

**ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE**



**THE EFFECT OF MOTIVATIONAL FACTORS ON
EMPLOYEE RETENTION IN SOFTWARE DEVELOPMENT
COMPANIES: THE CASE OF EXCELLERENT
TECHNOLOGY SOLUTIONS**

BY: SISAY HAILE

**JULY 2024
ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE
STUDIES OF ADDIS ABABA UNIVERSITY SCHOOL OF
COMMERCE IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF HUMAN
RESOURCE MANAGEMENT (HRM)**

SUBMITTED TO: - DR. TEKLEGIORGIS ASSEFA

**JULY 2024
ADDIS ABABA, ETHIOPIA**

ADDIS ABABA UNIVERSITY SCHOOL OF GRADUATE STUDIES

This is to certify that the thesis prepared by Sisay Haile, entitled: “The effect of Motivational Factors on Employee Retention in Software Development Companies: The case of Excellent Technology Solutions” submitted in partial fulfillment of the requirements for the degree of Degree of Master of Arts in Human Resource Management (HRM) complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

Signed by the Examining Committee:

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DECLARATION

I, the undersigned, hereby declare that the work contained in this thesis is my own original work and that I have not previously in its entirety or in part submitted at any university for a degree.

Signature: _____ Date: _____

CERTIFICATION

This is to certify that Mr. Sisay Haile, has properly completed his research work entitled “The effect of Motivational Factors on Employee Retention in Software Development Companies: The case of Excellent Technology Solutions” with my guidance through the time. In my suggestion, his task is appropriate to be submitted as a partial fulfillment requirement for the award of Degree in Master in Human Resource Management (HRM).

Research Advisor Dr. Teklegiorgis Assefa _____

Signature and Date

ABSTRACT

The main purpose of this research was to analyze the effect of motivational factors have on employee retention in Excellerent Technology Solutions – Ethiopian Delivery Center. The study used both descriptive and explanatory research design and used mixed research approach. The study circulated 140 questionnaires throughout the study area, 122 of them were correctly completed and returned, resulting in an 87% response rate. Software Engineers, Quality Assurance Engineers, Scrum Masters and Project Managers who worked in the selected company made up the study's target demographic. To gather the data, a structured questionnaire was used. Both descriptive (frequency distributions, means, and percentages) and inferential statistics were used in the study. Statistical analysis was used to analyze quantitative data. The correlation between the variables and multiple variables was assessed using the Pearson correlation coefficient. This analysis discovered that pay, supervision, fringe benefits, nature of work and communication have positive correlation with employee retention while promotion, contingent reward, coworker and operational conditions have negatively correlated. Further, the regression analysis of the findings revealed that, pay and nature of work have positive and statistically significant impact on employee retention ($\beta = 0.494$ and $p = 0.000$ and $\beta = .247$ and $p = .050$) respectively while promotion ($\beta = -.371$ and $p = .015$), contingent reward ($\beta = -.166$ and $p = .05$) and operating conditions ($\beta = -.673$ and $p = .000$) have negative but statistically insignificant impact on employee retention. The rest variables – supervision, fringe benefits, coworker and communication have no impact on employee retention in software development companies in Ethiopia.

Key words: Pay, promotion, supervision, fringe benefits, contingent reward, operating conditions, coworker, communication, employee retention.

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Table of Contents

| | |
|---|----|
| CHAPTER ONE | 1 |
| 1. INTRODUCTION | 1 |
| 1.1 Background of the Study | 1 |
| 1.2 Background of the Company | 3 |
| 1.2.1 Vision, Mission, and Core values | 4 |
| 1.3 Statement of the Problem | 5 |
| 1.4 Research Questions | 5 |
| 1.5 Objectives of the Study | 6 |
| 1.6 Research Hypothesis | 6 |
| 1.7 Significance of the Study | 7 |
| 1.8 Scope of the Study | 7 |
| 1.9 Limitations of the Study | 8 |
| 1.10 Organization of the Study | 9 |
| 1.11 Operational Definition of Key Terms | 9 |
| CHAPTER TWO | 10 |
| 2. RELATED LITRATURE REVIEW | 10 |
| 2.1 Introduction | 10 |
| 2.2 The Concept of Motivation | 10 |
| 2.3 Types of Motivation | 11 |
| 2.3.1 Intrinsic Motivation | 11 |
| 2.3.2 Extrinsic Motivation | 12 |
| 2.4 Theoretical Framework of Motivation | 15 |
| 2.4.1 Hierarchy of Need Theory | 15 |
| 2.4.2 Two Factor Theory | 17 |
| 2.4.3 Expectancy Theory | 18 |
| 2.4.4 Equity/Organizational Justice Theory | 19 |
| 2.5 Job Attitudes | 21 |
| 2.5.1 Job Satisfaction | 21 |
| 2.5.1.1 Causes of Job Satisfaction | 21 |
| 2.5.1.2 Outcomes of Job Satisfaction | 23 |
| 2.5.1.3 The Impact of Job Dissatisfaction | 24 |
| 2.6 Employee Retention | 26 |
| 2.6.1 Effect of Motivation on Employee Retention | 26 |

| | |
|---|----|
| 2.6.2 Reason for Employee Disengagement | 29 |
| 2.6.3 Employees Retention Strategies..... | 29 |
| 2.7 Empirical Literature Review | 32 |
| 2.8 Conceptual Framework..... | 34 |
| CHAPTER THREE | 37 |
| 3. METHODOLOGY OF THE STUDY | 37 |
| 3.1 Introduction | 37 |
| 3.2 Area Description | 37 |
| 3.3 Research Design..... | 37 |
| 3.4 Research Approach..... | 38 |
| 3.5 Sources of Data..... | 38 |
| 3.6 Target Population, Sampling Technique and Sample Size | 39 |
| 3.6.1 Target Population..... | 39 |
| 3.6.2 Sample Size and Sampling Technique | 39 |
| 3.7 Method of Data Collection | 40 |
| 3.7.1 Questionnaire | 40 |
| 3.7.2 Interview | 41 |
| 3.8 Data Collection Procedure..... | 41 |
| 3.9 Reliability and Validity of the Instrument..... | 41 |
| 3.9.1 Validity..... | 41 |
| 3.9.2 Reliability | 41 |
| 3.9.3 Pre-Testing..... | 42 |
| 3.10 Data Analysis Methods | 42 |
| 3.10.1 Data Encoding | 42 |
| 3.10.2 Descriptive Analysis..... | 43 |
| 3.10.3 Inferential Analysis | 43 |
| 3.10.3.1 Study Model..... | 43 |
| 3.10.3.2 Model Assumptions..... | 44 |
| 3.11 Ethical Issues | 45 |
| CHAPTER FOUR | 46 |
| 1. RESULT AND DISCUSSION | 46 |
| 4.1 Introduction..... | 46 |
| 4.2 Response Rate..... | 46 |
| 4.3 Demographic Analysis of the Respondents | 47 |
| 4.4 Motivational Factors and Employee Retention | 48 |

| | |
|---|----|
| 4.4.1 Pay..... | 49 |
| 4.4.2 Promotion..... | 50 |
| 4.4.3 Supervision/Leadership | 51 |
| 4.4.4 Fringe Benefits | 52 |
| 4.4.5 Contingent Reward | 53 |
| 4.4.6 Operation Condition..... | 54 |
| 4.4.7 Coworker Relationship | 55 |
| 4.4.8 Nature of Work..... | 56 |
| 4.4.9 Communication | 57 |
| 4.4.10 Employee Retention..... | 58 |
| 4.5 Result of Inferential Statistics | 59 |
| 4.5.1 Correlation Analysis | 59 |
| 4.6 Regression Analysis..... | 63 |
| 4.6.1 Premises and the Diagnostic Test | 63 |
| 4.6.1.1 Autocorrelation Test | 64 |
| 4.6.1.2 Linearity Test | 65 |
| 4.6.1.3 Normality test Result | 66 |
| 4.6.2 Multiple Regression Test Result | 67 |
| 4.7 Hypothesis Testing..... | 70 |
| 4.7.1 Pay and Employee Retention..... | 70 |
| 4.7.2 Promotion and Employee Retention | 71 |
| 4.7.3 Supervision/Leadership and Employee Retention..... | 72 |
| 4.7.4 Fringe Benefits and Employee Retention..... | 73 |
| 4.7.5 Contingent Reward and Employee Retention..... | 73 |
| 4.7.6 Operating Conditions and Employee Retention..... | 74 |
| 4.7.7 Coworker relationship and Employee Retention | 75 |
| 4.7.8 Nature of Work and Employee Retention | 76 |
| 4.7.9 Communication and Employee Retention..... | 77 |
| 4.8 Summary of Hypothesis Testing..... | 77 |
| CHAPTER FIVE..... | 79 |
| 5. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION | 79 |
| 5.1 Introduction | 79 |
| 5.2 Summary of Key Findings..... | 79 |
| 5.3 Conclusions..... | 80 |
| 5.4 Recommendations | 83 |

| | |
|--|----|
| 5.5 Recommendation for Future Studies | 83 |
| REFERENCES | 1 |
| Annex 1 | 8 |

