.

Conclusion

After identified the significant and insignificant impacts of the study, it was revealed that the work environment can be considered as a significant factor which can be used to measure the work life balance of women employees in IT companies in Sri Lanka. So, the management of the IT companies need to pay attention to improve the

work environment to help all employees especially women employees to achieve work life balance and also it was essential to facilitate work style reforms, by reducing long working hours and offering flexible working options. Leadership style was also a significant factor according to the study. So, it is very much important to maintain a sound supervisor subordinate relationship within the organizations. Employee benefits also play a major role in the terms of work life balance of women employees in IT companies in Sri Lanka. In order to achieve a sound work life balance companies, need to provide both mandatory and non-mandatory benefits to the employees especially to women employees. According to the study, it was revealed that the employee wellbeing cannot be considered as a significant factor to measure the work life balance of women employees in IT companies in Sri Lanka. So, that indicated mainly women employees considered the factors of work environment, leadership style and employee benefits rather than concerning about the wellbeing initiatives provided by the organization when determining their level of work life balance.

Future Research Prospects

Future studies should also continue to refine the methodology used in the area of work family research. In order to attain in-depth understanding of one's work and family life, researchers who study work–family roles should include multiple perspectives such as job stress, quality of life, mental health, and work demands. In addition, it is necessary to explore multiple waves of data collection over a longer period of time to better understand the changing nature of work family roles over time. Longitudinal studies need to be conducted to examine how the stages of life (e.g., marriage, child birth, and child rearing) affect work and family concerns. (Reddy et al., 2010)

Most studies are conducted by concerning the relationship between interpersonal and societal factors with the work life balance. But the researcher finds out that the areas such as the effect of work-life balance on women employees' retention, the effect of work life balance policies usage on employee productivity in future researches. Future research should also measure stress

experienced by individuals in relation to the success or otherwise of work life balance programs in particular cultural settings.

References

- Allen, I. (2006). *Real-life strategies for work/life balance*. Kingscliffe, N.S.W: Sea Change Publishing
- Brough, P., & Kelling, A. (2002) Women, work & well-being: the influence of workfamily and family-work conflict. *The New Zealand Journal of Psychology*, 31(1), 29-39.
- Collision Cowork. (2018, December 13). *The Importance of Work-Life Balance and Work Environment*. Retrieved from <https://collisioncowork.com/the-importance-of-work-life-balance-and-work-environment/>
- De Cieri, H. and Olekalns, M. (2001). *Workforce diversity in Australia*. Caulfield East, Vic.: Monash University, Faculty of Business and Economics, Department of Management.
- Dzuaranin, S. (2012). the effect of tangible and intangible noncash rewards on performance and satisfaction in production setting. *Management Accounting Quarterly*, vol 13, no.4.
- Ebrary.net. (2018, September 24). *Power*. Retrieved from https://ebrary.net/2986/management/definition_power
- Extensor.co.uk. (2018, September 30). *Leadership style*. Retrieved from http://www.extensor.co.uk/work_life_balance/leadership_style.html
- Glynn, C., Steinberg, I., & McCartney, C. (2002). (2018, June 24). *Work-Life Balance: The Role of the Manager*. Retrieved from <http://newsite.roffeygroups.co.uk/wp-content/uploads2/Work-life-balance-the-role-of-themanager.pdf>.
- Grandey A.A, & Cropanzano, (1999). The Conservation of Resources Model Appliedto Work–Family Conflict and Strain. *Journal of Vocational Behavior*, 54:350–370
- Gunawardena, N. (2014). Women in Sri Lanka: achievements and challenges. *Journal of the College of Community Physicians of Sri Lanka*, 20(1), p.4.

- Lakshmi, K., & Sand Gopinath, S. (2013). Work life balance of women employees – with reference to Teaching Faculty. *International Monthly Referred Journal of Research in Management & Technology, Volume II*(ISSN – 2320-0073)
- Lambert, S.J. (1990). *Processes linking work and family: A critical review and research agenda*
- Morgan Lovell. (2018, November 3). *Employee Wellbeing*. Retrieved from <https://www.morganlovell.co.uk/knowledge/checklists/what-is-employee-wellbeing/>
- Munn, T. (2009). Rural Social Work: Moving Forward. *Rural Society, 13*(1), 2234. doi: 10.5172/rsj.351.13.1.22
- Newstrom, J. W., Davis, K. (1993). *Organizational Behavior: Human Behavior at Work*. New York: McGraw-Hill
- Nordenmark, M., Vinberg, S., & Strandh, M. (2012). Job control and demands, work-life balance and wellbeing among self-employed men and women in Europe. *Vulnerable Groups & Inclusion, 3*(1), 18896. <https://doi.org/10.3402/vgi.v3i0.18896>
- Pingboard.com. (2018 September 25). *Work life balance*. Retrieved from <https://pingboard.com/work-life-balance/>
- Poh, M. (2018, September 24). 5 *Characteristics of a Positive Work Environment - Hongkiat*. Retrieved from <https://www.hongkiat.com/blog/positive-working-environment>
- Reddy, N. K., Vranda, M. N., Ahmed, A., Nirmala, B. P., & Siddaramu, B. (2010). Work–Life Balance among Married Women Employees. *Indian Journal of Psychological Medicine, 32*(2), 112–118. <https://doi.org/10.4103/02537176.78508>
- Simmons. (2010). (2018, December 13). *Employee benefits*. Retrieved from <http://www.bretlsimmons.com/2010-11/exposing-some-truths-about-motivating-millennials-in-the-workplace/>
- Smith, J., & Gardner, D. (2007). Factors affecting employee use of work-life balance initiatives. *New Zealand Journal of Psychology, 36*. 3-12. 10.2307/30034926.
- Sri Lanka labor demand survey. (2017, September 30). *Battaramulla: Department of Census and Statistics, Ministry of National Policies and Economic Affairs*. Retrieved from <http://www.statistics.gov.lk/>
- Srilankabusiness.com. (2018, September 30). *Export services*. Retrieved from <http://www.srilankabusiness.com/export-services/ict/>
- Staines, G.L. (1980). Spillover versus compensation: A review of the literature on the relationship between work and nonwork. *Human Relations, 33*:111-129
- TheBalanceCareers.com. (2018, September 25). *Employee Benefits and Perks*. Retrieved from <https://www.thebalancecareers.com/types-of-employee-benefits-and-perks-2060433>

The Relationship between leadership style, organizational culture and organizational effectiveness: A conceptual study of organizational effectiveness

Susil S K Edirisinghe ^{1*}, K A S Dhammika ²

Abstract

The purpose of this study is to identify the relationship between leadership style, organizational culture and organizational effectiveness. In this study independent variables are leadership style and organizational culture. Here the leadership style was discussed based on the transformational and transactional leadership model. Elaboration of organizational culture was based on competing values model which is one dominant typology and also it has become a popular and validated framework. Thus, the dependent variable of this study, organizational effectiveness was discussed based on the competing values model. Based on the literature, the study found that there is a positive impact on leadership style on organizational effectiveness as well as there is a positive impact of organizational culture on organizational effectiveness. Further, as the literature, the study found that impact of leadership style on organizational effectiveness was moderated by the organizational culture.

Keywords: Organizational effectiveness, Leadership style, Organizational culture

Introduction

Today, all business organizations are facing a rapid changing, highly competitive business environment. To successfully face, these complex business environments the business organizations needs to be effective. Therefore, today organizational effectiveness has become a dominant concept in the in the management. Organizational effectiveness has been simply as the extent to which an organization accomplishes its goal or mission. Successfulness of business organizations directly affects positively on the economy and it leads to development of the country. Falling in line with the achieving organizational objectives, business organizations have challenges that they have to address under the present competitive business environment, to face these challenges the productivity of organizations has to be improved. The productivity is a combination of (i). Effectiveness, (ii). Economy, (iii). Efficiency. Therefore, organizational effectiveness is an important factor for achieving their organizational objective or objectives. In this study, it was expected to

consider the organizational effectiveness conceptually.

Leadership is a major contributor or direct cause of organizational effectiveness. Leadership can be interpreted in simple terms as ‘getting other to follow’ or ‘getting people to do things willingly’. Under the competitive business environment today, and with the globalization, the leader of an organization faces great challenge to run the organization effectively. However, leadership in an organization is vitally important at all levels within the organization and also leadership directly affects to the organizational effectiveness.

In the environment of high competition, which the business organizations face today with the globalization, organizational culture is a vital factor for business organizations to face these challenges. Organizational culture refers to a set of shared values, beliefs, assumptions and practices that shape and guide members, attitudes and behaviour in the organization. Due to the challenging nature of organizations, the organizational culture in the present day

¹ Department of Organizational Studies, Faculty of Management Studies, The Open University of Sri Lanka., Nawala – Nugegoda.

² Department of Human Resources Management, University of Kelaniya

* Corresponding author: ssedi@ou.ac.lk

context has become more important than ever before.

Therefore, the objective of this study was to identify the relationship between leadership style and organizational effectiveness, and the relationship between organizational culture and organizational effectiveness as well as whether is any relationship between organizational culture and the relationship between leadership style and organizational effectiveness.

Further, in this study, it was assumed that organizational culture and leadership style are mutually independent and therefore, this study did not consider the relationship between leadership style and organizational culture.

Significance of the Study

Organizational effectiveness is a vital factor to improve productivity through high job performance of the staff of the organization. Thus, the organizational effectiveness depends on many factors including leadership style, organizational culture in which the organization operates and it varies on the different leadership practices of the different managers and also, on the other hand different types of organizational cultures and their salient factors.

The study is significance since the study intended to inquire theoretically the impact of leadership and organizational culture on organizational effectiveness. This study covers the impact of different leadership styles and different types of organizational cultures on organizational effectiveness. Since the organizational effectiveness is one of basic elements of the productivity, it is significance to systematically identify the impact of leadership style and organizational culture on organizational effectiveness.

Research Questions

The study intended to find out the answers for the following questions.

1. What are the impacts of leadership style and organizational culture elements on organizational effectiveness?
2. Is there any influence of organizational culture on the impact of leadership style on organizational effectiveness?

Literature Review

Organizational Effectiveness

To successfully face the rapid challenging business environment at present, the organizational are need to be effective (Parhizani and Gilbert, 2004). However, the study of organizational effectiveness has long being the province of those in the management science (Parhizani and Gilbert, 2004; Heerwagen and Heerwagen Associates, 2006). Therefore, today organizational effectiveness has become a dominant concept in the management. According to Khan, Khan, Ahmed and Ali (2012), organizational effectiveness is critical to success in any economy.

According to Cameron (1981); Sekran (1984); Lachman and Wolf (1997); Gilbert and Parhizani (2004), there is no universal definition of acceptable model for organizational effectiveness since the best criteria remain elusive because of the goals and objectives of organizations are multiple and difficult to identify (Rodsutti and Swierczek, 2002).

Organizational effectiveness has been commonly defined as the extent to which an organization accomplishes its goal or mission (Cameron and Whetton, 1983). Drucker (1985), has argued that effectiveness reveals itself as crucial to a man's development to organizational development and validity of the modern society.

There have been three primary approaches to define organizational effectiveness. These are goal attainment approach, resources control approach, and multiple constituency approach (Roy and Dugal, 2005). According to Perrow (1961); Simon (1964), goal attainment approach to organizational effectiveness considers an organization as successful if the goal of the dominant coalition are satisfied. The resources control approach to the organizational effectiveness considers if an organization wants survive, it needs to be able to attract the needed resources from the environment to produce organizations' output. Inherent in this approach is the assumption that survival is the ultimate measure of effectiveness (Roy and Dugal, 2005). Organizational effectiveness is different

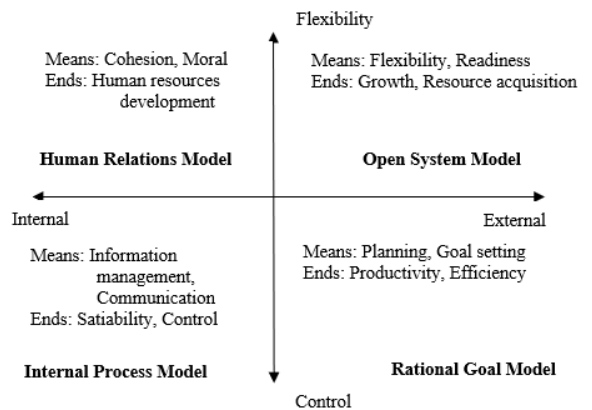
constitutes¹ (Tusi, 1990). Therefore, this approach considers the achievement of goals of different constituents such as owners, employees, customers (Roy and Dugal, 2005). However this goal attainment approach has been failed over the time due to difficulties in defining organizational goals (Miles, 1980); Ott and Shazrity (1984), for an alternative to the goal approach model, system resource model proposed. According to Miles (1980), system resources model considers specific ends of organizations, but also means necessary to achieve those ends. According to Keeley (1978); Connolly, et.al. (1980); Miles (1980), model of multiple constituencies are at least suggest that organizations are effective to the extent to which their constituencies are at least satisfied. Gaertner and Ramnaryan (1983), defined the effectiveness as the ability of an organizational to account successfully for its outputs and operations to its various internal and external constituencies. Combining the goal approach, system resources approach and multiple constituency approach providing a definition for organizational effectiveness; organizational effectiveness is satisfying many organizational constituencies (Zammuto, 1984).

In addition to the above models of organizational effectiveness, Quinn and Rohrbaugh (1983), have presented the competing values model to organizational effectiveness. According to Quinn and Rohrbaugh (1983), the competing values model constitutes a synthesis an extension of the various models and it reviews the assessments of the organizational effectiveness as an exercise grounded in values. Quinn and Rohbaugh (1983); Quinn (1988), based on the competing values, identified four models of effectiveness. (i). human relations model: this model emphasizes on flexibility and internal focus and cohesion, morale and human resources development are the criteria for organizational effectiveness. (ii). open system model: This model is based on flexibility and external focus. These processes bring innovation and creativity. (iii). internal process model: This model

emphasis internal and control focus. And this model stresses the role of information management, stability and control. Therefore internal process model brings stability and control. (iv). rational goal model: This model based on control and external focus. Profit emphasis on rational action, and assumes that planning and goal setting results into productivity and efficiency. Competing values model can be illustrated by the following figure 1.

Figure 1: Competing Values Model

Source: Quinn and Rohrbaugh (1983)



Leadership

'A widely held view amongst managers and management researchers alike that management has a major input on organizational effectiveness. The leadership literature in general is simplicity based upon the assumption that leadership is the cause of effectiveness in organization (Anderson, 2000).

Management researchers tend to view leadership as major contributor or direct cause of organizational effectiveness (Anderson, 2000).

Today, under the competitive business environment with the globalization, the leader of an organization faces a great challenge to run the organization effectively. According to Bass (1977), a leader's ability to inspire,

such as owners, employees and customers are common to most organizations (Tusi, 1990).

¹ A constitute is being a member of a group or individual holding similar preferences pertaining to the activities of the organization (Zammuto, 1984). Generic constituencies

motivate and create commitment to common goal is crucial (Rukmani, Ramesh and Jayakrishnan, 2010). According to Northhouse (2010), leaders are essential within the organizations; they must effectively coordinate and communicate in order to achieve organizational goal or visions (Alnassen, Osborne and Steel, 2013). There are number of definitions for leadership. Gardner (2005), defined leadership as the process of persuasion and example by which an individual (or leadership team) induces a group to take an action that is accorded with the leader's purpose of the purpose of all (Gardner, 2005). Thus leadership has been defined by Hersey and Blanchard (1990), as the ability of influencing people to strive willingly for group effectiveness. Therefore, it is clear that the leadership is the process of others attempting in directing and forcing them to achieve organizational objectives.

Leadership Style

Leaders tend to exhibit various behavioural patterns in how they providing direction, how they influencing, how they planning, and how they motivating people. These many ways of behavioural patterns can be identified as leadership styles. Researchers have studies leadership style extensively over past three decades, focusing heavily on what behavior that effective leader's exhibit.

Most recently, a dominant approach to leadership styles has emerged. This approach is based on transformational and transactional leadership developed by Bass (1985), and operationalized by Bass and Avolio ((1994). The model of transformational and transactional describes as a single continuum from transformational to transactional leadership to laissez-fair leadership (Ushagbem, 2004).

Transformational Leadership

Bass (1985); Bass and Avolio (1994); Den Hartog et.al. (1997); Hinkin and Tracy (1999), defined transformational leadership as in terms of four leadership characteristics: idealized influence or charisma, inspirational

motivation, individual consideration and intellectual stimulation.

(i). Idealized influence or charisma: In this dimension, the leader act as and perceive as a strong role model for followers. According the Bono and Judge (2004); Simic (1998); Stone, Russel, and Patterson (2003), idealized influence is about building confidence of the followers. The leader is admired, respected, and trusted by followers and provided sense of both mission and vision that others want to follow. The leader shares risks with followers and consistent in conduct with underlining ethics, principles and values (Bass, Avolio, Jung and Berson, 2003). (ii). inspirational motivation: This is the continuation of a charismatic leadership; the leader inspires followers to pursue a shared vision over self-interest. This inspirational leader is capable of arousing the subordinates to become part of the organizational culture and the environment. And also, the leader encourages followers envision attractive future states which they can ultimately envision for themselves (Bass, Avolio, Jung and Berson, 2003). (iii). individual consideration; this leadership pays attention to each individual's needs for achievement and growth by acting as a coach² and mentor³, In this style, the leader recognizes the individual differences in terms of needs and desires (Bass, Avolio, Jung and Berson, 2003). (iv). intellectual stimulation; According to Barbuto (2005), the leader in this style, stimulates and encourages both creativity and innovation by questioning, assumptions, reframing problems and approaching old situations in new ways. Stone, Russel, and Patterson (2003), noted that leaders in this dimension empower followers by persuading them to purpose new and controversial with fear of punishment or ridicule. Intellectual stimulation involves the arousal and change in follower's problem awareness and problem solving through the use of imagination with relation to belief and values (Bass, 1985). The most important aspect is how it relates to the intelligence of subordinates.

² Plilippe Ronsinski (2005), defined the coaching as the art of facilitating and understanding of people's potential to reach meaningful important objectives.

³ Gardon (1997), defined mentoring as a fundamental from human development where the person invests time, energy, and personal know how is assessing to growth and ability of another person.

However, Tichy and Devanna (1999), noted that transformational leaders share a number of common characteristics; (i). they identify themselves as a change agent. Their professional and personal image is to make a difference and transform the organization that they have assumed responsibility for. (ii). they are encouraging individuals. These transformational leaders are risk takers, individuals who take a stand. (iii). they believe in people. They are powerful yet sensitive of other people, and ultimately, they work towards the employment of others. (iv). they are value driven. Transformational leaders are able to articulate a set of core values and exhibited behaviour that was quite congruent with their value positions. (v). they are lifelong learners. They view mistakes as learning experiences. (vi). they have the ability to deal with complexity, ambiguity, and uncertainty. (vii). they are visionaries. Transformational leaders are able to dream, able to translate those dreams and images so that others could share them.

Transactional Leadership

Bass (1985), noted that the transactional leadership Behaviours aimed at monitoring and controlling employees through rational or economic means. Bass (1990), Bass and Avolio (1994), argued that transactional leadership is an exchange process between leaders and followers. Bass (1985), argues that that leadership in research has generally been conceptualized as a transactional or cost benefit exchange. Process. In this leadership, the leader identifies specific follower desires and provides goods that meet those desires in exchange for followers meeting specified objective or performing certain duties (Ushagbem, 2004). On the other hand, leaders are benefitted from completion of tasks while followers receive rewards for job performance (Northhouse, 2001). Behaviours and traits of followers are influenced by incentives offered by the leader (Politis, 2003).

According to Bass (1985; Bass and Avolio (1994); Hater and Bass (1998); Den Hartog et.al. (1997); Bono and Judge (2004), dimensions of transactional leadership are; (i). Contingent rewards: the leaders provide rewards on followers' achievements of specified performance level. Bono and Judge (2004), noted that contingent reward refers to leadership Behaviours and focused on

exchange of resources and leader provides tangible or intangible support and resources to followers in exchange for their effort and performance. (ii). Active management by exception: the leader actively seeks out variations from desired performance on the part of followers with a view to taking corrective action (Pounder, 2001). Here the leader arranges active monitor deviances, mistakes, and errors in the followers' assignment and to take corrective actions as necessary. (iii). Passive management by exception: the leader does not seek out deviations for desired performance and only take action when problems present themselves (Pounder, 2001). This leadership is inactive and may be required and effective in some situations when it is necessary to supervise larger number of followers who report directly to the leader.

Laissez-fair Leadership

This is the other end of the single continuum of transformational and transactional leadership model. In this leadership, the leader minimizes exchange with followers and allows them to do their own things to achieve outcomes with minimal intervention, feedback and support. Laissez-fair leadership represents non-transaction. This is avoidance or absence of leadership and this is most inactive as well as ineffective according to almost research on leadership styles. In this leadership, necessary decisions are not made, actions are delayed, responsibilities are ignored, and authority remains unused (Bass, 1998).

Transformational Transactional Leadership and Organizational Effectives

According to Avolio and Howell, (1992); Bass (1985); Selter and Bass (1990); Ross and Offerman (1997), few studies have actually examined the link between the exercise of transformational and transactional leadership, and overall organizational effectiveness (Pounder, 2001). Brunes (1998); Lachman and Wolf (1997), noted that examining the link between transformational and transactional leadership and organizational effectiveness is hampered by the absence of general agreed definition of organizational effectiveness (Pounder, 2001). Thus, Bass and Avolio (1994); brunes (1998), have argued that transformational leadership is more proactive and ultimately more effective than transactional, corrective or avoidant leadership

in terms of motivating followers to achieve higher performance (Berson and Avolio, 2004).

The literature in leadership has been showed that the relationship between the transformational leadership and the organizational effectiveness. According to Bass (1985), transformational leadership increases the confidence and motivation of followers to obtain performance beyond expectations (Politis, 2003). A Study relating to leadership, done by Geyer and Sterer (1998), evaluated Austrian banks branches and reported stronger positive relationship between transformational leadership and long term verses short term performance. Thus, they could find a stronger relationship between transformational leadership and long term performance due to transformational leaders are creating more inspired, committed and cohesive culture in their banks (Bass, Avolio, Jung and Berson, 2003). According to Pawar and Eastman (1997), transformational leaders use their component abilities of inspiring, intellectually stimulating and individually considerate leadership to motivate followers to higher levels of achievements. And also, they achieve greater organizational performance by aligning individuals with the strategic vision, mission, and collective goals of their organization (Berson and Avolio, 2004). As Kirkpartrick and Locke (1996), critical organizational outcomes such as satisfaction, organizational performance, group performance and commitment have associated with transformational leadership styles. Meta-analyses conducted by Lowe, Kroeck and Sivesubrameniam (1996); Patterson, Fuller, Kester and Stringer (1995), confirmed that the positive relationship between transformational leadership and performance, noted in the leadership literature (Bass, Avolio, Jung and Berson, 2003).

Transactional contingent reward leadership relates positively to performance in that such leaders clarify expectations and recognize achievements that positively contribute to higher levels of performance (Bass, Avolio, Jung and Berson, 2003). On the other hand, transactional leadership, performance context may elevate the importance of the role transactional leadership plays in contributing to effective leadership (Bass, Avolio, Jung and Berson, 2003). The effective leadership positively relates with the organizational

performance and effectiveness. However, Burnes (1998), described transactional leadership as representing the lower type that transformational leadership should add to in predicting performance. Further, he noted that transactional and transformational leadership as being at opposite ends of the same continuum (Bass, Avolio, Jung and Berson, 2003).

Organizational Culture

According to Davis (1984); Benison (1990); Kotter and Heskett (1992); O'Relilly and Chatman (1996); Winsor (2001), organizational culture refers to a set of shared values, belief, assumptions, and practices shape and guide members' attitude and behaviour in organization (Rashid, Sambasiven and Rahman, 2004). According to Schein (1983), organizational culture depends for its experience on a definable organization, in the sense of a number of people interacting with each other for the purpose of accomplishing some goal in their defined environment. According to Alnasseri, Osborne and Steel (2013), Organizational culture provide an overall image of an organization's identity; this enables it to be categorized among different organization groups. The core of culture is formed by values which are not visible but shared by people even when membership in group changes (Sharma and Sharma, 2010).

The literature related to organizational culture, a number of definitions have been proposed. Frequently cited, efficient and common-sense definition for organizational culture is 'the way we do things around here' (Barkdoll, 2006). Schein (1991), defined organizational culture as 'a pattern of basic assumptions – invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration – that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those pproblems (Schein, 1991). Deal (1986), defined the organizational culture as 'the human invention that creates solidarity, meaning and inspires commitment and productivity (Lund, 2003). Kilmann et.al. (1985), defined organizational culture as 'the shared philosophies, values, assumptions, belief and expectations, attitudes and norms (Lund, 2003). The literature showed that there

is no consensus has formed on a definition (Scholl, 2003).

Within the field of management, several typologies of organizational culture have been proposed to allow researchers to narrow the focus or organizational culture when subjecting this concept to specific study. One dominant typology is competing values model introduced by Quinn and Cameron (1983), and Quinn and Rohrbaugh (1983). The competing values model has become a popular and validated framework for studying organizational culture (Leisen, Lilly and Winsor, 2002).

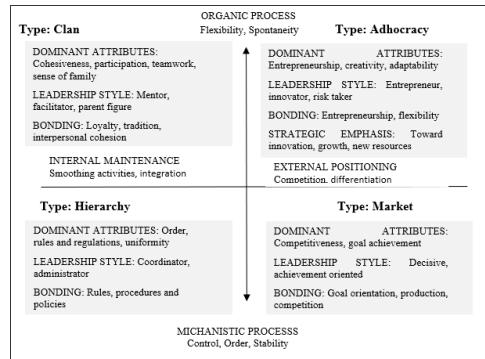
Competing Values Model

Earlier competing values model has been discussed with the aspect of organizational effectiveness. In relation to the organizational culture, competing values model was used by Desphandle et. al., (1993), to distinguish between four organizational culture types; clan, adhocracy, hierarchy, and market cultures (Leisen, Lilly, and Winsor, 2002). The sturdiness and richness of the resulting quadrants lead to identify each quadrant as a culture type (Cameron and Quinn, 1999). This typology distinguishes the external oriented culture and internal oriented culture. This can be illustrated by the Figure 2

The vertical axis describes the continuum from organic to mechanistic process, ranging from an emphasis on flexibility and spontaneity to control, stability and order. The horizontal axis describes the relative organizational emphasis on internal maintenance to external positioning. The result of this is the culture type and dominant four culture types are (i) Clan culture: clan culture mainly focus on internal maintenance with flexibility. The organization with a clan culture is a friendly place where people share a lot of themselves, like an extended family. It is like a family type organization goal cohesion, participativeness, individually sense of we-ness are in the clan type culture organizational (Cameron and Quinn, 1999). The basic assumptions of this clan culture are that the environment can be changed through team work and employee development, customers are best thought of partners, the organization is the business of developing a human work environment, and the major task of management is to empower employees and facilitate their participation, commitment and loyalty (Cameron and Quinn,

1999). (ii). Hierarchy culture: mainly focus on the internal maintenance with a strong need for stability and control. The organization is very formalize and control. And also, procedures given what people do, maintaining a smooth running organization is critical and formal rules and policies hold the organization together. Long term concern is with stability, performance, and efficient, smooth operations.

Figure 2: Organizational Cultures



Source: Adapted from Cameron and Freeman, (1991)

Effective leaders are good communicators. Their goal is stability and control through information management and communication. Success if defined in terms of dependable delivery, consistent schedule and low cost. (iii). Adhocracy culture: this culture type emphasis external positioning with higher degree of flexible and individuality. The assumptions are innovating, and pioneering indicators are lead to success, organizations are mainly in the business of developing new products and services and preparing for the future and major task of the management is to foster entrepreneurship, creativity and ability on cutting edge (Cameron and Quinn, 1999). The leaders are innovated and risk takers. Success is defined as having newest and most unique product of the market. (iv). Market Culture: this organizational culture concerns stability and control with an emphasis on external positioning. The basic assumptions are the external environment is in the business of increasing its competitive position and the major task of the organization is to drive the organization towards productivity, result and profit (Cameron and Quinn, 1999). These are result oriented organizations. The leaders are hard driving procedures and competitors.

Common reputation is market reputation. And success is defined in terms of market share and penetration; competitive pricing and market leadership is very important.

Organizational Culture and Organizational Effectiveness.

Hosfetede and Bond (1988), suggested that organizational culture accounts for the economic performance in various countries. According to Newstrom and Davis (1993), organizational culture has a strong relationship with performance and also, they noted that organizational culture determines organizational success (Alnasseri, Osborne, and steel, 2013). Deal and Kennedy (1982); Look and Crawford. (2001); Peeters and Waterman (1982), noted that organizational culture plays an important role in generating commitment and enhancing performance. Ouchi, (1981), found a relationship between organizational culture and increased productivity. Deal and Kennedy (1982); Peeters and Waterman (1982), have suggested that organizational culture exert considerable influence particularly in areas such as performance and commitment (Look and Crawford, 2003). Look and Crawford (1999), noted according to Harrison (1972); Peeters and Waterman, (1982); Trice and Beyer 1993), characteristics of organizational culture such as corporate values and have been suggested to be related to commitment and performance of organizations. Thus, Newstrom and Davis (1993), noted that organizational culture has a strong relationship with organizational performance. And also it is suggested it is a key feature in attaining success (Cameron and Freeman (1991); Deal and Keneedy (1982); Denison (1990); Denison and Speriter (1991); Safford (1998; Lairy (1984); Lau and Nago (1996), researchers have identified that different types of organizational culture lead to different forms of organizational effectiveness. Thus, Alvesson (2013), found that organizational culture has a significant influence on performance (Alnasseri, Osborne and Steen, 2013). Trefry (2006), noted that organizational culture is closely related to organizational effectiveness (Khan, Khan, Ahmed and Ali, 2013)

Organizational Culture and Leadership Styles

Brooks (1996); Trice and Bayer (1993; Lok and Craford (1999); Ogbonna and Harris (2000); Pillai and Mendil (1998); Block (2003), noted that there are limited number of published studies which have attempted systematically examine organizational culture and leadership. However based on the organizational culture – organizational leadership research so far, Block (2003), found that following tentative conclusions have been suggested by researchers (Block, 2003). The impact of leadership on organizational performance is mediated by organizational culture (Ogbonna and Harris, 2000). Yiing and Ahmad (2009), revealed that generally and few exceptions leadership behaviour was found to be significantly related to organizational commitment and organizational culture plays an important role in moderating this relationship (Yiing and Ahmad, 2009).