LIST OF TABLES

| | | |
|----------|---|----|
| Table 1 | Proportion of sample size to Target Population | 43 |
| Table 2 | Reliability Statistics Cronbach's Alpha | 44 |
| Table 3 | Questionnaire Survey Response Rate | 49 |
| Table 4 | Demographic Distribution of the Respondent | 50 |
| Table 5 | Components of Pay Variable | 52 |
| Table 6 | Components of Promotion Variable | 53 |
| Table 7 | Components of Supervision Variable | 54 |
| Table 8 | Components of Fringe Benefits Variable | 55 |
| Table 9 | Components of Contingent Reward Variable | 56 |
| Table 10 | Components of Operation Condition | 57 |
| Table 11 | Components of Coworker Variable | 58 |
| Table 12 | Component of Nature of Work Variable | 59 |
| Table 13 | Component of Communication Variable | 60 |
| Table 14 | Components of Employee Retention Variable | 61 |
| Table 15 | Correlation Analysis Test Result | 64 |
| Table 16 | Regression Assumption Test Result – Collinearity Statistics | 67 |
| Table 17 | Regression Assumption Test Result - Durbin-Watson | 68 |
| Table 18 | Regression Test Results Model Summary | 70 |
| Table 19 | Regression Test Results ANOVA | 70 |
| Table 20 | Regression Test Results – Coefficients | 71 |
| Table 21 | Summary of Hypothesis Testing | 78 |

LIST OF FIGURES

| | | |
|----------|---|----|
| Figure 1 | Conceptual Framework | 39 |
| Figure 2 | Linearity Test Result-Normal P-P Plot | 68 |
| Figure 3 | Normality Test Result – Histogram | 69 |

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

Operating a business in today's global market is difficult because organizational performance is constantly impacted by both internal and external operating environments. Therefore, effective management of all resources - including labor, equipment, and materials is essential to maintaining profitability in a very demanding and competitive global marketplace. Resources are an organization's assets and are thus the basic building blocks of the organization. They include tangible assets such as its plant, equipment, finances, and location; human assets - the number of employees, their skills, and motivation; and intangible assets such as its technology, patents and copyrights, culture, and reputation (Grant, 2008). Human resources present the largest challenge among the resources because, in contrast to other inputs, employee management necessitates the deft handling of thought, feeling, and emotion to ensure optimal productivity.

Any organization's ability to grow is largely dependent on the number and caliber of its workforce, and one way to make sure of this is to find out how motivated each employee is to continue being useful and relevant to the company (Al-Aamri, 2010).

According to (Robbins and Judge, 2019) motivation is defined as the processes that account for an individual's intensity, direction, and persistence of effort toward attaining an organizational goal. Motivation is also defined as the psychological process that gives behavior purpose and direction (Kreitner, 1995).

Motivation plays a big part in outstanding performance. An individual's efficacy within an organization is contingent upon several critical elements, such as their capacity to execute a task assigned to them, the quality of their work environment, and the extent to which their needs are satisfied. Motivating staff members is challenging, though,

because it depends on a variety of factors, including personal needs, goals, and core values.

One of the key elements that can assist an employer in raising employee and organizational performance is employee motivation. Since motivation is a key factor in an individual's success, managers and corporate team leaders must continuously inspire their staff to reach their full potential. The manager's role, according to Buckingham and Coffman (1999), is that of a catalyst. Like all catalysts, his job is to quicken the reaction between two substances to produce the intended product. The manager specifically improves each employee's performance by accelerating the response time between the employee's abilities and the needs of the customer and the company's goals. Employers can support their staff by helping them develop their abilities and boost their morale through employee motivation.

A highly valued asset, a motivated employee contributes significantly to the organization's ability to sustain and grow its revenue and business. To encourage workers to do their jobs as well as they can and to stick around to supporting the long-term objectives of the company, organizations must also keep an eye out for what makes them happy and motivated at work.

Retaining motivated employees is essential for organizations to stay competitive, as they play a major role in the organization's ability to grow and sustain revenue. Employee retention has been demonstrated to be important for the growth and achievement of the organization's goals and objectives, according to Reichheld (2001). Employee retention is the process of encouraging staff members to stay with the company for as long as possible or until the current project is finished.

Employee retention is crucial for organizations as it offers several benefits that contribute to their success and sustainability. Some of the benefits are cost savings, knowledge retention, high productivity & performance, improve employee morale and engagement and positively impact customer satisfaction.

Employers must use various HR best practices to satisfy their current workforce to keep their valuable assets and to reap these benefits. This is achieved if the employee feels comfortable physically and psychologically, because an unhappy employee can seriously affect the morale of other employees (Caplan & Teese, 1997).

When committed workers are not satisfied with their jobs, they will naturally quit and look for other opportunities where they can find the fulfillment they desire from their work. This adversely affects the quantity and quality of work and is linked to absenteeism, tardiness, poor cooperation with supervisors, and turnover.

1.2 Background of the Company

Excellerent is a global consulting company offering end-to-end services and solutions on Open Source, Cloud, API, and Automation technologies. Founded in 2012 in Pittsburgh, Pennsylvania, and established its first remote office in Mumbai, India, with the goal of fusing technological expertise with the demands of its exceptional clients. Excellerent offerings underwent a dramatic expansion in 2016 in tandem with notable growth. This involved changing into a Solution-Based Design Thinking business that offered information technology solutions, outsourcing, and consulting.

In order to expand its technological capabilities, Excellerent opened its first Extended Development Centre (EDC) in Ethiopia in 2019 and staff members are experts in multiple fields. Excellerent formed alliances and partnerships with a number of eminent figures in the Ethiopian government in 2020 in order to further its initiatives that promote social justice, growth, and Ethiopia's emergence as a global leader in information technology.

In 2021, Excellerent expanded its original office to multiple floors in a midtown office complex and opened a second office in Addis Ababa to accommodate the company's rapidly growing full-time IT group. Excellerent also established cutting edge employee benefits, such as meals & transportation and bank loan for purchase of Vehicle & Mortgage that go above and beyond standard benefit packages.

1.2.1 Vision, Mission, and Core values

Excellerent Technology Solutions Inc. possess the following central beliefs, mission, and vision.

Mission: We are strongly committed to the mission of engineering world-class digital solutions, products, and services that protect IT investments and create long-term value for all stakeholders and for society at large.

Vision: Excellerent aims to be one of the top Information Technology Service Providers, using a combination of talent & technology to develop cost-effective & sustainable solutions that drives business growth & delivers exceptional customer experience.

Core Values:

These are the beliefs and principles that drive us to project excellence and manifests in the way we work on a day-to-day basis to serve our valued stakeholders.

- **Transparency & Integrity:** Excellerent makes a collective effort to foster and maintain a transparent and ethical work culture by providing the essential framework and practical tools required. We encourage the sharing of innovative ideas, processes to improve workflows, and feedback from today's values-minded clients.
- **Empowerment & Teamwork:** At Excellerent, we believe open communication and collaborative teamwork fosters a harmonious workplace. We promote a healthy respect for different opinions and individual preferences. We also encourage recognition of individual and group contributions to increase employee engagement.
- **Commitment to Delivery & Quality:** Delivering superior customer value is foundational to Excellerent. We adopt the core principles of Agile & Devops to test applications and services and provide end-to-end quality assurance to ensure that the quality of our Services and Products meet international standards.
- **Growth & Continuous Learning:** At Excellerent, continuous learning in the workplace is the norm. We strongly encourage our employees to enhance their

knowledge, ideas, and skills. We provide both formal and on-the-job training to help them keep pace with the constantly changing landscape of technology.

Currently, Excellerent Technology Solutions Inc. – Ethiopian Delivery Center have 215 employees who work directly or indirectly working for US, Europe, India, and African clients. The company either takes on a project and submits it when it's finished, or it charges an hourly rate to clients for the services of its employees (Source: Company website - excellerentsolutions.com).

1.3 Statement of the Problem

Employees are considered as a valuable asset to an organization that requires effective management. Therefore, there is no doubt that retention of this valuable asset has a great importance for successful implementation of company's objective there by achieving its strategies (Reichheld, 2001).

As per the report from Excellerent Technology Solutions Inc. – Ethiopian Delivery Center for the past three years, turnover rate in 2020 was. < 5 percent. For the year 2021 turnover rate was disastrously reached > 20 percent. In 2022 and 2023, the turnover rate was over 30% and over 25%, respectively. It is clear from the above figure that the turnover rate was rising annually and had reached a concerning level. Given that the company is investing in the candidate's recruitment and onboarding training, this is a significant loss for the business (Source: Excellerent Technology Solutions 2023 annual HR report).

Thus, assuming that employee retention is the dependent variable and motivational factors is an independent variable, this study looked at the impact of motivational factors on employee retention at Excellerent Technology Solutions in an effort to close this gap.

1.4 Research Questions

From the above-mentioned statement of the problem, the study attempted to address the

following questions: -

1. Do employees satisfied, dissatisfied or ambivalence with the current motivational factors?
2. What are the employees' long-term plans regarding their continued employment with their current companies?
3. To what extent of motivational factors affects employee retention of Excellerent Technology Solutions?

1.5 Objectives of the Study

The primary aim of this research project was to evaluate and examine the impact of motivational factors on employee retention within the context of Excellerent Technology Solutions Inc. and software development companies in general.