Methodology

Measurements of Variables

Numerous problems of assessing organizational effectiveness have been discussed elsewhere. They include fact that different approaches to assessing effectiveness are products of different arbitrary models of organizations: the fact that effectiveness is a product of individual values and performance, and therefore, the best criteria for assessing effectiveness cannot be identified, and the fact that all relevant criteria for assessing cannot be identified and the fact that all relevant criteria of effectiveness have never yet been identified (Cameron, 1986). Gilbert and Parhizani (2000s; 2000b), have identified a lack of consensus of in prior literature that existing on the definition and measurements of organizational effectiveness (Cameron, 1981; Sekaran, 1984; Lachman and Wolf, 1997; Gilbert and Parhizani, 2004). However, it is important that measurement of organizational effectiveness vary depending upon its mission, environmental context, nature of works, the product or service it produces and customer demand. However, Heerwagan, Heerwagan and Associates, (2006), have identified number of factors constantly show up in effectiveness metrics as follows.

- Achieving organizational mission
- Customer satisfaction
- Product/service quality and value

- Capacity to innovation and creativity
- Adaptation to organizational and technological change
- Effective information sharing and communication
- Employee attraction and retention
- Effective group and individual work
- Quality of work life
- Developing partnership and alliances
- Operational efficiency
- Image branding.

With regard to the leadership style, this study, described the leadership practices of managers using transformational and transactional leadership model. According to the literature, dimensions and indicators of transformational and transactional leadership model can be summarized as the following Table 1.

Table 1: Dimensions and Indicators of Transformational and Transactional Leadership

Leadership Style	Dimensions	Indicators
Transformational Leadership	Idealized Influence	The leader acts as and is perceived as a strong role model for followers. The leader is respected and trusted by followers and provides a sense of both mission and vision that others want to follow
	Inspirational Motivation	The leader communicates high expectations of performance. And also, through images and emotional appeals, the leader

		inspires followers to pursue a shared vision over individual self-interest. The leader arises individual and team spirit.
	Individual Consideration	The leader actively listens and pays attention to each individual's needs of followers. The leader acts as a mentor or coach and provides attention and direction to followers individually.
	Intellectual Stimulation	The leader stimulates and encourages both creativity and innovation. The leader provides an environment fostering experimentation, empowerment and new approaches to problem solving.
Transactional Leadership	Contingent Reward	The leader achieves agreement and performance from

		followers through negotiated exchange. The leader use positive reinforcement to encourage followers to achieve outcomes.
	Active Management by Exception	The leader actively arranges monitor deviances, mistakes and errors in the followers and takes corrective actions as necessary to achieve outcomes.
	Passive Management by Exception	The leader takes passive approach by intervening only when problems become serious.
Non-transactional Leadership	Laissez-fair	The leader minimizes exchange with followers and allows to do their own thing to achieve outcomes with minimal intervention, feedback or support.

There are three strategies to measure organizational culture. (i). A holistic approach: Here the investigator becomes involved in the culture and engaged in in-depth

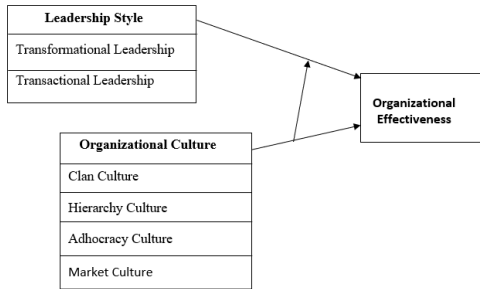
participation observation. Also, the investigator tries to become a native in the organization and tries to measure the culture of the organization. (ii). Metaphorical approach: The investigator uses language pattern in documents, reports, stories and observation in order to uncover culture patterns. (iii). Quantitative approach: The investigator uses questionnaires and/or interviews to access particular dimensions of organizational culture. Two types of dimensions use to diagnose the organizational culture (Cameron and Quinn, 1999). (i). Content dimension: this refers to the aspect of organization’s culture that should be used to cues in scenarios in order to help individuals recognize their cultural profile that is produced by scoring a cultural assessment instrument.

However, Cameron and Quinn (1999), further noted that six pattern dimensions serve as the basis for the organizational culture assessment instrument. Those six pattern dimensions are (i). The dominant characteristics of the organization. (ii). The leadership style and approach. (iii). The management of employee or the style. (iv). The organizational glue or the bonding mechanism. (v). Organizational emphasis. (vi). The criteria of success.

Conceptual Framework

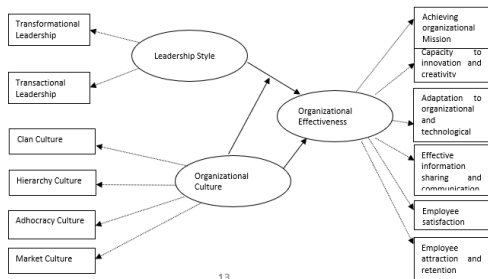
Conceptual framework of the study attempts to establish the relationship between variables of the study. As this study, the dependent variable is organizational effectiveness. The independent variables are leadership style and organizational culture. Thus, with the literature review, it could be found that there is a moderate impact of organizational culture on the impact of leadership style on organizational effectiveness. Therefore, based on the literature, the conceptual framework of the study seeks to establish the relationship between (i). the impact of leadership style on organizational effectiveness. (ii). the impact of organizational culture on organizational effectiveness. (iii). The impact of organizational culture on the impact of leadership style on organizational effectiveness. Accordingly, appropriate conceptual model of the study can be illustrated by Figure 3.

Figure 3: Conceptual Model



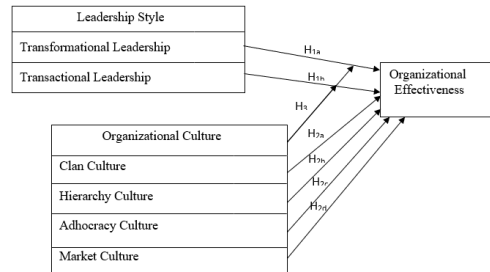
Thus, in order to find out the answers for the research questions it has become necessary to develop a measurement model to measure the variables. Measurement model refers to the model which is the part of the model that examine the relationships between latent variables and their measures. This study has adopted the indicators identified by Heerwagan, Heerwagan and Associates (2006), as measurements of Organizational effectiveness and the indicators or transformational and transactional leadership model by Bass (1985); Bass and Avolio (1991), to measure leadership style. The six dimension pattern identified by Cameron and Quinn (1999), was adopted as the measurements of the organizational culture. Accordingly the measurement model of this study can be illustrated by the Figure 4.

Figure 4: Measurement Model



Thus, in order to analyse the collected data for a study using statistical tools, a statistical model is to be developed. A statistical model is usually specified as a mathematical relationship between variables, as such a statistical model is a formal representation of theory. The statistical model related to this study is illustrated by the Figure 5.

Figure 4: Measurement Model



Accordingly, following hypotheses which are proposed to bring an explanation made on the evidence as a starting point for further investigation, can be developed as follows.

- H_{1a}: Transformational leadership style positively impacts on organizational effectiveness
- H_{1b}: Transactional leadership style impact positively on organizational effectiveness
- H_{2a}: Clan culture impacts positivey on achievement in internal dimensions organizational effectiveness
- H_{2b}: Adhocracy culture impacts positively on achievement in external dimensions of organizational effectiveness
- H_{2c}: Hierarchy culture impacts positively on achievement in internal dimensions of organizational effectiveness
- H_{2d}: Market culture impacts positively on achievement in external dimensions of organizational effectiveness
- H₃: The influence of leadership style on organizational effectiveness is moderated by the organizational culture

Conclusion

The aim of this study was to identify the impact of leadership style and organizational culture on organizational effectiveness, as well as the influence of the impact of leadership style on organizational effectiveness. According to the literature related leadership style, organizational culture and organizational effectiveness, it could be found that (i). Leadership style impact positively on organizational effectiveness, (ii). Organizational culture impacts positively on organizational effectiveness. Further, reviewing the literature, it could be found that

(iii). Organizational culture moderates the impact of leadership style on organizational effectiveness. These relationships have been shown in the developed conceptual model which is illustrated in Figure 3. In addition, regarding the main model of organizational effectiveness, Cameron and Quinn's competing values model has a close relationship with organizational culture.

Certain characteristics of this study help increase its contribution to research areas in leadership style, organizational culture and organizational effectiveness.

The study intended to study the influence of leadership style and organizational culture on organizational effectiveness as a conceptual study. But, study can be extended as empirical study for any industry, any sector, or any organization.

Thus, this study was limited as leadership style and organizational culture are mutually independent. But previous researchers and literature had indicated a certain interaction between organizational culture and leadership style. Therefore, as an extension of this study, a further study can be conducted incorporating the interaction between organizational culture and leadership style.

There are many other factors which influence organizational effectiveness. A further study can be conducted to examine the impact of such factors on organizational effectiveness.

References

- Acer, A. Z., (2012). Organizational Culture, Leadership Styles and Organizational Commitment in Turkish Industry, *Procedia-Social and Behavioural Sciences*, 58, 217-226
- Aldulaimi, S. H., (2015). Exploring the Effect of Organizational Culture, Leadership and Strategy on Organizational Effectiveness with Mediating Effect of Knowledge Management. *International Journal of Economics, Commerce and Management*, Vol. III, Issue 4, 1-19
- Alnasser, N., Osborne, Ali, M., Steel, G., (2013). Organizational Culture, Leadership Style and Effectiveness: A case study of Middle Eastern Construction Clients. *Paper presented in 29th Annual ARCOM conference, 2-4 September 2013, Association of Researchers in Construction Management*.
- Bernard, L., (1995). Examine the Organizational Culture and Organizational Performance Link, *Leadership and Organizational Performance Journal*, Vol. 16, No. 5, 16-21
- Block, L., (2003). The Leadership Culture Connection: an exploratory investigation. *Leadership and Organizational Development Journal*, 24/6, 318-334
- Bono, J.E., and Judge, T.A., (2004). Personality and transformational and transactional leadership: A meta-analysis. *Journal of Applied Psychology*, 89(5), 901-910.
- Cameron, K., (1986). A Study of Organizational Effectiveness and its Predictors. *Management Science*, Vol. 32, No. 1, pp.87-112.
- Cameron, K.S. and Quinn, R.E., ((1999). *Diagnosing and Changing Organizational Culture*. United States. Addison-Wesley Publishing Company Inc.
- Cameron, K.S., (1986). Effectiveness as Consensus and Conflicts in Conceptions of Organizational Effectiveness. *Management Science*. 32,5,539-553.
- Cameron, K.S., and Whetton, D.A., (1983). *Organizational Effectiveness: A comparison of multiple model*. New York, Academic Press Inc.
- Claver, E., Llopis, J., Gonzalez, M.R. and Gasco, J.L., (2001). The Performance of Information Systems through Organizational Culture. *Journal of Information Technology and People*, 14(3), 247-260.
- Connolly, T., Conlon, E.J., Deutsch, S.J., (1980). Organizational effectiveness: a multiple constituency approach, *Academy of Management Review*, 5(2), 211-217.
- Corbett, L. M. and Rastrick, K.N., (1999). Quality Performance and Organizational Culture: A New Zealand Study. *International Journal of Quality and Reliability Management*, 17(1),14-26.
- Dakota Medical Foundation, (2006). *Organizational Effectiveness*. Retrieved May 2016, from the website: <http://www.dakmed.org/organizational>
- Danish, R. Q., Munir, Y., Butt, S. S., (2012). Moderating Role of Organizational Culture between Knowledge Management and Organizational

- Effectiveness in Service Sector. *World Applied Science Journal*, 20(1), pp. 45-53.
- Drucker, P., (1999). *Management Challenges for the 21st Century*. United States. Harper Business: A Division of Harper Collins Publishers.
- Dulewicz, V., and Higgs, M., (2005). Assessing Leadership styles and Organizational Context. *Journal of Management Psychology*, 20(2), 105-123
- Gardner, L. and Stough, C., (2001). Examine the Relationship between Leadership and Emotional Intelligence in Senior Level Managers. *Leadership and Organization Development Journal*, 23,2, 68-78.
- Gardner, W.L. and Cleavenger, D., (1998). The Impression Management Strategies Associated with Transformational Leadership at the World-Class Level: A psychological assessment. *Management Communication Quarterly*, 12(1), 3-41.
- Georgiades, N. and Macdonell, R., (1998). *Leadership for Competitive Advantage*. England. John Wiley & Sons Inc.
- Ghisell, R. and Ismail, J.A., (1999). Promoting Organizational Effectiveness by Defining Managerial Conduct. *International Journal of Contemporary Hospitality Management*, 11(6), 294-302.
- Gilbert, G.R. and Parhizari, A.M., (2004). Measures of Organizational Effectiveness: Private and Public Sector Performance. *The Journal of Management Science*, 32, 221-229.
- Hair, J. F., Black, W.C., Babin, B. J. and Anderson, R. E. (2010). *Multivariate Data Analysis; a Global Perspective*. New Jersey: Prentice Hall.
- Harris, L. and Ognonna, E., (1998). A Three Perspective Approach to Understanding Culture in Retail Organizations. *Journal of Personal Review*, 27(2), 104-123.
- Hay, I., (2015). *Transformational Leadership: Characteristics and Criticisms*. Retrieved October 2015, from website: <http://www.weleadinlearning.org/transformationalleadership.html>
- Heerwagen, J. and Heerwagen, J.H., & Associates/ Kampschroer, K., Kelly, K.V., Powel, K.M., General Service Administration, U.S., (2014). *Designing for Organizational Effectiveness*. Retrieved July 2014, from National Institute of Building Science, website: http://www.wbdg.org/design/design_org_eff.php
- Hersey, P. and Balanchard, K.H., (1990). *Management of Organizational Behaviour: utilizing Human Resources*, (5thed.). New Delhi, Prentice Hall of India private limited.
- Higgs, M.J., (2003). Development of Leadership Thinking. *Management and Organization Development Journal*, 24,5, 273-284.
- Hinkin, T.R. and Tracey, J.B., (1999). The relevance of charisma for transformational leadership in stable organizations. *Journal of Organizational Change Management*, 12(2), 105-119.
- House, R., Javidan, M., Hanges, P. and Dorfman, P., (2002). Understanding Cultures and Implicit Leadership Theories across the Globe: An introduction to Project GLOBE. *Journal of World Business*, 37, 3-10.
- Kasper, H., (2002). Culture and Leadership in Market Oriented Service Organizations. *European Journal of Marketing*, Vol. 36, No. 9/10, 1047-1057
- Khan, M. T., Khan, N. A., Ahmed, S., and Ali, M., (2012). Connotation of Organizational Effectiveness and Factors affecting it. *International Journal of Business and Behavioural Sciences*, Vol. 2 No. 9, 21-30
- Lok, P. and Crawford, J., (1999). The Relationship between Commitment and Organizational Culture, Sub Culture, Leadership Style and Job Satisfaction in Organizational Change and Development. *Leadership and Organization Development Journal*, 20(7), 365-373.
- Lok, P. and Crawford, J., (2003). The Effect of Organizational culture and Leadership Style on Job Satisfaction and Organizational Commitment: A cross-national comparison. *Journal of Management Development*, 23(4), 321-338.
- Long, C. S., Yusof, W. M. M. and Heng, T. O. K. L., (2014). The Impact of Transformational Leadership Style on Job Satisfaction. *World Applied Sciences Journal*, 29(1), pp. 117-124.
- McNamara, C., (2006). *Overview of Leadership in Organizations*. Retrieved June 2014 from website:

- <http://managementhelp.org/ldrship/ldrship.html>
- Mendez, R. M., (2013). Leadership Styles and Organizational Effectiveness in Small Construction Business in Puebla, Mexico. *Global Journal of Business Research*, Vol. 07 No.5, 47-56.
- Mishra, S., (2012). Trivariate Analysis of Organizational Culture, Leadership and Organizational Effectiveness: An Exploratory Study. *International Journal of Scientific and Research Publications*, Vol. 02, Issue 07,
- Parhizani, A.M. and Gilber, G.R., (2004). Measures of Organizational Effectiveness: Private and Public Sector Performance. *International Journal of Management Science*, 32, 221-229.
- Politis, J.D., (2003). QFD: The Role of Various Leadership Styles. *Leadership and Organization Development Journal*. 24,4, 181-192.
- Politis, J.D., (2004). *Transformational and transactional Leadership Predictors of the 'Stimulant' Determinants to Creativity in Organizational Work Environments*. Retrieved October 2004 from the website: <http://www.ejkm.com/volume-2/v2i2/v2-i2-art3-politis.pdf>
- Robbins, S.P., (2003). *Organizational Behaviour, International Edition*. New Jersey. Prentice Hall.
- Rodsutti, M.C. and Swierczek, F.W., (2002). Leadership and Organizational Effectiveness in Multinational Enterprises in South Asia. *Leadership and Organizational Development Journal*, 23(5), 250-259.
- Roneld, H. H., (2004). Leadership and Culture: Conceptual and methodological issues on comparing models across cultural setting. *Journal of Educational Administration*, Vol. 34, No. 5, 74-97
- Roy, M.H. and Dugal, S.S., (2005). Using Employee Gain sharing Plans to Improve Organizational Effectiveness. Benchmarking: An International Journal, 12(3), 250-259.
- Rukmani, K., Ramesh, M. and Jayakrishnan, J., (2010). Effect of Leadership Styles on Organizational Effectiveness. *European Journal of Sciences*, Vol. 15, No. 3, pp. 365-370.
- Sarros, J.C., Gray, J. and Densten, I.L., (2002). Leadership and its Impact on Organizational Culture. *International Journal of Business Studies*, 10,2, 1-29.
- Schein, E.H., (1991). *Organizational Culture and Leadership: A Dynamic view*. San Francisco. Jossey Bass Inc.Publishers and Jossey Bass Limited.
- Schein, E.H., (2005). *Organizational Culture and Leadership*. Retrieved November 2005, from Symphony Orchestra Institute website: <http://www.tnellen.com/led/tc/Schein.htm>
- Shahin, A. L., and Wright, P. L., (2004). Leadership in the Context of Culture; An Egyptian Perspective. *The Leadership and Organization Development Journal*, Vol. 25, No. 6, pp. 499-511.
- Sharma, S. K.and Sharma, A., (2010). Examining the Relationship between Organizational Culture and Leadership Styles. *Journal of the Indian Academy of Applied Psychology*, Vol. 36, No. 01, 97-105.
- Steers, E.M., (1975).Problems in the measurement of organizational effectiveness, *Administrative Science Quarterly*, 20(4), 546-558.
- Swierczek, F.W., and Chi, D.T.K., (1998). Effective leadership in joint ventures in Vietnam: a cross-cultural perspective, *Journal of Organizational Change Management*, 11/4, pp. 357-372
- Thibodeaux, M.S., and Favilla, E., (1996). Organizational effectiveness and commitment through strategic management.*Industrial Management and Data Systems*, 96(5), 21-25.
- Tusi, A., (1990). A Multiple Constituency Model of Effectiveness: An empirical examination at a human resource subunit level. *Administrative Science Quarterly*, 35, 458-488.
- Ushagbem, T., (2004). Age Influence on the Leadership Styles and Behaviour of Managers. *Journal of Employee Relations*, 26,1, 14-29.
- Yiing, L. H. and Ahmad, K. Z. B., (2009). The moderating Effect of Organizational Culture on the Relationship between Leadership Behaviour and Organizational Commitment and between Organizational Commitment and Performance. *Leadership and Organization*

Development Journal, Vol. 20, No. 1, pp. 53-86.

Yutchman, R.E. and Seachore, S., (1967). A system resource approach to organizational effectiveness, *American Sociological Review*, 32, 891-903.

Zammuto, R.F., (1984). A Comparison of Multiple Constituency Models of Organizational Effectiveness. *Academy of Management Review*, 9,4, 606-616.

Factors affecting employee's turnover in the banking sector: Evidence from small domestic licensed commercial banks in Sri Lanka

C. S. Gunawardhana^{1*} & N. M. M. Damayanthi²

Abstract

This study aims to measure the relationship between staff promotion and remuneration package and employees' turnover of small domestic banks in Sri Lanka. The objectives of the study are; identifying the factors affecting the employee's turnover; assessing the relationship between staff promotion and remuneration package on employee's turnover and assessing the relationship between job satisfaction and employee's turnover of the small domestic banks in Sri Lanka. Two methods were used to measure the influence of variables; one method assessed the relationship between the staff promotion, remuneration package and employee's turnover. The second method measured the relationship between job satisfaction which considered as mediating variable and employee turnover. Data were analyzed using descriptive and inferential (correlation, multiple regression analysis) statistics. Three hundred middle to senior level staff were selected through sampling method from small domestic banks in Sri Lanka. Questionnaires were administered to gather data and 283 questionnaires were received. This study shows that only two factors i.e staff promotion and remuneration package influence on employee's turnover in this sector. The study shows that there is a negative relationship between staff promotion, remuneration package, and the employees turnover in the small domestic banks in Sri Lanka. Further, the study shows that there is a negative relationship between job satisfaction which is used as mediating variable and employee turnover in this sector. Existence of negative relationship between staff promotion, remuneration package, job satisfaction and employee turnover from the banking sector will give signal for the authorities of regulators to consider that if the satisfaction due to staff promotion and remuneration package, then there is a possibility of leaving from small domestic banks and join large banks.

Keywords: Employee's Turnover, Staff Promotion, Remuneration, Job Satisfaction and small domestic bank

Introduction

Human capital is the key resource in an organization and failure of organization would depend on the ability of the employers to attract capable and competent employees, retain them for long period and reward them properly. Employee's willingness to stay on the job depends on the satisfaction of the work due to the remuneration packed or package they offer and time to get promotions. In attempting to ensure employee optimal satisfaction and retention, Organizations need to consider a variety of appropriate ways to

reward the employee to get the desired result (Falola, 2014). It was argued that the degree to which employees are satisfied with their job and their readiness to remain in an Organization is a function of compensation packages (Osibanjo, 2012). Employees of an organization are expected better salaries, welfare facilities and good working conditions. The generic purpose of human resource management is to generate and retain an appropriate and satisfied labour force, which gives the maximum individual contribution to organizational success. Hence, the employers should take steps to create a balance of these

¹² Central Bank of Sri Lanka

*Corresponding author: champisg@gmail.com

two objectives mainly to keep employees satisfied while maximizing their contributions towards achieving organizational goals.

In the banking sector, uncontrolled employee turnover can destroy banks efficiency and profits. A well trained human resource is a distinct competitive edge for sustainable business performance of a bank. Hence, banks are committed to develop its human resources by providing job satisfaction (JS) through proper remuneration packages (RP), training and development and staff promotions (SP) on time. Banking sector of Sri Lanka is very important sector which contributes to the economic growth by facilitating lending to economic sectors and bridge savings and investment gap. At present, there are 32 licenced banks (LBs) operating in Sri Lanka and all these banks are licensed by the Central Bank of Sri Lanka (CBSL) These 32 banks are divided in to two parts based on the operational activities i.e., licensed commercial banks (26) and licensed specialized banks (6). In addition, these two parts further it is categorized as large banks (6), medium banks (8), small domestic banks (5) (SDBs) and small foreign banks (13) based on the assets size i.e assets Rs 500 bn and above – large banks, assets less than Rs 500 bn and above Rs 200 bn – medium banks and assets less than Rs 199 bn- small banks.

The main challenging task of an organization is to retain employees and therefore, management has been forced to study the cases of employee's turnover (ET) and identify the strategies to control it in order to face the growing competition. However, it has been identified that ET in an Organization is very critical factor, which is influenced by JS and gap between the values of Organization and employees (Robbins, 2001).

An emerging issue in Sri Lanka is the ET in SDBs that has created a loss to the economy. Currently, Sri Lankan banks operate with low profits due to increasing cost of funds, taxes and political imbalances. Meantime, cost of funds of large and medium banks would be managed with their stabilization. Small bank face with difficulties for retention of middle and senior level employees. However, these staff will be hired by middle and large banking groups with high RP and SP. Small foreign banks do not hire staff from the local market and therefore this study does not capture small foreign banks. Therefore, it is required to

study factors affecting ET of SDBs as to minimize the cost of the banks to give that benefits to customers by reducing lending rates.

It is rare to find research conducted on determinants ET which affect JS among the employees in SDBs in Sri Lanka. Hence, to explore the factors which affect ET that exist among the officers of the SDBs especially it is timely need for the policy makers of CBSL.

Problem Statement

Recruitment of highly experienced officers from the job market for the key positions represent a challenging problem in SDBs in Sri Lanka. In addition, even though recruitment of junior level staff from school leavers is not a challenging but retention of them is a challenging problem in this sector. Accordingly, the problem arises to research how far they are satisfied with their jobs in their capacity with the experience in the banking system and whether there is an intention to leave if they are dissatisfied with their jobs.

Therefore, this research intends to study what type of factors affect the ET in SDBs in Sri Lanka and the relationship with the most important factors and ET. Further, it will study how does the JS relates as a mediate variable.

Objective of Study

- i) To identify the factors affecting the employee's turnover of the small domestic banks in Sri Lanka
- ii) To assess the relationship between staff promotion and remuneration package on employee's turnover of the small domestic banks in Sri Lanka
- iii) To assess the relationship between job satisfaction on employee's turnover of the small domestic banks in Sri Lanka

Literature Review

ET in the banking sector has drawn attention of many countries. The employee retention is also considered the input for improving the financial performance of the organization (Raikes & Vernier 2004). The outcome of the increased level of turnover in the organization is also in the form of indirect cost like burden on the existing workforce, loss of social capital and low morale (Des & Shaw 2001). The increasing trend of ET enhances the cost and deteriorate the efficiency of the bank. In this modern age, human is considered the most precious assets that impact on the performance.

(Kabene et al, 2006). According to Samuel (2009), ET is a costly expense mainly in lower paying employees, for which the ET rate is highest. Mobley et al., (1979) identified the relationship between the turnover intention and turnover as consistent and stronger than the satisfaction turnover relationship. Allen (2010) argued that the problem of workers turnover has obtained significant attention from almost all human resource managers and organizational theoreticians. ET is a problem for all type organization or institutions as it reduces organizational productivity due to increasing employee hiring and training cost. There are factors such as job related i.e salary, promotion, training and development, relationships with co-workers and working conditions on the JS. These factors will influence for ET. In the banking industry, only two factors that mainly contribute for employee's turnover. Since other factors do not influence JS due to all other factors such as training and development, relationships with co-workers and working conditions are similar with each bank. Therefore, this study mainly focuses on SP and RP.

Staff Promotion (SP)

SP is the advancement of employees among the departments of a firm or within a department (Kuhn and Chamberlin, 1965). A promotion is an upward advancement of an employee in an organization to another job, which commands better pay/wages, better status/ prestige and higher opportunities/ challenges/ responsibilities and authority, better working environment/ facilities, hours of work and a higher rank (Pattnayak, 2006). A promotion to a higher level in an organization typically involves positive changes in supervision, job content and pay. However, the rewards associated with a particular promotion differ greatly from one situation to another (Luthans, 1995).

Organizations need talented employees and individuals and also expect opportunities to grow and develop their career capabilities. Providing organizational processes that help employees to reach developmental goals while achieving organizational benefits. This is consistent with Herriot and Pemberton (1996) as in Price (2005) view that effectiveness requires a "career contracting" process where the exchange of organizational and individual needs and resources are negotiated. In this changing career context, it is important to

understand how some traditional human resource activities, such as the internal employee transfer process, can be adopted to recognize the increasing importance of employee development needs.

Effective career promotions in an organization have been seen as requiring an integrated career-focus throughout all aspects of an organization's human resource management system (Glinow et al, 1983). Role changes, particularly transfers to new positions are significant career-related events from both organizational and individual perspectives. The movement of employees from position-to-position within organizations is a ubiquitous feature of organizational life. While employee moves associated with turnover and the geographic relocation has been well studied in the organizational literature, the employee promotion process has not been widely studied. Dissatisfaction with career prospects is a major cause of ET (Curtis and Wright, 2001). Often there is little that employers can do about people needing to move on to improve their careers, especially in flatter organizations.

Accordingly, the available literature strongly suggests that there is a negative relationship between SP and ET.

Remuneration Package (RP)

RP is generally based on the award that covers the particular employee in an organisation. The RP is a function of the discrepancy between what employee feels that they should get and how much pay (Lawler,1971). If a satisfactory RP is widely applied in an organization and it will improve employee's satisfaction on the job and also change attitudes and social behavior of employees.

A satisfactory remuneration strategy should be congruent with and support corporate values and beliefs, emanate from business strategy and goals, organization performance, drive and support desired behavior at all levels, fit the desired management style, provide competitive edge needed to attract and retain the high levels of skills that the organization needs and anchored to the realities of the labor market.

The structures and allocations of RP may affect the motivation of individual team members and the inclusion of RPs are central to many models of work group effectiveness

(Hackman, 1990 as in Kerrin and Oliver, 2001). RP includes salaries, bonuses, medical benefits, low interest rates housing loans, vehicle and other loans.

Salary is the contractually agreed rate for a job (Cushway, 2001) between employer and employee. It is the amount that the individual can expect to receive as a regular basic regardless of performance. Pay satisfaction is a function of the discrepancy between what one feels and should receive and how much pay one does receive (Lawler, 1971). Pay satisfaction has its basis in the concepts of the equity theory of motivation (Adams, 1963). Equity theory focuses on people's feelings of how fairly they have been treated in comparison with the treatment received by others. One of the most popular financial benefits offered by banks are the bonus and this is defined as "a sum of money added to a person's wages for good performance" (Oxford Dictionary Thesaurus and word power Guide). However, the bonus policy of banks varies according to the performance of overall bank and the performance of individuals and employer perceptions. Medical benefits are plans, which provide for sick benefit payments and other programs conducive to maintaining a healthy work force (Roberts, 1971). Medical benefits are to provide protection against medical expenses for the employee and his or her dependents. Loans are funds advanced to suppliers on behalf of an employee for the purposes of purchasing a land, construction of house, purchase of a vehicle and purchase of consumer goods etc. The employer shall recover these factors from the employees over a period of time on a monthly basis from the salary along with a nominal interest charge. This will enable employees to own assets without paying them upfront which is practically impossible for monthly income earners given the escalating prices of lands, buildings and motor vehicles.

Therefore, the available literature strongly suggests that there is a negative relationship between RP and ET.

Job Satisfaction (JS)

JS is a "pleasurable positive emotional state resulting from the appraisal of one's job or job experience" (Locke, 1976). JS is the way an employee feels about his or her Job. It is a generalized attitude towards the job based on evaluation of different aspects of the Job

(Wexley and Yuki, 1984). A person with a high level of JS holds positive attitude towards the job, while a person who is dissatisfied with he or her job holds negative attitudes about the job (Robbins, 2001). JS results from the employee's perception that the job content actually provides what an employee value in the work situation (Chanda, 1994). JS is an employee's attitude formed on the basis of his or her contentment derived from the specific job factor, individual adjustment, group relationship, work environment, and his or her interaction with all the environmental factors. Vroom (1964) viewed JS in terms of the extent to which a job provides positively valued outcomes to the job holder. Simply, an employee will be satisfied if he/she fulfills the expectation with his/her job. Studies of information technology professionals have shown that JS strongly influences employee intention to leave (Bartol, 1983; Zeffane, 1994). Many studies conceptualize turnover to be a psychological response and rest on the belief that turnover is an individual choice behavior. At the individual level, satisfaction with one's job is the most frequently studied psychological variable in the satisfaction-turnover relationship (Mobley, 1979). Studies involving professional and non-professional employees indicate a negative relationship between overall satisfaction and turnover, although the variance accounted for is less than 14 percent. Cotton and Tuttle (1986) found that overall JS, satisfaction with work itself, pay satisfaction and satisfaction with supervision and organizational commitment were negatively related to turnover.

Although the relationship between JS and intent to leave is generally thought to be negative (Carsten and Spectir, 1987; Tett and Meyer, 1993; Mcbay and Karakowsky, 2001) the magnitude of this relationship is not consistent within the available literature.

It has been found that the most important factors for JS are payment, supervision, job content, working condition, job security, and promotion opportunity. These factors directly relate to the RP (Kenneth and Garry, 1984). There is convenience evidence that where JS is high turnover reduce. Effects of JS are very crucial to an organization in terms of efficiency, productivity, employee relation, absenteeism and turnover (Porter and Steers, 1973; Locke, 1976).

Hence, we can have observed that the available literature strongly suggests that there is a negative relationship between JS and ST.

Employee Turnover (ET)

ET defines as the rate at which employees leave a workplace—and are replaced. Labor turnover is defined as voluntary cessation of membership in an organization and is one of several forms of organizational withdrawal such as absenteeism and tardiness (Mitra et al., 1992; Zeffane, 1994). ST decisions are a function of two factors, i.e. ease of movement; how easy it is to find another job, and desirability of movement; whether employees experience enough dissatisfaction to want a different job (March and Simon, 1958). Many studies conceptualize turnover to be a psychological response and rest on the belief that turnover is an individual choice behavior. Mobley et al., (1979), McBey and Karakowsky (2001) stated that at the individual level, satisfaction with one's job is the most frequently studied psychological variable in the satisfaction-turnover relationship.

There are lots of models that have been studied for sources of influence on ET. However, March and Simon's (1958) two phase turnover model (desirability, and subsequent ease of movement) was the founding framework for all turnover process models and the first one to move beyond simple bivariate relationships between JS and turnover (Bowen, 1982; Jackofsky, 1984; Jackofsky and Peters, 1983; Mobley, 1982; Price, 1977). Mobley (1982) further contributed to the turnover literature with his Intermediate Linkages model, drawing attention to a number of critical sources of influence such as perceived job alternatives. Jackofsky's (1984) Integrated Process Model of Turnover accords individual job performance major causal status in its relationship to turnover behavior. Regardless of the model employed, much of the research has drawn attention to four broad categories of influence on turnover i.e., work-related attitudes (push factors), external environmental factors (pull factors), individual characteristic factors and job performance factors.

Dissatisfaction with career prospects is a major cause of ET. An employer can provide career opportunities by providing employees with wider experience, introducing more systematic procedures for identifying potentials such as assessment or development centers,

encouraging promotion from within, developing more equitable promotion procedures and providing advice and guidance on career paths. Major reasons to leave private commercial banks are high salary, better promotion, challenging job, carrier growth and job security (Paranagama, 2003). "Employee turnover is a ratio comparison of the number of employees a company must replace in a given time period to the average number of total employees" (Purohit, 2016). The major concern of many companies for employee turnover is a costly expense especially in lower paying job roles, for which the employee turnover rate is highest (Samuel and Chipunza, 2012).

There were two researches have been conducted with respect to ET of Sri Lankan banks i.e Labor Turnover among new recruits at DFCC Bank, Wimalaratne, (2003) and lower managerial ST in local private commercial banks in Sri Lanka, Paranagama (2003) and Postgraduate Institute of Management, Sri Lanka.

8 variables have identified for affecting ST, i.e., pay, promotion, working conditions, participate decision-making, job scope, job clarity, age and personality (Wimalaratne 2003). The study had concluded that the primary factor affecting ST is pay followed by promotional opportunity.

Further, Paranagama (2003) has done a study covering 08 private commercial banks in Sri Lanka and identified high salary, high position, challenging job, carrier growth were the most reasons to leave employees from private banks.

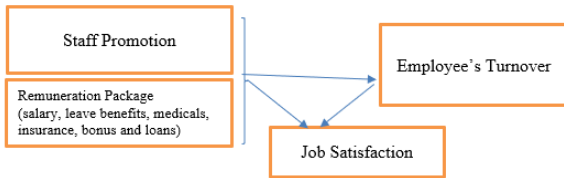
Conceptual Framework

Conceptual framework of the study consists of two parts. The First part assesses the SP and RP (salary, leave benefits, medical insurance, bonus and loans) on ET. The Second part examines the influence of JS on ET (Figure 1). The bank employees of Sri Lanka have always received salaries and other financial benefits much higher than other industries in Sri Lanka. The reasons for this difference are mainly due to large responsibilities towards banking sector, qualified staff and larger profits earned by the banking sector.

Even though the above positive factors with respect to banking industry, we could have observed that there is a large ET in small banks since large and medium banks would hire these

small banks staff with higher salaries and promotions. Therefore, only main two reasons that have been identified by policy makers i.e RP and SP to leave from small banks. The ET among banks in Sri Lanka is around 3% out of which the ET in local private commercial banks (PCBs) is 7% (CBSL). The ET of the banks of which the study has been done at present is well above 15%. Hence, it is prudent to study why SDBs are unable to retain employees successfully.

Figure 01: The Conceptual Model of the Study Source: Author's Designed



Hypotheses of the Study

According to the research questions and background information, the following hypotheses have been developed in order to address the objectives of the research.

H1: There is a negative relationship between SP and ET of SDBs in Sri Lanka.

H2: There is a negative relationship between RP and ET of SDBs in Sri Lanka.

H3: There is a negative relationship between JS on ET of SDBs in Sri Lanka.

H4: There is a negative relationship between SP, RP and ST only JS is observed from employees of SDBs in Sri Lanka.

H5: Satisfaction on SP and RP will significantly explain the variance of ST of employees of SDBs in Sri Lanka.

Research Methodology

The population of this study is the number of bank employees (executive and non-executive) in 5 SDBs in Sri Lanka. The total number of employees of these 5 banks are 2,100. Sample of 300 employees were selected (60 from each bank), out of 2,100 population.

In this study, the quantitative approach is used to verify the hypotheses. A self-administered questionnaire was used to gather data in this regard. It contained two sections, No.01-personal information and No.2 – feelings and behavior trends of employees regarding SP and

RP on ET (Table 1). In addition, one question was delivered to get reasons for leaving SDBs which was responded 8 reasons. The assessment was carried out using a five-point scales ranging from ‘1’ “strongly disagree” to ‘5’ “strongly agree.”

Table 1: Summary of Questionnaire

Section No	Area forecasted (variable)
01	Demography Variable (DV)
02	Staff Promotions (SP) Remuneration Package (RP) Employee Turnover (ET) Impact of SP and RP on ET Job Satisfaction (JS)

A printed questionnaire delivered and collected by the researcher personally to the respondents of the banks. Accordingly, 283 questionnaires, which constitute of 94 percent response rate, were returned out of 300 questionnaires and usable for analysis. Out of 283 responses, 281 responses were staff promotion and remunerations are the main reasons to leave the job. Therefore, SP and RP considered for the analysis.

Data Analysis and Results

Cronbach’s Alpha has been used as the test to identify the scale reliability of this study (Table 2). Data collected using questionnaire was analyzed through descriptive statistics, a test of hypothesis, frequency distribution, correlation and multiple linear regression using the Statistical Package for Social Scientists (SPSS version 20.0). The regression analysis was carried for the first part of the conceptual framework and test the relationship between RP, SP and JB on ST.

The frequency distribution analysis was made individually for the dependent, independent and mediating variables. The frequency distributions are presented in table 3 and histograms and the results have been interpreted mainly considering the variance and skewness of distribution. It has interpreted that if the variance and skewness is in between 1 and -1 the data recorded are normally distributed.

Table 2: Cronbach's Alpha Coefficients Test

Dimension	Cronbach's Alpha value
Staff Promotion	0.755
Remuneration Package	0.881
Job Satisfaction	0.884
Employee's Turnover	0.621

Source: Survey Data- 2018

Table 3: Statistics of the Distribution of the selected variables

Items	SP	RP	JS	ET
Valid	283	283	283	283
Missing	0	0	0	0
Mean	3.2305	3.0869	3.498	3.688
Std. Error of Mean	.06584	.04959	.04710	.06384
Median	3.2000	3.0625	3.500	3.67
Variance	.455	3.31	3.10	.428
Skewness	-.064	.50816	.4826	-.219
Std. Error of Skewness	.236	.258	.233	.236
Kurtosis	-.114	-.097	-.688	-.548
Std. Error of Kurtosis	.467	.236	.236	.467
Range	3.00	-.369	.837	2.67
Minimum	1.80	.467	.467	2.33
Maximum	4.80	2.31	2.55	5.00
Sum	339.20	1.88	2.05	387.3

As per the correlation tests done using Spearman's rho there is a negative relationship between the dependent variable and independent variables (Table 4). There is also a negative relationship between the dependent variable and the mediating variable. This is in line with the hypothesis created for this study.

As per mean value of the distribution of all variables are suggesting the respondents are moderately satisfied with SP, RP, JS and ET. The variance and the skewness, which indicates the data recorded for SP, RP, JS and ET are approximately normally distributed. As an example, the mean value of the distribution is 3.2305 suggesting the respondents are moderately satisfied with the SP. The variance is 0.236 and skewness is -0.114, which

indicates the data recorded for SP are approximately normally distributed.

The relationship between SP and ET and JS and ET is significant at the 0.01 level (2-tailed). However, the relationship between RP and ET is not significant. There is also a significant positive relationship between the independent variables and the moderating variable.

Hypothesis Testing

In the regression analysis, the following values at Table 5 are obtained in order to accept or reject the hypotheses. Accordingly, the first 3 hypotheses were checked.

H1: The significance value is well below 0.05 that is $p < 0.05$, accordingly reject the null hypothesis and accept the satisfaction on SP and ET are negatively related of employees of SDBs in Sri Lanka.

H2: The significance value is slightly below 0.05 that is $p < 0.05$, accordingly reject the null hypothesis and accept the satisfaction on RP and ET is negatively related of employees of SDBs in Sri Lanka.

H3: The significance value is well below 0.05 that is $p < 0.05$, accordingly reject the null hypothesis and accept the JS and ET are negatively related of employees of employees of SDBs in Sri Lanka.

H4: JS is included as the mediating variable i.e., the satisfaction on SP and RP is negatively related to ET only when JS is observed of employees of SDBs in Sri Lanka. In such a situation, Partial Correlation is used. This computes partial correlation coefficients that describe the linear relationship between two variables while controlling the effects of one or more additional variables (two variables can be perfectly related, but if the relationship is not linear, a correlation coefficient is not an appropriate statistic for measuring their association).

Table 4: Results of the Correlation Analysis

			SP	RP	ET	JS
Spearman's rho	Staff Promotions	Correlation Coefficient	1.000	.316(**)	-.313(**)	.530(**)
		Sig. (2-tailed)	.	.001	.001	.000
		N	105	105	105	105
	Remuneration	Correlation Coefficient	.316(**)	1.000	-.121	.417(**)
		Sig. (2-tailed)	.001	.	.221	.000
		N	105	105	105	105
	Employee's Turnover	Correlation Coefficient	-.313(**)	-.121	1.000	-.302(**)
		Sig. (2-tailed)	.001	.221	.	.002
		N	105	105	105	105
	Job Satisfaction	Correlation Coefficient	.530(**)	.417(**)	-.302(**)	1.000
		Sig. (2-tailed)	.000	.000	.002	.
		N	105	105	105	105

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

Source: Survey Data- 2018

Table 5: Results of Hypothesis

	Relationship	Item	Sum of Squares	df	Mean Square	F	Sig.	Results
H1	Satisfaction on SP and ET are negatively related	Between Groups	12.569	14	.898	2.530	.004	Accepted
		Within Groups	31.935	90	.355			
		Total	44.504	104				
H2	Satisfaction on RP and ET are negatively related	Between Groups	18.552	32	.580	1.609	.049	Accepted
		Within Groups	25.951	72	.360			
		Total	44.504	104				
H3	JS and ET are negatively related	Between Groups	17.875	28	.638	1.822	.021	Accepted
		Within Groups	26.629	76	.350			
		Total	44.504	104				

Source: Survey Data- 2018

According to the Table 6, where there are no controlling variables SP and RP have correlation values of -0.324 and -0.049 against ET. When JS is the mediating variable, the values become -0.173 and 0.070. It is evident that the SP negatively related to ET when JS is made a mediating variable. Thus, we accept the alternative hypothesis i.e satisfaction on SP and RP is negatively related to ET only when JS is observed of employees of DSBs in Sri Lanka.

H5: To test whether the satisfaction on SP and RP will significantly explain the variance of ET of employees of SDBs in Sri Lanka, regression was the best possible method. However, as there was no linearity observed in the subject variables regression technique could not be used. Accordingly, we used the following techniques to test the above hypothesis.

- 1) Matrix extracted from bivariate analysis using Spearman’s rho (Table 7).

Table 6: Results of Partial Correlation

Control Variables			SP	RP	ST	JS
-none-(a)	SP	Correlation	1.000	.276	-.324	.557
		Significance (2-tailed)	.	.004	.001	.000
		df	0	103	103	103
	RP	Correlation	.276	1.000	-.049	.327
		Significance (2-tailed)	.004	.	.622	.001
		df	103	0	103	103
	ET	Correlation	-.324	-.049	1.000	-.338
		Significance (2-tailed)	.001	.622	.	.000
		df	103	103	0	103
	JS	Correlation	.557	.327	-.338	1.000
		Significance (2-tailed)	.000	.001	.000	.
		df	103	103	103	0
Job Satisfaction	SP	Correlation	1.000	.120	-.173	
		Significance (2-tailed)	.	.226	.078	
		df	0	102	102	
	RP	Correlation	.120	1.000	.070	
		Significance (2-tailed)	.226	.	.482	
		df	102	0	102	
	ET	Correlation	-.173	.070	1.000	
		Significance (2-tailed)	.078	.482	.	
		df	102	102	0	

Accordingly, SP is a significant variable that explains ET while RP is not significant. However, the aggregate of these two variables have significantly explained the variance in ET as SP alone, and it is a significant variable. Thus, the satisfaction on SP and RP significantly explained the variance of ET of employees of SDBs in Sri Lanka.