The research was also aimed to achieve the following specific goals in addition to the main goal mentioned above.

1. To assess whether employees are satisfied with the existing intrinsic motivational factor of Excellerent Technology Solutions.
2. To assess whether employees are satisfied with the existing extrinsic motivational factors of Excellerent Technology Solutions.
3. To examine the effect of motivational factors on employee retention of Excellerent Technology Solutions Inc.
4. To suggest motivational elements that work better at Excellerent Technology Solutions to keep workers on board for extended periods of time.

1.6 Research Hypothesis

To examine motivating factors and their impact on employee retention, the following hypotheses are suggested.

H1: Pay has positive and significant impact on employee retention.

H2: Promotion has positive and significant impact on employee retention.

H3: Supervision has positive and significant impact on employee retention.

H4: Fringe benefit has positive and significant impact on employee retention.

H5: Contingent reward has positive and significant impact on employee retention.

H6: Working condition has positive and significant impact on employee retention.

H7: Coworker relationship has positive and significant impact on employee retention.

H8: Nature of work has a positive and significant impact on employee retention.

H9: Communication has a positive and significant impact on employee retention.

1.7 Significance of the Study

Generally, the potential contribution of this research on both the theoretical and practical knowledge levels is what gives it significance. In terms of theory, the study will contribute to the body of knowledge about strategic recommendations for IT companies that deal with retention and motivation initiatives. To attain and sustain a competitive advantage, this study is anticipated to offer fresh insights and proof regarding the benefits of employee retention and motivation.

Without a doubt, this study will enhance managers' and workers' comprehension of the connection between employee retention and motivational factors. The study will help the IT industry define and illustrate motivational factors as a tool for increasing organizational performance and employee retention. The study's findings can act as a catalyst for business owners and HR managers to reconsider their current methods of employee motivation considering retention rates, make the required modifications, and allocate funds for human resources employee retention initiatives. Finally, the research might be a foundation for other researchers and academicians to do further research on the topic.

1.8 Scope of the Study

There are three scopes in this study: geographical, conceptual, and methodological. To keep the study manageable, the focus of this investigation is on Excellent Technology

Solutions Inc. – Ethiopian Delivery Center's motivational factors (an independent variable) and how they affect employee retention (a dependent variable). The study employed both intrinsic and extrinsic motivational factors as these components have an impact on employee retention, either directly or indirectly, through their composition.

The employees of Excellerent Technology Solutions Inc. – Ethiopian Delivery Center will be the study's target population. Data for this study will be gathered through questionnaires, and the explanatory research design method and quantitative research approach will be used for analysis. A sample of workers from the top, middle, and lower management levels of the target department will be selected to collect the required data. Furthermore, this study will examine the tangential relationship between motivating factors and employee retention using an explanatory research methodology. A descriptive study design was also used to explain the current motivational practices in the questioned firms.

Software development companies are in its infant stage in Ethiopia and Excellerent Technology Solutions Inc. was one of the pioneers to open its offshore delivery center in the country in the year 2019. Since then, many international companies are making Ethiopia their destination for remote jobs and competing for the niche resources – Software Engineers and Quality Assurance Engineers. Thus, the researcher selected the company due to the company is the first offshore company in the country and the researcher believe to access data easily.

1.9 Limitations of the Study

The following are the limitations of the study:

Managers and employees of Excellerent Technology Solutions Inc. – Ethiopian Delivery - a software development company is the only participants of this study. Other IT companies, such as those that sell hardware, develop infrastructure, and create data centers, will not be included in this study, and may produce different findings.

This study's primary goal is to examine the impact of motivational factors on employee retention. This study will not include the effects of other HR best practices on employee

retention. Therefore, other researchers can find out the effect of other HR best practices have on employee retention.

1.10 Organization of the Study

There are five chapters in the study's written report. The study's background, problem statement, objectives, research questions, significance, limitations, operational definition of terms, and organizational structure are all covered in the first chapter. To establish the theoretical framework for the investigation, the second chapter reviews the literature on motivation and retention. The technique is the main topic of Chapter 3. It covers the population and sampling, data collection methods, research instruments, data analysis, and research design. The field data analyses and discussions of the main conclusions and their ramifications are presented in Chapter 4. The findings, a summary of the research, recommendations, and conclusions are examined in Chapter 5.

1.11 Operational Definition of Key Terms

Employee Retention- refers to the strategies put in place by an organization to retain its employees and reduce turnover.

Motivation is 'drivers within a person that account for the degree, direction and persistent effort expended at work.

Pay is as payment, in which include many components like basic salary, bonuses, pay for doing extra work and incentives."

Working conditions is about providing healthy, safe, and so for as practicable pleasant working environment for employees.

Supervision is about ensuring that the task is achieved but also building and maintaining constructive and supportive relationships with their team members and between the people within the group.

CHAPTER TWO

2. RELATED LITRATURE REVIEW

2.1 Introduction

This chapter of the study deals with related literature review – the concept of motivation, contemporary motivation theory and the effect of motivational factors on employee retention. Furthermore, empirical evidence on the topic will be discussed. Finally, a conceptual framework will be represented which will be used to analyze motivational factors effect on employee retention that will be studied in this thesis.

2.2 The Concept of Motivation

According to Webster dictionary "Motive" refers to the reason behind an individual's actions or behavior. It is the driving force or underlying intention that prompts a person to act in a certain way.

Motivation refers to the process that initiates, guides, and maintains goal-oriented behaviors. It is the inner drive or external stimulus that prompts individuals to take action, persist in their efforts, and achieve their objectives (ChatGPT, 2024).

According to (Robbins and Judge, 2018) motivation is defined as the processes that account for an individual's intensity, direction, and persistence of effort toward attaining a goal. While general motivation is concerned with effort toward any goal, for the purpose of this study we will narrow the focus to organizational goals.

Intensity describes how hard a person tries. This is the element most of us focus on when we talk about motivation. However, high intensity is unlikely to lead to favorable job performance outcomes unless the effort is channeled in a direction that benefits the organization. Therefore, we consider the quality of effort as well as its intensity. Effort directed toward, and consistent with, the organization's goals is the kind of effort we should be seeking. Finally, motivation has a persistence dimension. This measures how long a person can maintain effort. Motivated individuals stay with a task long enough to achieve their goals (Robbins and Judge, 2018).

High performance is achieved by well-motivated people who are prepared to exercise discretionary effort and to motivate people it is necessary to appreciate how motivation works. This means understanding motivation theory and how the theory can be put into practice (Armstrong, 2009).

2.3 Types of Motivation

There are two types of motivation. They are intrinsic motivation and extrinsic motivation (Armstrong, 2009).

2.3.1 Intrinsic Motivation

Intrinsic motivation can arise from the self-generated factors that influence people's behavior. It is not created by external incentives. It can take the form of motivation by the work itself when individuals feel that their work is important, interesting, and challenging and provides them with a reasonable degree of autonomy (freedom to act), opportunities to achieve and advance, and scope to use and develop their skills and abilities (Armstrong, 2009). Deci and Ryan (1985) suggested that intrinsic motivation is based on the need to be competent and self-determining (that is, to have a choice).

Intrinsic motivation can be enhanced by job or role design. According to an early writer on the significance of the motivational impact of job design (Katz, 1964): 'The job itself must provide sufficient variety, sufficient complexity, sufficient challenge, and sufficient skill to engage the abilities of the worker.'

In their job characteristics model, Hackman and Oldham (1974) emphasized the importance of the core job dimensions as motivators, namely skill variety, task identity, task significance, autonomy and feedback.

An intrinsic motivator is a factor or stimulus that originates from within the individual and serves as a source of motivation for engaging in a particular behavior or activity. Unlike extrinsic motivators, which come from external sources such as rewards or

punishments, intrinsic motivators are inherent to the activity itself and are inherently rewarding or satisfying to the individual.

According to research intrinsic motivators include:

- 1) **Interest and Passion:** A genuine interest or passion for a subject, task, or activity can drive intrinsic motivation. Individuals may be naturally drawn to activities that align with their interests and provide a sense of enjoyment or fulfillment.
- 2) **Autonomy:** Having a sense of autonomy and control over one's actions and choices can be a powerful intrinsic motivator. When individuals feel empowered to make decisions and pursue goals according to their own preferences and values, they are more likely to be intrinsically motivated.
- 3) **Challenge and Mastery:** The opportunity to engage in tasks that are challenging yet achievable can stimulate intrinsic motivation. The desire to overcome obstacles, learn new skills, and achieve mastery can be highly motivating for individuals.
- 4) **Inherent Satisfaction:** Some activities are inherently satisfying or rewarding, providing a sense of fulfillment or accomplishment independent of external rewards. This intrinsic satisfaction can stem from the process of engaging in the activity itself rather than the outcome.
- 5) **Curiosity and Exploration:** The natural curiosity and desire to explore and discover new things can serve as a powerful intrinsic motivator. Individuals may be motivated to engage in activities that stimulate their curiosity and allow them to satisfy their innate desire for exploration and discovery.

2.3.2 Extrinsic Motivation

Extrinsic motivation occurs when things are done to or for people to motivate them. These include rewards, such as incentives, increased pay, praise, or promotion; and punishments, such as disciplinary action, withholding pay, or criticism (Armstrong, 2009).