- 2) The results of Question 22 (Table 8)

Ranking the reason/s that have impact for changing the job (RP, higher position (SP), disagreement with the management, challenging work, job security, working condition.

In this question, the respondents were requested to rank many variables associated with ET. The results are given below. As per Table 8, data more than 57% of the respondents have indicated that the main reason for their turnover decision would be either RP or SP, thus validating the hypothesis and rejecting the null hypothesis. Accordingly, all alternative hypotheses proposed in this study have been validated.

Table 7: The Matrix of the Significance of Independent Variables

Independent Variables	Dependent Variable (ET)	
	Significant Variable	Rank
SP	√	1
RP		2

Source: Survey Data- 2018

Table 8: Main Reasons for Staff Turnover

Reasons	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Remuneration Package	105	37.1	37.1	37.1
Higher Position (staff promotion)	57	20.0	20.0	57.1
Disagreement with Management	13	4.8	4.8	61.9
Working Conditions	30	10.5	10.5	72.4
Job Security	38	13.3	13.3	85.7
Challenging Work	13	4.8	4.8	90.5
Location	22	7.6	7.6	98.1
Other	5	1.9	1.9	100.0
Total	283	100.0	100.0	

Findings and Conclusion

As per the findings of the study, it was observed that there is a negative relationship between SP and ET among the employs of SDBs in Sri Lanka. As per the correlation test done using Spearman's rho, the negative relationship between SP and ST was -0.313 which is significant at once percent significance level. The relationship between RP and ET which was proved using Spearman's rho, the negative relationship between SP and ST was -0.121 which is not significant. Further, the results of the regression test validated the negative relationship between RP and ET with a

significance value of 0.049 which is slightly lower than 0.05. It has been documented that higher the satisfaction with pay /financial rewards received, the lower expected level of turnover.

Further, there is a negative relationship between JS and ET. As per the correlation test results, it was found that the negative relationship between SP and ET (-0.302) which is significant at 0.01 level. As per the results of the regression analysis, it was validated the negative relationship between RP and ET with significance value of 0.021 which is lower than 0.05.

The study was found that JS control the relationship between SP and RP with ET. As per the correlation test results, JS reduced the negativity of both SP and RP in relation to ST from -0.324 and -0.049 to -0.173 and 0.070. The impact was more on the relationship between RP and ST as the relationship become positive when JS is controlled.

Further, it was revealed that there is a significant impact of SP and RP on ET, which was a matrix created using the results of the bivariate analysis using Spearman's rho explained that both these variables will significantly explain the variance of ET.

The principal purpose of this study was to identify the impact of SP and RP on ET in SDBs in Sri Lanka. The study identified that SP and RP will significantly explain the variance of ST. The study also identified that there is a negative relationship between the independent and mediating variables with the dependent variable.

As per the univariate analysis, it was found from the frequency distribution that there was moderate satisfaction on SP among the respondents (Mean 3.23) in a 5-point Likert scale. The satisfaction on RP was also moderate (Mean 3.08). Thus, it is evident that the respondents were moderately satisfied with both SP and RP. On the other hand, JS indicated a mean value of 3.49 as per the Minnesota satisfaction questionnaire which evidenced satisfactory JS among the respondents. However, the intention to leave had the highest mean value of 3.68. It is evident from the above findings despite there being moderate satisfaction on SP and RP the intention to leave is high among the respondents.

Accordingly, the indicators of the subject measures are the main reasons for not being

satisfied with SP and RP. The main indicators above are fair promotion procedures, promotion within organizations, progressions in pay and compatibility with other banks with regard to RPs.

According to the observations and test results obtained, the following methods were recommended to overcome the subject shortcomings which need to be discussed subsequently.

- 1) Adoption of a uniform promotion policy which should be circulated among staff and adherence to same. Any deviation to be approved at board level with necessary justifications.
- 2) Encourage to the maximum, promotions within organization.
- 3) Adopt a Progressive (continuously growing) salary procedure and the other benefits such as bonus, medical and loan policies to be in line with the Industry. For this a suitable pay survey should be done by an HR specialist.
- 4) Adopt other measures to increase employee loyalty.

The study revealed that the employee's turnover intention as dependent variable is significantly correlated to two factors as independent variables. In this regard, the management of SDBs should take contingency of the issues so that employee's turnover can be curtailed in a highest level. Thus, the implication of the research reveal that it is very important for any licensed bank in Sri Lanka to take effective measures to improve the effectiveness of factors associated with employee turnover. However, the study was confined to only 6 banks with a limited sample size as well as some selected variables the results of which may not be generalized for whole banking sector. In a further study, the researchers may try to explore other variables such as job security, working conditions, management attitudes and other relevant variables that affect staff turnover of the banking sector. Further, it would be an interesting topic if researchers may find out the impact of demography factors with regard to SP and RP.

References

Adams, J.S. (1963). "Towards an understanding of inequity", *Journal of Abnormal and Social Psychology*, Vol. 67, pp: 422-436.

- Armstrong, M., and Maulis, H. (1988). "Reward Management", 4th edition. Kogan Page Ltd, London.
- Armstrong, M. (1998). "Handbook of Personnel Management Practice" Kogan Page Ltd, London.
- Armstrong, M. (2004). "A Hand Book of Human Resource Management Practice", 9th edition, London: Kogan Page Ltd, London.
- Arnold, H.J., and Feldman, D.C. (1982). "A multivariate analysis of the determinants of job turnover", *Journal of Applied Psychology*, Vol. 67 No. 3, pp. 350-60.
- Bartol, K M. (1983). "Turnover among D P Personnel: A Casual Analysis," *Communications of the ACM*. Vol. 26.
- Bedeian, A.G., Ferris, G.R., and Kacmar, K.M. (1992). "Age, tenure, and job satisfaction: a tale of two perspectives", *Journal of Vocational Behavior*, Vol. 40, pp. 33-48.
- Blaikie, N. (2003). "Analyzing Quantitative Data", Sage Publications, London.
- Bohlander. G., and Shell. S. (2004). "Managing Human Resources", 13th edition, South -Western, U.S.A: Lachina Publishing Service.
- Bowen, D.E. (1982). "Some unintended consequences of intention to quit", *Academy of Management Review*, Vol. 7 No. 2, pp. 205-11.
- Bratton, J., and Gold J. (1994). "Human Resource Management; Theory and Practice", Mc Millan Press Ltd, London.
- Brown, S.P., and Peterson R. A. (1993). "Antecedents and Consequences of Salesperson Job Satisfaction: Meta-Analysis and Assessment of Causal Effects". *Journal of Marketing Research*, Vol. 30, pp:63-77.
- Bryman A., and Emma Bell (2003). "Business Research Method", 1st edition, Oxford University Press USA.
- Carsten, J. M., and Spector, P.E. (1987). "Unemployment, Job Satisfaction, and Employee Turnover, A meta-analytic test of the Muchinsky model", *Journal of Applied Psychology*, Vol. 72, pp: 374-381.
- Cauvery, R. (2005), "Research Methodology", 1st edition S Chand and Co Ltd India.
- Cavanagh, S. J., and Coffin, D. A. (1992). "Staff Turnover among Hospital Nurses". *Journal of Advanced Nursing*, Vol. 17, pp:1369-1376.

- Central Bank of Sri Lanka Annual Report, 1995-2006.
- Chanda, J.S. (1994), "Additional Behavior", New Delhi, Vikas Publishing House Pvt Ltd., 1994.
- Chew, R. (1996), "Excessive Labor Turnover; the Case of Clerical Staff in Singapore". *International Journal of Manpower*, Vol. 14, No. 9, pp:32-40.
- Cole, G.A. (2002). "Personnel and Human Resource Management", 5th edition, D P Publication Ltd, London.
- Cotton, J., and Tuttle, J.M. (1986). "Employee Turnover A Meta-Analysis and Review With Implication for Research". *Academy of Management Review*, Vol. 11, No. 1, pp:55-70.
- Cooper and Robertson T., (1992). "Work Motivation: New Directions in Theory and Research", *International Review of Industrial and Organizational Psychology*, Vol. 7, Chapter 1, pp:1-53.
- Cranny, C.J., Smith P.C., and Stone E.F. (1992). "Job Satisfaction, How People Feel About Their Jobs and How It Affects Their Performance", Lexington Books, New York.
- Curry, J. P., Wakefield, D. S., Price, J. L., and Mueller, C. W. (1986). "On the Causal Ordering of Job Satisfaction and Organizational Commitment." *Academy of Management Journal*, Vol. 29, No. 4, pp:210-230.
- Curtis S., and Wright D. (2001). "Retaining Employee, the fast track to commitment", *Management Research*, Vol 24.
- Cushway, B. (2001). "Human Resource Management", 1st edition, Rest Publishing, New Delhi.
- Dalton, D.R., and Todor, W.D. (1982). "Turnover: a lucrative hard dollar phenomenon", *Academy of Management Review*, Vol. 7 No. 2, pp: 212-18.
- Dalton, D.R., and Todor, W.D. (1979). "Turnover turned over: an expanded and positive perspective", *Academy of Management Review*, Vol. 4 No. 2, pp:225-35.
- Deery, M. A., and Shaw, R. N. (1999). "An Investigation of the Relationship between Employee Turnover and Organizational Culture" *Journal of Hospitality and Tourism Research*, Vol. 23(4), pp:387-400.
- Dessler, G. (2001). "Human Resource Management", 7th edition, Prentice- Hall of India Private Ltd, New Delhi.
- Doran, L .I., Stone, V. K. Brief, A. P., and George, J.M. (1991). "Behavioral intentions as predictors of job attitudes: The role of economic choice". *Journal of Applied Psychology*, Vol.76(1), pp:40-45.
- Dreher, G.F. (1982). "The role of performance in the turnover process", *Academy of Management Journal*, Vol. 25 No. 1, pp: 137-47.
- Duckworth W.E. (1968). "Statistical Techniques in Technological Research" Methuen andCo Ltd, New Fetter Lane, London.
- Eichar, D.M., Brady, E.M., and Fortinsky, R.H. (1991). "The satisfaction of older workers" , *Journal of Organizational Behavior*, Vol.12(7), pp:609-620.
- Farrel, D., and Rusbult, C. E. (1981). "Exchange variables as predictors of job satisfaction, job commitment, and turnover: The impact of rewards, costs, alternatives and investments", *organizational Behavior and Human Performance*, Vol28(1), pp:78-95.
- Forgionne, G.A., and Peeters V.E. (1982). "Differences in Job Motivation and Satisfaction among Female and Male Managers," *Human Relations*.
- Glinow, V.M., Driver, M., Brousseau, K., and Prince, J. B. (1983), "The design of a career-oriented Human Resource System", *Academy of Management Review*, Vol. 8(1), pp:23-32.
- Greenberger, E., and Steinberg, L. (1996). *When Teenagers Work*, Basic Books, New York.
- Guest, R. H. (1955). "A Neglected Factor in Staff Turnover", *Occupational Psychology*, Vol. 29, pp:217-231.
- Guthrie, J.P. (1999). "High Involvement Work Practices, Turnover and Productivity: Evidence from New Zealand", *The Academy of Management Journal*, Vol.44(1), pp:180-190.
- Hai, L.B. (1994). "A Study on Demographic Variables on Job Satisfaction and Organizational ommitment", Unpublished MBA thesis, University Sains Malaysia, Penang.

- Hackman, J.R. (1990). "Groups that work (and those that don't): Creating conditions for effective team work". San Francisco, CA: Jossey-Bass.
- Harvard Business Review, (2004).
- Heliman, C.H. (1997). "Job satisfaction and intent to leave", *Journal of Social Psychology*, Vol. 137(6), pp: 677-89.
- Hellman, C.M. (1997). "Job Satisfaction and Intent to Leave", *The journal of Social Psychology*, Vol. 1137(6), pp:677-689.
- Herriot, P., and Pemberton, C. (1996). "Contracting Carrers". *Human Relations*, Vol. 49, pp:757-790.
- Kumara, K.H. (2005). "Impact of Job Satisfaction, Organizational Commitment, Job Involvement, Occupational Stress and HRM Competencies on Job Performance of HR Managers in Apparel Industry in Sri Lanka" Dissertation for an MBA , Rajarata University of Sri Lanka.
- Herman, J. B., and Hullin, C. L. (1972). "Studying Organizational Attitudes from individual and Organizational Frames of Reference", *Organizational Behavior and Human Performance*, Vol 8, pp:84-108.
- Herzberg, F. (1966). "The motivation – hygiene theory." *Work and the Nature of Man*, Word "Publishing Co. <http://www.sbaer.uca.edu/research/1998/ICSB/p002.htm>,5/6/2004
- Irvine, D., and Evans, M. (1992). "Job Satisfaction and Turnover among Nurses: A Review and Meta-Analysis, Quality of Nursing work life", *Research Unit Monograph*, Faculty of Nursing, University of Toronto, Toronto.
- Islam N., and Saha G.C. (2002). "Job Satisfaction of Bank Officers in Bangladesh".
- Jackofsky, E.F. (1984). "Turnover and job performance: an integrated process model", *Academy of Management Review*, Vol. 9(1), pp: 74-83.
- Jackofsky, E.F., and Peters, L.H. (1983). "The hypothesized effects of ability in the turnover process", *Academy of Management Review*, Vol. 8(1), pp: 46-49.
- Kato, T., and Morishima, M. (2000). "The Productivity Effects of Participatory Management Practices" *Industrial Relations*, Vol 41, pp:487-520.
- Kalleberg, A . (1977). "Work values and Job Rewards: A theory of Job Satisfaction", *The Sociological Quarterly*.
- Kenneth, N.W., and Garry, A.Y. (1984). "Organizational Behavior and Personnel Psychology", Irwin, Homewood.
- Kerrin M., and Oliver N, (2001). "Collective and Individual Improvement Activities; The Role of Reward System", *Personal Review MCB up Ltd.UK*.
- Knoop, R. (1995). "Relationships between Job, Job Satisfaction, and Organizational Commitment for Nurses", *Journal of Psychology Interdisciplinary and Applied*.
- Kuhn, J.W., and Chamberlain, N.W. (1965). "Collective Bargaining", 2nd Edition, New York: McGraw-Hill.
- Lawler, E.E. (1971). "Pay and Organizational Effectiveness", New York: McGraw-Hill.
- Locke, E.A., and Henne, D. (1986). "Work Motivation Theories". In C.L.
- Locke, E. A. (1976). "The Nature and Cause of Job Satisfaction and Organizational Psychology". Chicago: Rand McNally, pp:1297-1349.
- Luthans, F. (1995). "Organizational Behavior , 7th edition, New York, McGraw Hill.
- Luthans, F. (2002). "Organizational Behavior", 9th edition, MC Graw Hill Inc, New York.
- March, J.G., and Siman, H. A. (1958). "Organizations" John Wiley and Sons, New York.
- Marsh B., and Kleiner B.H. (2001). "An Overview of Trends in Employee Benefits Programs", *Management Journal*.
- Martin, C.L., and Bennett, N. (1996). "The Role of Justice Judgments in Explaining the Relationship between Job Satisfaction and Organizational Commitment", *Group and Organization Management*.
- Marsh, R.M., and Mannari,H. (1977). "Organizational Commitment and Turnover: A Prediction Study", *Administrative Science Quarterly*, Vol.22, pp:57-75.
- Mcbey, K., and Karakowsky, L. (2001). "Examining Sources of Influence on Employee Turnover in the Part Time Work Context", *Career Development International*, Vol. 6, Issue:1, pp:39-48, <https://doi.org/10.1108/13620430110381025>
- Michael Page Banking and Finance Salary Survey ,2006/2007.

- Mitra, A., Jankins, G.D., Gupta, N., and Shaw, J.D. (1992). "Are Financial Incentives Related to Performa? A Meta-Analytic Review of Empirical Research", *Journal of Applied Psychology*, Vo. 83, No. 5, pp: 777-787.
- Mobley, W.H. (1977), "Intermediate linkages in the relationship between job satisfaction and employee turnover", *Journal of Applied Psychology*, Vol. 62(2), pp: 237-240.
- Mobley, W.H., Griffeth, R.W., Hand, H.H., and Meglino, B.M (1979). "Review and Conceptual Analysis of the Employee Turnover Process". *Psychological Bulletin*, Vol. 86, pp: 493-522. <http://dx.doi.org/10.1037/0033-2909.86.3.493>
- Mobley, W.H. (1982a). *Employee Turnover: Causes, Consequences, and Control*, Addison-Wesley, Reading, MA.
- Mobley, W.H. (1982b). "Some unanswered questions in turnover and withdrawal research", *Academy of Management Review*, Vol. 7(1), pp:111-16.
- Mobley, W.H. (1982). "Employee Turnover", Causes, consequences and Control Reading M A Addition Wesley.
- Mottaz, C.J. (1987). "An analysis of the Relationship between Work Satisfaction and Organizational Commitment". *The Sociological Quarterly*.
- Mowday, R.T., Porter, L.W., and Steers, R.M. (1982). "Employee- Organization Linkages: The Psychology of Commitment, Absenteeism, and Turnover". New York: Academic Press.
- Nasurdin A.M., Ramayah T., Hemdi M.A. (2003). "Job Satisfaction and Turnover Intention; Is Commitment A Mediator".
- Nicholson, N. (1995). "The Blackwell Encyclopedic Dictionary of Organizational Culture:"a Profile Comparison Approach to Assessing Person , Organization fit:. *Academy of Management Journal*, Vol. 34, No. 3.
- Okpara J.O. (2003). "The Impact of Salary Differential on Managerial Job Satisfaction: A Study Of The Gender Gap And Its Implications For Management Education And Practice In a Developing Economy "Briarcliffe College.
- Opatha, H.H.D.N.P.K. (1995). "Sewamandala Kalamanakaranaye" (Personnel Management), Author Publication, Sri Lanka.
- Opatha, H.H.D.N.P.K. and Ismail Z.B. (2002), "An Empirical Investigation of Management Related Factors Contributing to LMR in Manufacturing Firms in Sri Lanka" NMIMS Journal.
- Opatha, H.H.D.N.P.K. (2003). "Research Methods for Human Resource Management" University of Sri Jayawardanapura, Sri Lanka.
- Panneerselvam, R. (2004). "Research Methodology", Prentice Hall of India, New Delhi.
- Paranagama, V.A. (2003). "Lower Managerial Staff Turnover in Local Private Commercial Banks in Sri Lanka", Postgraduate Institute of Management, Sri Lanka.
- Pattanayak, B. (2006). "Human Resource Management", 3rd edition, Printice Hall of India (Pvt) Ltd.
- Phell, A.R. (2001). "Human Resource Management".
- Porter, L. W. (1961). "A Study of Perceived need Satisfaction in Bottom and Middle Management Jobs, *Journal of Applied Psychology*.
- Porter, L.W., and Steers, R.M. (1973). "Organizational Work and Personal Factors in Employee Turnover and Absenteeism", *Psychology Bulletin*, Vol 80.
- Porter, L. W., and Steers, R. M. Mowday, R.T. and Boulian, P.V. (1974). "Organizational Commitment, job Satisfaction, and Turnover among Psychiatric Technician", *Journal of Applied Psychology*.
- Price, B. J. (2005). "Career Focused Employee Transfer", Management Dept, Kanas State University, USA.
- Purohit, M. (2016). "A Study on Employee Turnover in IT Sector with Special Emphasis on Wipro and Inforsys", *Journal of Business and Management*, Vol.18, Issue 4, pp:47-51.
- Richard I. Levinand David S. Rubin., (2003). "Statistics for Management", 7th edition, New Delhi: Prentice- Hall of India Private Limited.
- Robbins, S.P. (2001). "Organizational Behavior" ,New Delhi, Prentice-Hall of India Pt Ltd. , pp: 21,69,76,78-79, 237.

- Roberts S. Harold, (1971). "Roberts Dictionary of IR", The Bureau of National Affaires, Washington.
- Rogers, E.W. and Wright, P.M. (1998). "Measuring Organizational Performance in Strategic Human Resource Management: problems, prospects, and performance information markets", *Human Resource Management Review*. 8.
- Salancik, G., and Pfeffer, J. A. (1987). "Toward a Psychological Structure of Human Values," *Journal of Personality and Social Psychology*, Vol 53.
- Samuel, M.O., and Chipunza, C. (2009). "Employee retention and turnover: Using motivational variables as a panacea", *African Journal of Business Management*, Vol. 3(8), pp: 410-415, September 2009.
- Sekaran, U. (2006). "Research Methods for Business, A Skill- Building Approach", 4th edition, New York: Jhon Wiley and Sons, Inc. New Delhi, Nutech Photolightographers.
- Shuler, R. S. (1994). "What HR Departments in Effective Firms in Highly Competitive Global Environments in the 21st century Need to Address", *Accounting and Business Review*, 1(1).
- Smith, L. (1999). "An Evaluation of Programs for Staff Motivation", *Management Graduate Centre, UK*.
- Smith, P.C., Kendall, L.M., and Hulin, C.L. (1969). "The Measurement of Satisfaction in Work and Retirement." Chicago: Rand McNally.
- Staw, B.M., and Ross, J. (1985). *Stability in the Midst of Change: A Dispositional Approach to Job Attitudes*. *Journal of Applied Psychology*.
- Steel, R.P., and Griffeth, R. W. (1989). *The Elusive Relationship between Perceived Employment Opportunity and Turnover Behavior: A Methodological or conceptual artifact*, *Journal applied Psychology*.
- Testa, M.R. (2001). *Organizational Commitment, "Job Satisfaction, and Effort in the Service Environment"*. *Journal of Psychology*.
- Terkel, S. (1974). "Reducing Staff Turnover: a case study of dialysis facilities.", *Health care Management Review (HCM)* ISSN: 0361-6274 Vol. 23 Iss: 4 Date: Fall pp: 21-42.
- Tett, R.P., and Meyer, J.P. (1993). "Job satisfaction, organizational commitment, turnover intention and turnover: Path analysis based on meta-analytic findings", *Personnel Psychology*, Vol. 46, pp: 259-293.
- Vandenberg, R.J., and Lance, C.E. (1992). "Examining the causal Order of Job Satisfaction and Organizational Commitment" *Journal of Management*.
- Varde V. (1979). "Reference Book on Statistical Methods", National Institute of Bank Management, Bombay.
- Vroom, V.H. (1964). *Work and motivation*, New York: John Wiley and Sons.
- Weaver, C.N. "Job satisfaction in the United States in the 1970s." *Journal of Applied Psychology*, 65, 1980, 364-367.
- Weiss, D., Dawis, R., England, G., and Lofquist, L (1967). "Manual for the Minnesota Satisfaction Questionnaire", University of Minnesota, Minneapolis, MN.
- Wexley K.N., and Yoki A. G. (1984), "Organizational Behavior and Personnel Psychology". Pp: 44-68.
- Wimalaratne, W .K .C. (2003). " Labor Turnover among New Recruits at DFCC Bank", for an MBA, Postgraduate Institute of Management, Sri Lanka.
- Zeffane, R.M. (1994). "Understand Employer Turnover; the need for a contingency approach", University of Newcastle, Australia

Empirical study on factors influence to the export market orientation and its influence on the export performance

P.G.P. Kumara^{1*} & S.M.A.K. Samarakoon²

Abstract

There are much research on market orientation and performance, although the limited number of researchers examined the Influence of Export market Orientation (EMO) on export performance. The result of these studies shows significant influence although several studies couldn't find out significant influence on export performance. Many of these studies conducted within developed countries, therefore novel studies need to do within developing countries. This the examined influence of EMO on business performance and factors influence the degree of EMO. The research was conducted using 135 sample firms registered under the Board of Investment (BOI) in Sri Lanka. Multiple regression analyses used to test the proposed model. The study result shows that EMO positively influence on export performance, and export experience, export coordination, and export innovations significantly influence on the degree of EMO. Moreover, the present EMO level of Sri Lanka export companies is at a satisfactory level nonetheless it is important to improve the level of existing degree of EMO within the export firms. Furthermore, Top management of the export companies should advance export coordination, export innovations to increase the degree of export market orientation. They should earn more experience in the export market and relevant activities

Keywords: Export market orientation, Export performance, Export companies

Introduction

Number of past research focused export market orientation (EMO) (e.g. Racela et al., 2007) and examined the antecedents of EMO (e.g. Cadogan et al., 2006) and consequences of EMO (e.g. Kropp et al., 2006, Samarakoon, S.M.A.K., 2018). Furthermore, past research of EMO expressed positive significant influence on export performance, while few research studies reported a non-significant influence on export market orientation within their studies (Akyol and Akehurst, 2003). When it discusses under export market orientation, it is relevant to how far the exporters are catering to their customers' needs and wants. Export firms attempt to obtain a higher degree of export market orientation because it leads to increase the export performance of the firms. To achieve this purpose, policymakers and export firms need to know the existing levels of EMO,

when they are catering to their customers' needs and wants. On the other hand, it will directly effect on export-based earnings of a country. Increasing export earning influence on the healthy balance of payments, growth of the economy, increasing employment level of a country, etc.

In the international context, there are a number of research articles relevant to various sectors including manufacturing, service, educational agricultural, etc. Sri Lankan context it is rare to find such published research articles with regard to the export market orientation. The result will be worthwhile for the decision-makers that held top management positions in the foreign market oriented companies, Sri Lankan policymakers and researchers. Moreover, Sri Lankan export quantity and values were increased slowly from recent years (International trade statistics of Sri Lanka,

¹ *Export Development Board, Sri Lanka,*

² *Department of Commerce and Financial Management, University of Kelaniya, Sri Lanka.*

**Corresponding author: pkpgpk@gmail.com*

2018) and from a long period of years shows a huge minus trade balance in Sri Lanka (IMF country report, 2019). Therefore it is important to increase the exports performance of Sri Lankan export companies. For this purpose, it is very important to know the present degree of export market orientation within the export-oriented companies in Sri Lanka. It is very important to know the present degree of export market orientation within the export oriented companies in Sri Lanka. Further, Sri Lankan context there are a number of export oriented business firms, although some of those are profitable and some are not. Being profitable is not an indicator of being market oriented therefore it is required to know whether the Sri Lankan export organizations are really export market orient or not. The base of the above background key research problem is which is the level of export market orientation and what types of antecedents affecting to the degree of export market orientation of the BOI registered companies in Sri Lanka?

Research objectives

To measure the level of Export Market Orientation (EMO) of export firms in Sri Lanka.

To examine the influence of export coordination, export experience, export innovation and export environment on export market orientation (EMO) of export firms.

To examine the effect of export market orientation (EMO) on the export performance.

Literature review and definitions

Market orientation (MO) is the second most important driver of after differential advantage (Doyle and Wong 1998). However, studies were found that organizations in which success in the domestic market does not guarantee success on foreign markets (Shoham 1999). Therefore, it is important to pay attention export market orientation.

Export market orientation.

Diamantopoulos and Cadogan (1996) suggested the concept of EMO to spread out the application of Market orientation to exporting firms. EMO states to the application of marketing based on Jaworski and Kohli, (1993) in an export market background. This study also adopted Cadogan et al. (1999) EMO definition, they defined EMO using three dimensions namely export intelligence generation, dissemination and responsiveness.

Export intelligence generation includes the activities that are used to create export market intelligence (Racela et al., 2007). These include collecting information relating to trends, changes from the export environment, the forces that influence export customers' needs and wants, and the measurement of export customer satisfaction. Further, Souchon and Diamantopoulos (1996) mentioned that organize the creation of Export Market intelligence and which are motivated in the direction of export customers, competitors or the related environmental changes.

Export market intelligence dissemination is defined as the activities connecting the sharing of export market intelligence of Export customers, competitors or the interrelated environmental changes (Cadogan et al., 1999, p. 692). Responsiveness denotes the formulation and implementation of all responsiveness in the direction of the export intelligence which has been gathered and disseminated. Responsiveness is focused to export customers, competitors or the interrelated environmental changes (Diamantopoulos and Cadogan, 1996). This model which is developed based on Cadgan et al., (2001, 2002, and 2009) is associated with superior export performance. Framework which is developed by Cadogan et al was used for number of export marketing research in the literature (Yousra Asaad, T.C. Melewar, Geraldine Cohen, John M.T. Balmer, 2013). Therefore, this study also used to the well-known framework of EMO to measure the export market orientation level of export manufacturing firms.

Antecedents of Export market orientation

Export market oriented companies can use research finds to identify the factors that may influence the degree of export market orientation. Significant antecedents of export market orientation are essential to recognize correctly to raise the degree of export market orientation within the business organizations. Kirca et.al (2005) conducted a meta-analysis and identified seven antecedents of export market orientation namely top management emphasis, interdepartmental connectedness, interdepartmental conflicts, centralization, formalization, market based reward systems, and market oriented trainings. Moreover, they sorted out selected antecedents of export market orientation under three labels namely

top management factors, interdepartmental factors, and organizational factors. Morgan et al. (2004) conducted the study on antecedents of Export Venture Performance and examined the influence of several antecedents of EMO. Racela, Chawit, & Amonrat, (2007) the degree of knowledge available about export markets or foreign markets (Navarro, Acedo, Robson, Ruz, & Losada, 2010), export coordination (Cadogan et al., 2001) and environmental turbulence (Nemkova, Souchon, & Hughes, 2012) identified as the antecedents of EMO. Moreover, export literature mention that innovation activities are an important driver behind the EMO (Hult et.al 2004) and have been identified as a key antecedent of EMO. Innovation can take the form of totally original products (innovative to the local or foreign) or upgrading of present products. In 2007, Racela et al. find that the export market orientation is able to encourage private relationships between exporters and foreign importers in worldwide distribution channels.