Extrinsic motivators can have an immediate and powerful effect but will not necessarily last long. The intrinsic motivators, which are concerned with the 'quality of working life' are likely to have a deeper and longer-term effect because they are inherent in individuals and their work and not imposed from outside in such forms as incentive pay (Armstrong, 2009).

According to research extrinsic motivators can take various forms and may include:

Pay

Heery and Noon (2001) defined pay as payment, in which include many components like basic salary, bonuses, pay for doing extra work and incentives". According to Yousaf et al. (2014) Employees are offered a financial reward for their services called pay which is a foremost requirement in human resource management. Employees who do their best want reasonable pay that satisfies their needs. An equitable pay makes them feel appreciated, so they expect to pay according to their efforts because they do not want to be unacknowledged for their services.

Promotion

Promotion programs are mostly joined with reward programs they retain a different purpose altogether. Promotion programs are generally not monetary in nature though they may have a cost to the company. William (2016) every employee has a dream of social recognition and accomplishment to achieve. As a result, promotion fulfills the desire for achieving distinction and craving social approval. Promotion helps satisfying employees need for security, belonging and personal growth and individuals often feel that they have not been treated fairly if they so long without promotion.

Fringe Benefits

According to Lekovic & Marik (2013) Benefits are components of the system of compensation, have represented for long the field of harmonization of compensation. Benefits are the rewards, that are available to the employees in the organization can be seen as motivators that activate and orient further activities for attaining goals of the organization. Lekovic & Maric (2013) discussed benefits includes shorter work time vacations and holidays, pensions, insurance (life, social, health, etc.), maternity leave, etc.

Supervision

Leadership plays a vital role in motivation. They exist to get things done through people, ensuring that the task is achieved but also building and maintaining constructive and supportive relationships between themselves and members of their team and between the people within the group Armstrong (2005).

Operating Conditions

Operating conditions is about providing healthy, safe and so far, as practicable pleasant working environment for employees and this environment are where employee feels that they have reasons for doing work and get pleasure from doing their job (Armstrong, 2006 & Yousaf et al. (2014). This includes the relationships with colleagues, working hours, workload, availability of resources and the like.

Coworker Relationship

In the workplace, a coworker refers to a person who works with you within the same organization. Coworkers can include colleagues, peers, and teammates who you interact with in a professional capacity. They may work in the same department, on the same projects, or in different areas of the company. Aspects of coworker in the workplace include:

- **Collaboration:** Coworkers often collaborate on tasks, projects, and initiatives. Effective teamwork and communication are crucial for achieving common goals.
- **Support:** Coworkers can provide support and assistance, sharing knowledge and skills to help each other succeed.
- **Professional Relationships:** Building good relationships with coworkers can enhance job satisfaction and create a positive work environment.
- **Diversity:** Coworkers come from various backgrounds, bringing diverse perspectives and experiences that can enrich the workplace culture.
- **Conflict Resolution:** Managing relationships with coworkers also involves resolving conflicts and misunderstandings professionally to maintain a harmonious work environment.
- **Networking:** Coworkers can be valuable contacts for networking, providing opportunities for career growth and development.

Company Communication

Effective communication in the workplace is crucial for achieving organizational success and fostering a positive work environment. It involves the exchange of information, ideas, and feedback among employees at all levels.

Some of the benefits of effective communication at the workplace include:

- **Improved Team Collaboration:** Effective communication fosters better teamwork and cooperation among employees.
- **Increased Productivity:** Clear and efficient communication reduces misunderstandings and errors, leading to higher productivity.
- **Enhanced Employee Morale:** Open and transparent communication builds trust and enhances job satisfaction.
- **Better Decision Making:** Access to accurate and timely information enables better decision-making processes.
- **Reduced Turnover:** Employees who feel heard and valued are more likely to remain with the organization, reducing turnover rates.

By prioritizing and continuously improving communication practices, organizations can create a more cohesive, efficient, and positive work environment.

2.4 Theoretical Framework of Motivation

After the Hawthorne study results were published, many researchers turned their attention to figuring out what motivated employees and how they were motivated (Terpstra, 1979). Although there are many theories of motivation in literature, only four theories were covered for the purposes of this study. These include Hierarchy of Need theory and Two-Factor theory from early theories of motivation and expectation theory, and equity theory/organizational justice from modern theory of motivation.

2.4.1 Hierarchy of Need Theory

Maslow's Hierarchy of Needs, often referred to as Maslow's Need Theory, is a psychological theory proposed by Abraham Maslow in his 1943 paper "A Theory of Human Motivation" and further expanded upon in later works. This theory suggests that

human beings have a hierarchy of needs that must be satisfied in a specific order, starting from basic physiological needs, and progressing to higher-level psychological needs.

Maslow organized these needs into a hierarchical pyramid with five levels:

- 1. Physiological Needs:** These are the most basic human needs, including air, water, food, shelter, and sleep. Physiological needs must be met for survival, and they take precedence over all other needs.
- 2. Safety Needs:** Once physiological needs are met, individuals seek safety and security from physical harm, danger, and threat. Safety needs include personal security, financial security, health and well-being, and stability in one's environment.
- 3. Love and Belongingness Needs:** After physiological and safety needs are fulfilled, individuals crave social belongingness, love, and affection. This involves establishing meaningful relationships, friendships, family bonds, and a sense of acceptance within a community or social group.
- 4. Esteem Needs:** Once the need for belongingness is satisfied, individuals strive for self-esteem and the esteem of others. Esteem needs include feelings of accomplishment, recognition, respect, self-confidence, and status.
- 5. Self-Actualization Needs:** At the top of Maslow's hierarchy are self-actualization needs, which represent the desire for personal growth, fulfillment of one's potential, and the realization of one's talents and abilities. Self-actualization involves pursuing meaningful goals, creativity, self-awareness, and a sense of purpose and fulfillment in life.

Maslow proposed that individuals progress through these levels of needs in a sequential manner, starting from the bottom of the hierarchy and moving upwards. Once lower-level needs are adequately satisfied, individuals are motivated to pursue higher-level needs.

This suggests that if these needs are satisfied at different levels, IT company employees will be more driven to work and remain with the company longer. This

implies that employees who are driven and satisfied at one level will no longer be driven at a different level by the same things.

It is possible to make the case that, for employees of IT companies to reach their needs for self-actualization; they must have better pay, better working conditions, greater recognition, and positive interpersonal relationships with their superiors and coworkers. According to this theory, IT company's employees would be content and motivated to stay in their jobs if all their needs were met.

2.4.2 Two Factor Theory

Herzberg's Two-Factor Theory, also known as the Motivation-Hygiene Theory, was proposed by psychologist Frederick Herzberg in the late 1950s. This theory suggests that there are two distinct sets of factors that influence employee motivation and job satisfaction: motivators (or satisfiers) and hygiene factors (or dissatisfiers). Here's an overview of Herzberg's Two-Factor Theory:

- **Motivators (Satisfiers)**

These factors are intrinsic to the job itself and directly relate to the nature of the work, providing employees with a sense of fulfillment and motivation.

Examples of motivators include challenging work, recognition, opportunities for advancement, responsibility, and personal growth.

When present, motivators can lead to job satisfaction and higher levels of motivation, engagement, and performance.

- **Hygiene Factors (Dissatisfiers)**

Hygiene factors are extrinsic to the job and are related to the work environment rather than the nature of the work itself.

Examples of hygiene factors include salary, job security, working conditions, company policies, interpersonal relationships, and administrative supervision.

Hygiene factors, when absent or perceived as inadequate, can lead to dissatisfaction and lower levels of motivation but do not necessarily result in increased satisfaction when present.

Herzberg proposed that motivators and hygiene factors operate independently of each other, meaning that improvements in hygiene factors (e.g., increasing salary or improving working conditions) may reduce dissatisfaction but do not necessarily lead to increased satisfaction or motivation. Conversely, enhancements in motivators (e.g., providing challenging work or recognition) are more likely to positively impact job satisfaction and motivation.

Herzberg's Two-Factor Theory has significant implications for organizational management and employee motivation. It suggests that simply addressing hygiene factors is insufficient for fostering job satisfaction and motivation; organizations must also focus on providing opportunities for employees to experience intrinsic motivators related to the work itself. By understanding and addressing both sets of factors, organizations can create more fulfilling and motivating work environments, leading to higher levels of employee satisfaction, engagement, performance, and employee retention.

2.4.3 Expectancy Theory

The psychological framework known as the Expectancy Theory of Motivation, created by Victor Vroom in the (1964), asserts that people are driven to behave in particular ways depending on their perceptions of the possibility of reaching their goals.

According to this theory, motivation is influenced by three key factors:

- **Expectancy (E):** This refers to the individual's belief or perception that their efforts will lead to successful performance. In other words, it is the perceived probability that exerting effort will result in the desired level of performance. If an individual believes that their efforts will likely lead to successful outcomes, they are more likely to be motivated to put in the necessary effort.
- **Instrumentality (I):** Instrumentality refers to the belief that successful performance will be followed by specific outcomes or rewards. It involves the

perceived relationship between performance and the attainment of desired outcomes. If an individual believes that successful performance will lead to valued rewards such as recognition, promotion, or financial incentives, they are more likely to be motivated to exert effort.

- **Valence (V):** Valence represents the value or attractiveness that an individual places on the outcomes or rewards associated with successful performance. It reflects the personal importance or desirability of the anticipated rewards. If an individual values the outcomes or rewards associated with successful performance, they are more likely to be motivated to pursue those outcomes.

These three factors work together to determine motivation, according to the Expectancy Theory. Motivation (M) = $E \times I \times VI$ is the product of expectancy, instrumentality, and valence.

In summary, the Expectancy Theory posits that people are driven to engage in particular behaviors or activities when they feel that their efforts will result in successful performance, that successful performance will produce desired outcomes, and that these outcomes will be personally meaningful or stimulating. To comprehend and improve worker motivation, work satisfaction, and performance, the theory has been widely used in a variety of organizational contexts.

2.4.4 Equity/Organizational Justice Theory

The Equity Theory, also known as Organizational Justice Theory, is a psychological framework that explains how individuals are motivated by fairness and equity in social exchanges. Developed by J. Stacy Adams in the 1960s, this theory proposes that individuals compare their own inputs (such as effort, time, skills) and outcomes (such as rewards, recognition, benefits) to those of others in their social and work environments. If they perceive an imbalance between their inputs and outcomes compared to others, they experience a sense of inequity, which can lead to various cognitive and behavioral reactions.

The Equity Theory is based on several key principles:

- 1) **Input-Outcome Ratio:** Individuals assess the ratio of their inputs to outcomes and compare it to the ratio of others in similar positions. Inputs include factors such as effort, skills, experience, and dedication, while outcomes encompass rewards, recognition, promotions, and benefits.
- 2) **Perceived Equity:** When individuals perceive a fair balance between their inputs and outcomes compared to others, they perceive equity and feel satisfied with their situation. They believe that they are being treated fairly and justly in the organization.
- 3) **Perceived Inequity:** If individuals perceive an imbalance between their inputs and outcomes compared to others, they experience feelings of inequity. This can manifest as feelings of under-reward (when inputs outweigh outcomes), over-reward (when outcomes outweigh inputs), or both.
- 4) **Cognitive Dissonance:** When individuals perceive inequity, they are motivated to reduce the dissonance between their beliefs about fairness and their actual experiences. They may do this by altering their perceptions of inputs or outcomes, changing their behavior, or seeking to modify the situation.
- 5) **Behavioral Responses:** In response to perceived inequity, individuals may engage in various behavioral reactions, such as reducing their effort, seeking additional rewards or recognition, altering their comparison referent, or withdrawing from the situation altogether.

Organizational Justice Theory extends the Equity Theory by focusing on the perceived fairness of organizational procedures, interactions, and outcomes. It suggests that perceptions of justice in the workplace, including distributive justice (fairness of outcomes), procedural justice (fairness of procedures used to determine outcomes), and interactional justice (fairness of interpersonal treatment), are important determinants of employee motivation, satisfaction, and commitment.

In summary, the Equity/Organizational Justice Theory emphasizes the importance of perceived fairness and equity in motivating individuals in organizational settings. When individuals perceive that they are being treated fairly and justly, they are more likely to be motivated, satisfied, and committed to their work. Therefore, organizations must

strive to create environments that promote fairness, transparency, and equity to maximize employee motivation and performance.

2.5 Job Attitudes

Even though there are thousands of attitudes among employees, Organizational Behavior (OB) concentrates on a relatively small number of attitudes that shape how they perceive their workplaces, either positively or negatively. Much of the research has looked at the following attitudes: job satisfaction, job involvement, organizational commitment, and perceived organizational support (Harrison, Newman, and Roth, 2006). For the purposes of this study only job satisfaction was covered.

2.5.1 Job Satisfaction

According to Robbins and Judge (2018), when people talk about employee attitudes, they typically mean job satisfaction, which is a favorable opinion of a job based on an assessment of its qualities. A person who is highly satisfied with their work feels positively about it, whereas a person who is not as satisfied feels negatively about it.

Job satisfaction, according to Locke (1969), is a feeling of joy that arises from achieving one's objectives as a result of carrying out one's share of the work inside an organization. A person's overall attitude toward the work they do is referred to as their level of job satisfaction by Rue and Byar (1986). Job satisfaction was also described by Schultz and Schultz (1998) as an individual's attitudes and feelings toward their work, both positive and negative. Ramayah et al. (2001) claim that job satisfaction explains why workers are motivated to report for duty and how they are coerced into doing their tasks. According to some researchers, job satisfaction results from an employee's assessment of how well their workplace meets their needs (Dawis and Lofquist, 1984). Khan (2006) asserts that the psychological and environmental effects of one's work are intertwined with job satisfaction.

2.5.1.1 Causes of Job Satisfaction

Job satisfaction can be influenced by a variety of factors. Job conditions, personality, pay, and corporate social responsibility (CSR) are a few of them.

a) Job Conditions

Generally, interesting jobs that provide training, variety, independence, and control satisfy most employees. Interdependence, feedback, social support, and interaction with coworkers outside the workplace are also strongly related to job satisfaction, even after accounting for characteristics of the work itself (Humphrey et al. 2007). According to Dawson et al. (2016), job conditions such as the nature of the work, social interactions, and supervision are key factors that predict satisfaction and well-being among employees. While all aspects are crucial, the intrinsic nature of the work stands out as the most significant predictor of overall satisfaction and well-being.

b) Personality

Personality has a significant impact on job satisfaction, just as job conditions do. Individuals who believe in their inherent worth and basic competence and who have a positive core self-evaluation (CSE) are happier in their jobs than those who have a negative CSE (Robbins and Judge, 2018).

c) Pay

Pay does correlate with job satisfaction and overall happiness for many people, but the effect can be smaller once an individual reaches a standard level of comfortable living (Robbins and Judge, 2018).

d) Corporate Social Responsibility

Employee job satisfaction is increasingly impacted by an organization's commitment to corporate social responsibility (CSR), or its self-regulated actions to benefit society or the environment beyond what is required by law, according to Robbins and Judge (2009). CSR is practiced by organizations through a variety of means, such as charitable giving, nonprofit work, and environmental sustainability initiatives.

Millennials have a particularly strong correlation between CSR and job satisfaction. "People, planet, and revenue - the triple bottom line - are what the next generation of workers is looking for in an employer," claim Robbins and Judge (2018).

CSR allows workers to serve a higher purpose or contribute to a mission. According to Robbins and Judge (2018), people who view their work as part of a higher purpose often realize higher job satisfaction.

2.5.1.2 Outcomes of Job Satisfaction

Robbins and Judge, (2018) state that high job performance, increased Organizational citizenship Behavior (OCB), customer satisfaction, and life satisfaction are some of the outcomes of job satisfaction.

a) Job Performance

Employee satisfaction increases the likelihood of productivity. According to Robbins and Judge (2018), people who are happier at work perform better, and companies with happier workers are typically more productive than those with fewer.

b) Organization Citizenship Behavior (OCB)

An employee's organizational citizenship behavior ought to be significantly influenced by their level of job satisfaction (Podsakoff et al. 2000, as cited by Robbins and Judge, 2018). OCBs include people talking positively about their organizations, helping others, and going beyond the normal expectations of their jobs. Evidence suggests job satisfaction is moderately correlated with OCB; people who are more satisfied with their jobs are more likely to engage in citizenship behavior (Hoffman et al. 2007, as cited by Robbins and Judge, 2018).

c) Customer Satisfaction

Customer satisfaction and loyalty seem to rise when managers and staff are happy. Numerous investigations have investigated this connection, and findings point to a strong, positive correlation between the two. Customer satisfaction is influenced by job satisfaction in several ways, including increased employee engagement and service quality, positive customer interactions, performance and productivity gains, organizational commitment and loyalty, increased word-of-mouth recommendations and referrals, decreased turnover and continuity of services, and more.

d) Life Satisfaction

Research indicated that job satisfaction is positively correlated with life satisfaction, and your attitudes and experiences in life spill over into your job approaches and experiences (Davis-Blake et al. 2003, as cited by Robbins and Judge, 2018).

Robbins and Judge (2018) state that since work is a significant aspect of life for most people, it stands to reason that our level of job satisfaction and general happiness are closely related to each other. Although a major element of overall life satisfaction is job satisfaction, there are numerous other factors that also play a role in an individual's subjective well-being. While unfavorable work experiences can reduce life satisfaction, positive work experiences can increase it. Thus, fostering a positive work atmosphere and encouraging job satisfaction can have a significant positive impact on people's general health and quality of life.

2.5.1.3 The Impact of Job Dissatisfaction

The exit-voice-loyalty-neglect framework is one theoretical model that can be useful in comprehending the effects of dissatisfaction. Hirschman (1970) developed the exit-voice-loyalty-neglect framework to help explain how people react to perceived issues or sources of dissatisfaction in organizations. Hirschman's framework suggests that individuals have four possible responses when they encounter issues or dissatisfaction in an organizational context:

- **Exit:** Exit refers to the act of leaving the organization or disengaging from it in response to dissatisfaction. This could involve quitting a job, terminating a contract, or withdrawing support from an organization by discontinuing the use of its products or services. Exit is a direct response to dissatisfaction and is often seen as a form of protest or rebellion against perceived problems within the organization.
- **Voice:** Voice involves expressing dissatisfaction or raising concerns about issues within the organization. This could include providing feedback, making suggestions for improvement, participating in discussions or meetings, or engaging in activism or advocacy efforts to address organizational problems.