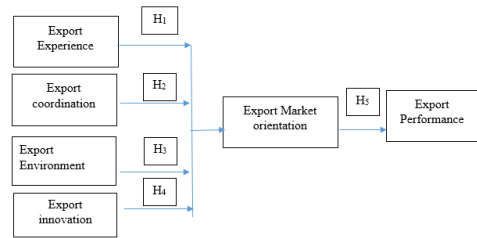
Export performance and export market orientation

Yeoh and Jeong (1995) argued that the three key antecedents of performance in the exporting setting are export channel structure, strategic orientation, and external environment. Since strategic planners of an export firm should give their attention to developing export market orientation strategies because recent researchers mention that market orientation capabilities are particularly significant within the setting of exporting. Because market orientation supports firm to learn about the external market and change company strategies and products of companies to better confirm to foreign market demand (Julian et al.,2014, He, X., Brothurs, K. and Filatotchev, I., 2018). Base on the literature review Figure number 01 was developed.

Conceptual framework and hypotheses

According to literature and discussion of experts in the field, researcher identified four independent factors that may influence export market orientation. The second part of the model explained the influence of export market orientation on export performance. Based figure 01 relationships developed five hypotheses.

Figure 1: Conceptual model for the research



H1: Export experience is positively influenced on Export market orientation of BOI registered companies in Sri Lanka

H2: Export coordination is positively influenced on Export market orientation of BOI registered companies in Sri Lanka

H3: Export Environment is positively influenced on Export market orientation of BOI registered companies in Sri Lanka

H4: Export innovation is positively influenced on the Export orientation of BOI registered companies in Sri Lanka

H5: Export orientation is positively influenced on the Export performance of BOI registered companies in Sri Lanka

Research Methodology

EMO dimensions were measured on a five-point scale (Strongly disagree to strongly agree) base on Cadogan et al. (1999) and Antecedents of EMO were measured using Cadogan et al., (2006). Business performance of business firms can be measured using two characteristics approaches revealed in marketing literature namely subjective or judgmental perspective and objective measures (Sin et al.,2005).Since the export performance was measured on a five-point scale (strongly dissatisfactory to strongly satisfactory). Questionnaire was included six demographic questions and forty one study variables related questions were included. Antecedents of EMO were measured using Cadogan et al., (2001, 2006) and EMO was measured based on Cadogan et al. (1999). Moreover, discussions were conducted with key persons of selected export organizations and academic experts in the marketing field and get their feedback to improve the questionnaires. The draft questionnaire was distributed among the 10 selected export companies' to find out shortcomings and obtaining their suggestions and developed the final questionnaire. The study used a mail survey method to collect the primary research

data from Sri Lankan Board of Investment resisted companies which were situated in the Western province. First and second started industrial zones and largest BOI Zones namely Katunayaka, Biyagama and Seethawaka were established within Western province. There are 179 BOI registered export companies in selected three zones as Katunayaka 90 factories, Biyagama 59 factories and Seethawaka 30 factories. The sample frame was mainly found from BOI register because this database was included all companies in the selected zones. The structured questionnaires were completed by the export marketing managers or the highest ranking staff member of the company. Respondents were enough knowledge of export matters in the world. All of the respondents hold key managerial decision making positions and responsible for their export related operations. Respondents were asked to reply for the questionnaire relating to their export operations in their EU host markets and their most important products. Seventy firms returned the questionnaire, which is a 39% response rate. This study adopts correlation and multiple regression analysis as the study key statistical analysis tools (Hair et al., 2010)

Result of data analysis

Seventy questionnaires collected from export companies and all questionnaires used to analyze the data. Fifty percent of the sample presents around 40-50 years and also the 2nd largest category of sample is the age between 30 -40 years in age. Eighty-two percent of respondents have more than five years' experience and the rest of the respondents have less than five years' experience. Moreover, respondents have decent educational qualifications such as diplomas, professional qualifications, bachelor and postgraduate degrees. Since answers given for those kinds of questions will depend on the educational qualifications and experience and comparisons of past factories' status. The researcher examined the reliability value of each dependent and independent variables all variables Cronbach's alphas of the variables higher than 0.70.

The first objective of the study is to measure the level of export market orientation BOI resisted companies. It was measured based on the mean value and its value was 3.50 which is

higher than the middle value. Since BOI companies show a positive sign towards this trend. The second objective of the study is to identify the antecedents of export market orientation of BOI registered companies in Sri Lanka. Table number 01 shows the model summary of the antecedents of export market orientation.

Table 1: Model summary of antecedents of export market orientation (EMO)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.699 ^a	.458	.449	.83254

a. Predictors: (Constant), Export market orientation

The model between the independent variables and the predictors of the model. In this study R value is 0 .599. Moreover R square value is 0.349, it means 35% explain selected independent variables that are influenced on the dependent variable.

Table 2: Antecedents of export market orientation.

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	2.999	.227		13.184	.000
Export Experience	.212	.115	.761	1.845	.010
Export Environment	1.46	.126	1.742	1.263	.218
Export Innovation	.153	.118	.541	1.297	.039
Export Coordination	.401	.111	1.405	3.615	.001

Dependent Variable: Export Orientation

According to table 2 three alternative hypotheses namely H₁, H₂ and H₄ can accept. It means that export experience, export innovation, and export coordination show the positive significant influence on export orientation. Although, the export environment doesn't show the significant influence on EMO, since alternative hypotheses H₃ can't accept.

The third objective is to examine the effect of export market orientation on the export performances of BOI registered companies in Sri Lanka. Table number 3 shows the result of the influence of export orientation on business performance.

Table 3: Export market orientation and export performance

Model	Unstandardize d Coefficients		Standar dized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-3.750	1.268		3.750	.004
1 Export_Orientation	2.251	.371	.599	6.072	.000

Dependent Variable: Export Performance

According to table 3 export orientation significantly effects on export performance, since alternative hypothesis number 05 can accept.

Conclusion and recommendations

The level of export market orientation BOI resisted companies which are higher than the middle value. Even though, authorities must take necessary steps to improve the level of export market orientation because it directly influences on export performance. Moreover, the study examined the influence of selected four factors namely Export experience, export coordination, export environment, and export innovation on EMO and EMO impact on export performance. The result of the study revealed that export innovation, export coordination and export experience significantly influence on EMO. Even though, the export environment doesn't show a significant impact on export market orientation. The second part of the model examined export market orientation's influence on export performance. The result of the study has shown a positive significant influence on export performance. Therefore, the top management of export companies should take the necessary actions to improve the export market orientation within their organizations.

Top management of export orientation organizations should measure the level of

export market orientation and should take the necessary steps to improve the market orientation level. Further, the author recommends that export innovation, export coordination and export experience should increase to improve the level of export market orientation. Government organizations such as BOI, Export development board (EDB), the Central Bank of Sri Lanka be able to use the research results to design new programs to improve the level of export market orientation within export companies. Though this study has examined four antecedents of EMO, future researchers must observe additional factors that may influence on export market orientation. Moreover, the study limited to BOI registered companies in the western province in Sri Lanka and selected export companies without considering the industry specific characteristics. Future, researchers can do the same study covering other provinces of Sri Lanka, considering industry specifications and using different databases such as EDB, Sri Lanka Chamber of Commerce, etc.

References

- Akyol, A., & Akehurst, G. (2003). An investigation of export performance corporate export market orientation. *European Business Review*, 15 (1), 5-19.
- Alotaibi, M.B.G., & Zhang, Y. (2017). The relationship between export market orientation and export performance: an empirical study. *Journal of applied Economics*, 49(23), 2253-2258.
- Cadogan, J.W., Cui, C.C., Morgan, R.E; & Story, V.M. (2006). Factors facilitating and impeding the development of export market-oriented behavior: a study of Hong Kong manufacturing exporters. *Industrial Marketing Management*, 35(5), 634-647.
- Cadogan, J.W., Diamantopoulos, A., & De. Mortanges, C.P. (1999). A measure of export market orientation: scale development and cross-cultural validation. *Journal of International Business Studies*, 30(4), 689-707.
- Cadogan, J.W., Paul, N.J., Salminen, R.T., Puumalainen, K. & Sunqvist, S. (2001). Key antecedents to 'export' market-oriented behaviours: a cross-national empirical. *International Journal of Research in Marketing*, 18(3), 261-82.
- Chung, H.F.L. (2012). Export market orientation, managerial ties, and

- performance”, *International Marketing Review*, 29(4), 403-423, <https://doi.org/10.1108/02651331211242638>.
- Doyle, P & Wong, V. (1998). Marketing and competitive performance: An empirical study, *European Journal of Marketing*, 32, 514- 535.
- Hair, J.F., Black, W.C., Babin, B.J. & Anderson, R.E. (2010). *Multivariate Data Analysis*, 7th ed., Pearson Education International, Upper Saddle River, NJ.
- He, X., Brouthers, K. & Filatotchev, I. (2018). Market orientation and export performance: the moderation of channel and institutional distance. *International Marketing Review*, 35(2), 258-279. <https://doi.org/10.1108/IMR-09-2015-0194>.
- International monetary Fund (2019), Country report. <https://www.imf.org/en/Countries/LKA>.
- International trade statistics of Sri Lanka. (2018). Department of Commerce Ministry of Industry and Commerce. <http://www.doc.gov.lk/images/pdf/downloads/statistic/statereports2017/Write-up---New2017.pdf>
- Julian, C.C., Mohamad, O., Ahmed, Z.U., Sefnedi, S. (2014). The market orientation-performance relationship: the empirical link in export ventures, *Thunderbird International Business Review*, 56 (1), 97-110.
- Kirca, A. H., Jayachandran, S., & Bearden, W. O. (2005). Market orientation: A Meta - Analytic Review and Assessment of its Antecedents and Impact on Performance. *Journal of Marketing*, 69 (2): 24-41.
- Krasniqi, B.A. & Desai, S. (2017) .Institutions and export performance in transition economies’, in *Entrepreneurship in Transition Economies*, Springer International Publishing, Basel, Switzerland. 57-73.
- Kropp, F., Lindsay, N.J. & Shoham, A. (2006), Entrepreneurial, market and learning orientations and international entrepreneurial business venture performance in South African firms. *International Marketing Review*, 23 (5), 504-23.
- Kwon, Y.C. & Hu, M.Y. (2000). Market orientation among small Korean exporters. *International Business Review*, 9 (1), 61-75.
- Navarro, Acedo, Robson, E, R., & Losada. (2010). Antecedents and consequences of firms export commitment: An empirical study. *Journal of International Marketing*, 18(3), 41–61
- Racela, O.C., Chaikittishilpa, C. & Thourmrunroje, A. (2007), Market orientation, international business relationships and perceived export performance, *International Marketing Review*, 24 (2), 144-63.
- Racela, O.C., Chaikittishilpa, C. & Thourmrunroje, A. (2007), Market orientation, international business relationships and perceived export performance. *International Marketing Review*, 24 (2), 144-63.
- Samarakoon, A.K, (2019), Factors influence on extended market orientation of medium and large-scale enterprises in the food and beverage industry. *Indian journal of Applied Research*, 9(7), [https://www.worldwidejournals.com/indian-journal-of-applied-research-\(IJAR\)/fileview/July 2019 15618055693919232.pdf](https://www.worldwidejournals.com/indian-journal-of-applied-research-(IJAR)/fileview/July%202019%2015618055693919232.pdf)
- Samarakoon, A.K; & Jašek, R. (2012). Extended market orientation and business performance of medium and large scale enterprise in food and beverage industry, *Innovation Vision 2020: Sustainable Growth, Entrepreneurship, and Economic Development*, 1(4), International Business Information Management Association (IBIMA).
- Shoham, A. (1990). Bounded rationality, planning, standerdization of international strategy and export performance: A structural model. *Journal of International Marketing*. - *Journal of International Marketing* 7(2). 24-50
- Sin, L.Y.M., Tse., A.C.B., Yau., O.H.M., Chow,R,P,M., & Lee, J.S.Y. (2005). Market orientation, relationship marketing orientation and business performance: the moderating effects of economic ideology and industry type, *Journal of international marketing*, .13 (1), .36-57.
- Yousra Asaad, T.C. Melewar, Geraldine Cohen, John M.T. Balmer, (2013) .Universities and export market orientation: an exploratory study of UK

post-92 universities, *Marketing
Intelligence & Planning*, 31(7), 838-856,
[https://doi.org/10.1108/MIP-01-2013-
0007](https://doi.org/10.1108/MIP-01-2013-0007)

**Journal of Business and Technology,
Department of Commerce and Financial
Management, University of Kelaniya, Sri
Lanka.**

Guidelines for Authors

Journal of Business and Technology is an international journal which is published semi-annually is the refereed journal of the Department of Commerce and Financial Management. The vision of the journal is to offer an academic platform to researchers to publish their novel, empirical and high-quality research work at national and international level. It proposes to encourage research connecting to modern trends and practices in finance, entrepreneurship, human resource management, marketing and emerging paradigms in related areas of management including social sciences, education and information & technology.

Types of Manuscripts Accepted and Word Limit

Research Paper (Empirical or Conceptual): 8000 to 10000 words

Case Study: 6000 to 8000 words.

Submission

All manuscripts considered for submission should be directly mailed to the to the JBT's official mail; jbt@kln.ac.lk.

Formatting Guidelines

Manuscripts should be in English and typed in Times New Roman font size 10, with single line spacing in double column (except the abstract) and with a 1-inch margin on all sides. The size of the page should be B5. The body of the manuscript may arrange under the headings of Introduction, Literature Review, Research Methods, Findings and Discussion followed by the Conclusion and Future Research Directions.

Author/s Name and Affiliation

Name: Name with Initial, Times New Roman, 11-point

Affiliation: Department, Faculty, University/Institution, Country, Times New Roman, 10-point

Email: Times New Roman, 10

Should name the corresponding author

Manuscript Title: The title of the paper should be in 12-point Times New Roman font. It should be bold typed.

Abstract: Following the cover page, there should be an 'Abstract' page, which should contain the title of the paper, the subtitle 'Abstract' and a summary of the paper in single space, not exceeding 200 words in single

column. The text of the paper should not start on this page, but on a fresh page with the title of the paper repeated.

Keywords: Abstract must be followed by a list of keywords, subject to a minimum of three. These should be arranged in alphabetical order and be separated by commas with a full stop at the end.

The body of Manuscript: Manuscript must be prepared on standard B5 size paper setting. It must be prepared on a single spacing and double column with a 1-inch margin set for top, bottom, left and right. It should be typed in 10-point Times New Roman font with page numbers at the bottom centre of every page.

Headings: All section headings should be in 11-point Times New Roman font, and sub-section headings should be in 11-point Times New Roman font. These must be bold-faced, aligned left and fully capitalized. Leave a blank line before each heading.

Table and Figure: Table and figure caption should be left aligned and numbered, 10-point. Source should be aligned left and below the table and figure, 10-point, italic. Do not use coloured tables or figures.

In-text Citations: Indicate the position of the reference in the text within brackets by the author's last name and the year of publication; e.g.: '(Rae 2007)' or incorporate it into a sentence, e.g.: 'as pointed out by Rae (2007)'.

References: References should be in the APA style.

Notes: Do not use footnotes. Minimize endnotes. If they are unavoidable, number them serially in the text using superscript and list them together on a separate sheet under the heading NOTES immediately following the text of the paper. Notes are not for citing a reference but for offering a significant explanation, which is important for understanding the text but is tangential to the main idea discussed therein.

Revised Manuscripts: At the end of the review process, the author is expected to incorporate the modifications suggested by the reviewers, if any, and submit a soft copy of the final revised manuscript.

Contacts Journal of Business and Technology

Editor in Chief

Department of Commerce and Financial
Management, University of Kelaniya, Sri Lanka
Tel: +94 112914485

Email: jbt@kln.ac.lk