Voice represents an attempt to actively engage with the organization and effect change from within.

- **Loyalty:** Loyalty refers to remaining committed to the organization despite dissatisfaction or problems. Loyalty involves continuing to support the organization, upholding its values, and maintaining a sense of allegiance or attachment. Individuals who exhibit loyalty may choose to remain with the organization, support its products or services, or defend it against criticism.
- **Neglect:** Neglect involves passively disengaging from the organization without actively seeking to address problems or voice concerns. This could manifest as reduced effort, decreased participation, or indifference towards organizational goals and activities. Neglect represents a lack of investment or commitment to the organization and may signal underlying dissatisfaction or disillusionment.

Overall, the exit-voice-loyalty-neglect framework provides a useful lens for understanding how individuals navigate their relationships with organizations in response to dissatisfaction or perceived problems and highlights the importance of considering multiple response options in organizational contexts. Some of the impacts of job dissatisfaction are:

a) Counterproductive Work Behavior (CWB)

Substance abuse, stealing at work, undue socializing, gossiping, absenteeism, and tardiness are examples of behaviors that are destructive to organizations. They are indicators of a broader syndrome called counterproductive work behavior (CWB), also termed deviant behavior in the workplace, or simply employee withdrawal (Robbins and Judge, 2018). Generally, job dissatisfaction predicts CWB. People who are not satisfied with their work become frustrated, which lowers their performance and makes them more prone to CWB.

b) Absenteeism

Studies have indicated a moderate to weak negative relationship, but a consistent relationship, between absenteeism and satisfaction (Hackett, 1998).

c) Turnover

The relationship between job satisfaction and turnover is stronger than between satisfaction and absenteeism (Chen et al. 2011).

2.6 Employee Retention

Scholars have different views on term employee retention. As per Borgohain (2010), retention is the organization's capacity to keep its employees to work and continue in the organization for a long period of time.

According to Armstrong & Taylor (2014), employee retention is a methodical endeavor to create and promote an environment of policies and practices addressing the diverse employee needs thereby encouraging them to willingly remain committed to such an organization.

Bidisha (2013) described it as "a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project".

2.6.1 Effect of Motivation on Employee Retention

According to Luthans (1998), motivation is the process that awakens, energizes, guides, and maintains performance and behavior. Effective managers must comprehend what drives workers in the context of their jobs if they are to lead any kind of organization. He continued by saying that, of all the tasks a manager undertakes, inspiring staff members is probably the most difficult since, according to him, employee motivation "changes constantly.". According to Pratt (1979), to utilize labor force effectively, managers must not only comprehend employee behavior but also the reasons behind the patterns of behavior that employees display at work.

According to Chaminade (2007), retention is the deliberate action taken by an organization to establish a work environment that keeps employees interested over the long haul. Retaining competent personnel is essential because losing them could negatively impact the company's profitability and productivity, according to Samuel and Chipunza (2009). But for managers and human resources (HR) professionals, retention

practices have grown to be a difficult and demanding task. Employee retention is a critical source of competitive advantage for any organization, as it plays a major role in the development and achievement of the organization's goals and objectives. Research has shown that several important factors—including organizational culture, strategy, pay and benefits philosophy, and career development systems—all contribute to retention and should be managed in concert (Fitz-enz, 1990). Maintaining quality staff is quickly turning into a vital competitive advantage. Employee retention is a problem that impacts the overall performance of the business. Businesses are coming to understand that their employees are by far their most valuable resource. This simply means that happy employees will be more inclined to stick around longer to support the company's objectives.

Using an organizational reward system is one of the more conventional approaches to managing employee turnover and retention. According to William and Werther (1996), a reward is something that workers receive in return for their contributions to the company. This compensation could take the shape of a raise, bonus, or other incentives. An organization's corporate objectives can be achieved, and a productive workforce can be maintained when the reward system is managed well. Employee turnover is frequently high, and replacements can be expensive and difficult to find if they feel they are not being fairly compensated.

Literatures on employee retention once more demonstrates that keeping current employees is less expensive than hiring new talent because companies already understand their workforce's needs and wants, and recruiting new hires initially costs money (Davidow and Uttal, 1989). Long-term employees are more able to contribute than those who leave quickly because they are more familiar with the company's policies, guidelines, rules, and regulations. Long-term employees tend to be more devoted to the management and the organization; therefore, it is critical for the organization to hold onto valuable employees who are demonstrating potential. All organizations require talented and industrious workers who can come up with innovative

and creative ideas. An organization cannot thrive if all its top performers leave; those who put in a lot of effort and are critical of the system must be kept on board.

Benefits from employee retention include increased market share, improved customer satisfaction, lower costs, better service, less price sensitivity, positive word-of-mouth, and higher productivity and efficiency (Reichheld, 1995; Zineldin, 2000). Research on employee retention makes it abundantly evident that satisfied workers are more committed to doing a good job and energetic in their efforts to increase the satisfaction of their organization's customers (Hammer 2000). Employee satisfaction leads to a lower turnover rate because contented workers are more likely to stay with their company (Mobley et al. 1979).

According to Hart and Johnson (1999), service providers might occasionally find it difficult to hang on to even their most contented workers. Therefore, job satisfaction alone might not be enough to guarantee long-term employees' loyalty to a company. Rather, it might be more important to focus on factors like conviction and trust that enhance retention rather than just satisfaction. This explanation aligns with the findings of Morgan and Hunt's (1994) marketing channel research, which demonstrates that companies frequently prioritize building trust and securing long-term relationships with their employees over the concept of satisfaction. This fact stems from the idea that once trust is established in a relationship, it becomes less likely that either party will end it due to the high costs of doing so. Research suggests that when workers form close bonds with their coworkers, they are more likely to stay on the job (Clarke 2001). This explains why companies try to promote teamwork, collaborate with coworkers on projects, and provide opportunities for interaction both within and outside of the workplace (Johns et al 2001).

Further research suggests that good communication fosters an environment of openness and trust and enhances employee identification with their organization. Companies are disclosing more and more details about their goals, competitive performance, strategies, values, and other aspects that could influence an employee's decision to stay (Gopinath and Becker 2000).

Zurn et al. (2005) emphasize that managers and policymakers need to work to attract people to the workplace, motivate them to remain in their positions, and ensure that they are performing to a satisfactory level. Considering this, managers, planners, and policymakers have focused on implementing incentive programs to enhance employee recruitment, motivation, and retention.

2.6.2 Reason for Employee Disengagement

Employees may opt to depart from their present organization for a variety of reasons, such as personal situations or dissatisfaction with their job. It is imperative for organizations seeking to enhance employee retention and foster a positive work atmosphere to comprehend these rationales.

Some of these causes are listed by Abassi and Hollman (2000) as management style, hiring procedures, lack of recognition, absence of a competitive pay plan, and unfavorable work environment. Other factors include a lack of motivating work, unstable employment, insufficient training and development opportunities, lack of promotion, mismatch between job and personality, lack of growth opportunities, lack of trust, lack of support, and lack of coordination among coworkers, as well as an unbalanced work-life schedule.

These elements fall into two general categories: intrinsic and extrinsic motivators. Previous research has shown that young workers are more concerned with pay, opportunities for growth, and vacation time. These variations could be the result of generational differences or career plan stages. Furthermore, gender disparities frequently exist within demographic groups, e.g. young women's desires may differ from those of young men (Beck 2001). Having a better understanding of these factors can assist companies in creating strategies that increase employee satisfaction and retention.

2.6.3 Employees Retention Strategies

Developing and implementing effective employee retention strategies is vital for businesses to both attract and maintain their workforce. To achieve this, companies should focus on engaging employees, providing safe and healthy work environments,

and offering flexible work arrangements. By prioritizing retention, organizations can cultivate a diverse and inclusive workforce, minimizing obstacles and enabling individuals to perform their jobs effectively.

New studies reveal that line managers possess the greatest influence in minimizing unwanted turnover. This is primarily because the factors influencing employee satisfaction and commitment are predominantly under the direct manager's control (Buckingham & Coffman, 1999).

Abelson & Baysinger (1984) have suggested that an effective human resource management strategy should balance the cost of replacing the employees who leave against the cost of retaining those who stay. Since it is generally more expensive to replace highly productive employees than to replace weak performers (Cascio, 1982), a cost-effective human resource management strategy will attempt to minimize turnover among strong performers. Furthermore, since all employees will eventually leave an organization, the strategy should induce new employees who perform well to stay longer while encouraging weaker performers to leave at earlier seniority (Peter & Sheridan 1988).

Research has indicated that companies that exhibit their appreciation for their staff members and implement procedures and policies that illustrate successful retention strategies will reap the rewards in the form of increased employee loyalty and output. To attract and retain employees, creative approaches beyond pay and benefits can be used. Some examples of these approaches include recognition, flexible work schedules, work-life balance, employee engagement, health and safety, communication, workplace diversity, formal wellness programs, inclusion, and employee development (Kinnear and Sutherland, 2001).

The significance of high employee involvement and how it could improve retention are explained by numerous studies (Arthur 1994). While it's important to consider flexible work schedules and assistance programs, most workers do not utilize them (Perry Smith and Blum 2000). While organizational climate variables had a very weak relationship with turnover rates, Terborg, and Lee (1984) found that variation in annual

turnover rates across organizations was related to local labor market conditions and employee demographics.

Several retention strategies were covered by Fitz-enz (1990), including career development programs, organizational culture, strategy, and pay and benefits. Compensation, Growth, Support, Relationship, and Environment are the five categories into which these falls.

a) Compensation

Compensation is an important motivator when the employer rewards the employee for his achievement of the desired organizational results. The employees in the organization expect compensation as the motivation strategy for their personal benefits. Compensation includes salary and wages, bonuses, benefits, prerequisites, stock options, bonuses, vacations.

b) Growth

Growth and development are an integral part of every individual 's career. If an employee cannot foresee his path of career development in his current organization, there are chances that he will leave the organization as soon as he gets an opportunity. The important factors in employee growth that an employee looks for himself are:

- Work profile: The work profile on which the employee is working should be in sync with his capabilities. The profile should not be too low or too high.
- Personal growth and dreams: Employees responsibilities in the organization should help him achieve his personal goals also.
- Training and development: Employees should be trained and given a chance to improve and enhance their skills.

c) Support

Management should try to focus on its employees and support them not only in their difficult times at work but also through the times of personal crisis. Management can support employees by providing them with recognition and appreciation.

d) Relationship

Management should provide employees with a supportive work culture, in terms of professional and personal relationships. This includes respect for the individual, mentorship, and coaching, promoting loyalty.

e) Organizational Environment

This includes culture, values, company reputation, quality of people in the organization, employee development and career growth, risk taking, leading technologies, trust.

Types of environments the employee needs in an organization include:

- **Learning environment:** It includes continuous learning and improvement of the individual, certifications, and provision for higher studies, etc.
- **Support environment:** Organization can provide support in the form of work-life balance. Work life balance includes flexible working hours, leave, alternate work schedules.
- **Work environment:** It includes efficient managers, supportive co-workers, challenging work, involvement in decision-making, clarity of work and responsibilities, and recognition.

2.7 Empirical Literature Review

The relationship between motivational factors and employee retention has been the subject of numerous studies, and the literature is replete with studies that discuss the impact of motivational factors on employee retention in Ethiopia and other developing nations. Empirical literatures pertinent to the study will be covered in this section.

Employee motivation is primarily influenced by job satisfaction, rewards, and training and development, as per research conducted at the Addis Ababa City Road Authority Lot Three Project office (Wolde, 2020).

According to a study done to assess the impact of reward practices on employee motivation in the instance of Awash Insurance Company S. Co, both monetary and non-monetary rewards have a strong positive association with employees' motivation (Melaku, 2019). This suggests that employees' motivation will be increased, and that employee retention will follow suit if adequate attention is given to improving both financial and non-financial rewards.

A study conducted at Buna International Bank S. Co. to assess the impact of reward management on employee motivation, workers are satisfied with their work environment, supervision, recognition, and challenging and interesting tasks (Azmera, 2020). The study also showed that employee motivation and factors like pay, benefits, recognition, advancement, and challenging and interesting work are positively and significantly correlated.

According to Getahun's (2020) study, which looked at the relationship between motivation and employee performance at Commercial Bank of Ethiopia, job satisfaction has a strong and significant role as a mediator between the two. In other words, job satisfaction strongly leads employees to perform better.

According to a study done in a private organization in Ghana to examine effect of motivational factors on employee retention, having a comprehensive blend of extrinsic and intrinsic motivational variables can improve retention and lower the high rate of employee turnover in various organizations (Sedem, 2012). According to this study, certain variables have a significant impact on employees' decisions to quit or stay with a company. These variables include job security, competitive pay, recognition and reward for excellent work, and training and development. Nevertheless, when creating a retention policy, the significance of other factors shouldn't be overlooked.

Study conducted to assess effect of motivation on employee retention in standard chartered of Ghana, showed that motivational factors such as salary and fringe benefits were rated as most important to the workforce of the bank followed by job security and relationship with co-workers (Nyamekye, 2012). Further the study showed that, the three strategies rated most important to the workforce are recognition, training opportunities, openness and trust, promotional opportunities, and effective communication.

Research study done at the Federal Medical Center (FMC) in Nigeria to review motivation as a constituent of employee retention showed that, managers', and non-managers' levels of employee retention within the case study organization are largely

influenced by motivation. It was discovered, specifically, that workers are more likely to be motivated if they receive performance-based pay, are acknowledged for their hard work, and are encouraged to take on personally rewarding tasks (Eberendu and Kenneth-Okere, 2015).

A study conducted to assess the effect of motivational factors on employee retention in private sector in Tanzania showed that, salary, compensation, workers benefits, promotion and employee assistance programs were highly considered important (Elnazi, 2018). So, improving these motivational packages would lead to arise the problem of employee's retention in private sectors and encourage high performance which would ensure meeting organizational goals and objectives.

A comprehensive study done by analyzing 72 articles from the period (1984-2019) titled review of motivational factors and employee retention in Pakistan revealed that work-life balance, job security, job autonomy and social supports indicates both positive and negative association with employee retention (Aman-Ullah et al., 2020).

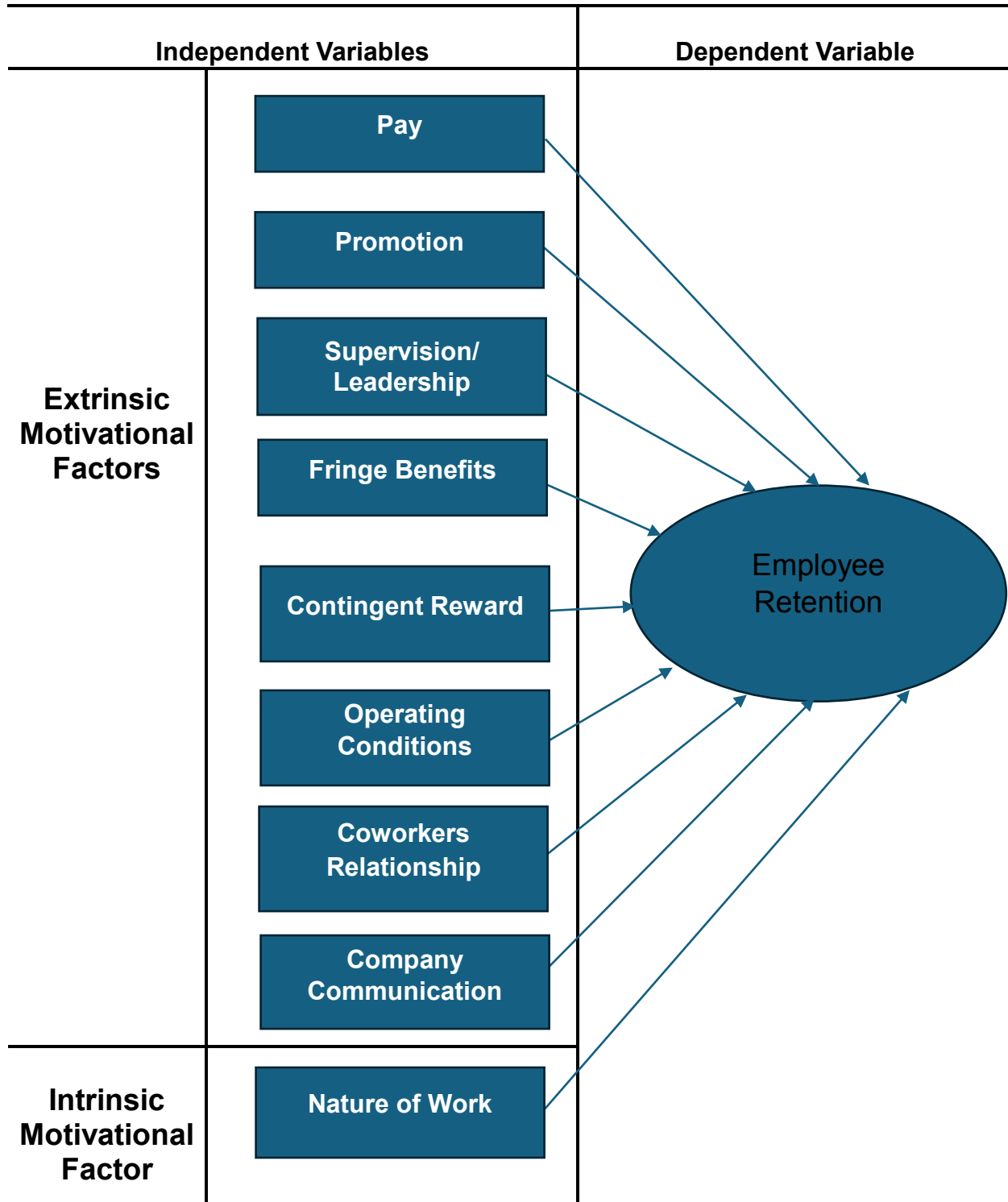
2.8 Conceptual Framework

The extent to which the researcher conceptualizes the relationship between contextual factors under study and illustrates the relationship graphically or diagrammatically is referred to as a conceptual framework, according to Mugenda & Mugenda (2003). The conceptual framework made up of the dependent variable, and independent variables is depicted in the image below. According to empirical evidence mentioned above, employee retention is a dependent variable that is influenced favorably or adversely by the independent variables - extrinsic motivational factors (pay, promotion, supervision, benefits, coworker, working conditions, reward, and communication) and intrinsic motivational factors (challenging and interesting work).

The conceptual framework demonstrates the relationships between the study's variables, as seen in figure 1. The nine variables that Spector (2009) used to measure job satisfaction – nature of work, which is an intrinsic motivator that comes from within the individual and is driven by personal enjoyment, curiosity, or a sense of

accomplishment; and pay, promotion, supervision, benefits, coworker, operating conditions, contingent reward, and communication, which are extrinsic motivators that rely on external incentives to influence behavior. Employee retention is the reliant (dependent) variable of the study. In this study, a direct relationship between the independent and dependent variables was hypothesized.

Figure 1 Conceptual Framework



Source: Adopted from Spector (1999).

CHAPTER THREE

3. METHODOLOGY OF THE STUDY

3.1 Introduction

The research methods used in the study are the main topic of this study chapter. The primary areas of emphasis are the description of the study area, the research design and methodology, the data source, the data collection technique, the sampling design, and the data analysis approach.

3.2 Area Description

This study was conducted at Excellerent Technology Solutions Inc. – Ethiopian Delivery Center in Ethiopia, Addis Ababa. Excellerent Technology Solutions Inc. - Ethiopian Delivery Center which began operations in Ethiopia in 2019 by employing five software developers. Currently, Excellerent Technology Solutions Inc. – Ethiopian Delivery Center have 215 employees who work directly or indirectly working for US, Europe, India, and African clients. The company either takes on a project and submits it when it's finished, or it charges an hourly rate to clients for the services of its employees.

3.3 Research Design

Research design is the overall approach chosen to integrate the various study components in a coherent and logical manner, ensuring that the research problem is effectively addressed. It serves as the guide for the collection, measurement, and analysis of data (Groat and Wang, 2013).

The research used both explanatory and descriptive research design. To determine the effect of motivational factors on employee retention, the study used explanatory research design. Explanatory research design is appropriate for studies that establish causal relationship between variables (Sainani, 2014).

To find out already existing phenomena, the study used descriptive research design. Descriptive research aims to provide the most precise description of the phenomena that already exists. Descriptive research's primary objective is to thoroughly characterize the occurrences that are the subject of the investigation (Atmowardoyo,

2018). In descriptions, the query "what?" is answered. (i.e., the characteristics of the intended phenomenon), "how?" (i.e., the mechanisms by which events can evolve or persist the same), and "when?" (i.e., the ways in which these patterns appear as a function of age or time), whereas explanations focus on "why?" (Skinner and Dancis, 2020).

3.4 Research Approach

To investigate the impact of motivational factors on employee retention at Excellent Technology Solutions Inc. – Ethiopian Delivery Center., this study combined quantitative and qualitative data. Mixed methods research is an approach that combines both quantitative and qualitative methods into a single study to provide a broader and more complete vision of a problem. The use of mixed methods makes it possible to overcome the limitations of quantitative and qualitative methodologies, allowing the researcher to get rich information that could not be obtained using each method alone (Almeida, 2018).

Interview results from managers were interpreted and incorporated once the quantitative data was analyzed and used as confirmation.

3.5 Sources of Data

This study used both primary and secondary data to examine the effects of motivational factors on employee retention in Excellent Technology Solutions Inc. – Ethiopian Delivery Center. Questioners were prepared and distributed to employees and interview was conducted with managers of Excellent Technology Solutions Inc. – Ethiopian Delivery Center.

Secondary data sources, like academic books, journal articles, journal proceedings, and research analyses, were gathered and used from a variety of published and unpublished materials. Organizational reports, annual reports, HR manual, and organizational plans were collected and used as additional secondary data sources.

3.6 Target Population, Sampling Technique and Sample Size

3.6.1 Target Population

Excellerent Technology Solutions Inc. – Ethiopian Delivery Center employees and managers are the target population of this study. Incorporating the perspectives of all managers and employees into this research will enhance the study's outcome. However, from an economic and practical standpoint, this is difficult to do. Thus, as a standard practice a total of 215 employees and managers (193 from core business staff and 22 from support staff) of Excellerent Technology Solutions – Ethiopian Delivery Center were the target population.

3.6.2 Sample Size and Sampling Technique

Stratified random sampling were used to ensure employees from each department or groups are sufficiently sampled and to enable comparison between the department or groups. Once the strata are determined, a straightforward random sample procedure were used to choose each research participant from the departments and services. Additionally, the participants for the interview were chosen using a purposive selection technique. Technical Delivery Managers, Project Managers, and Managers from different functions were the key interview targets.

The total population, who are currently working at Excellerent Technology Solutions – Ethiopian Delivery Center is 215. Thus, the study considers 215 employees and managers as a target population.

The study used a simplified formula provided by Yamane (1967), to determine the sample size, which will represent the target population. It was assumed that the confidence level is 95% and the margin of error is 5% (Israel, 1992).

$$n=N/(1+N(e)^2)$$

Where

n is the size of the sample

N is the size of population

e is the precision level

By using the above represented statistical formula, the sample size of study was determined. Accordingly:

$$n = 215 / (1 + 215 (.05)^2)$$

$$n \approx 140$$

Therefore, the sample size for the targeted population of the study was 140 employees. The total sample size was allocated proportionately to each functional unit using the following formula.

Table 1 Proportion of sample size to Target Population

| Stratified Position | Target Population | Proportion | Sample Size |
|----------------------------|--------------------------|-------------------|--------------------|
| Operations Staff | 193 | 193*140/215 | 126 |
| Support Staff | 22 | 22*140/215 | 14 |
| Total | 215 | | 140 |

Source: Excellerent Technology Solutions – Ethiopian Delivery Center, 2024

3.7 Method of Data Collection

3.7.1 Questionnaire

Since it offers a high level of data uniformity and adoption of generalized information among any community, the questionnaire was chosen. It was also selected due to its simplicity in administration, analysis, and time efficiency (Mugenda & Mugenda, 2003). The job satisfaction survey (JSS) from Spector (1999) was used in this investigation. There are closed-ended questions in the survey (see appendix I) that use a six-point Likert scale from Strongly Agree to Strongly Disagree.

Accordingly, the questionnaire has two parts: Part I captured demographic information on the respondents, while Part II sought opinions, perceptions, and attitudes from participants. Respondents' perceptions and opinions based on the facts were elicited using a 6-point Likert scale, where 1 stands for "strongly disagree," 2 for "moderately disagree," 3 for "disagree," 4 for "agree," 5 for "moderately agree" and 6 for "Strongly agree".

3.7.2 Interview

To find out the view of Managers on Effects of Motivational factors on Employee Retention, a semi structured interview was used in collecting data on the subject from 8 managers of the company. The composition was 2 Technical Delivery Managers, 2 Project Managers & 2 Tech Leads from operation staff and 2 Department Managers from support staff, particularly from the HRM Department. They are selected by non-probability sampling method and questions were presented as per the specific objectives of the study.

3.8 Data Collection Procedure

The questionnaires were administered by the researcher to the sampled respondents at their workplace, Excellerent Technology Solutions – Ethiopian Delivery Center offices, using the drop and pick later method. The respondents were given one week to fill in the questionnaires and an additional one week to allow them to finish an incomplete questionnaire. After two weeks, all filled questionnaires were returned (collected) and was ready for coding. Interview with Managers was also conducted by a researcher.

3.9 Reliability and Validity of the Instrument

3.9.1 Validity

The degree to which an instrument accurately measures at the required level is known as its validity (Chattopadhyay and Das, 2002). According to Ghauri et al. (2020), validity is the degree to which a concept is reliably quantified and explains how well the data collected covers the actual field of inquiry.

3.9.2 Reliability

Reliability is the degree to which a research tool consistently produces the same results when utilized in the same context repeatedly (Heale and Twycross, 2015). The researcher has ensured reliability by using Cronbach's Alpha method to test internal consistency. Cronbach Alpha was used to establish the degree of consistency and accuracy of items in the questionnaire (Mugenda & Mugenda, 2003).

Table 2 Reliability Statistics Cronbach's Alpha

| General Reliability | Cronbach's Alpha | No. of Items |
|---------------------------------|------------------|--------------|
| All | 0.701 | 36 |
| Reliability per variable | | |
| Pay | 0.70 | 4 |
| Promotion | 0.69 | 4 |
| Supervision/Leadership | 0.71 | 4 |
| Fringe Benefits | 0.71 | 4 |
| Contingent Reward | 0.70 | 4 |
| Operating Conditions | 0.71 | 4 |
| Coworker Relationship | 0.69 | 4 |
| Company Communication | 0.70 | 4 |
| Nature of Work | 0.70 | 4 |

Source: Survey Result, 2024

Questionnaires with a Cronbach Alpha above 0.9 are considered excellent, between 0.8 and 0.9 are considered good, between 0.7 and 0.8 are considered acceptable. A result between 0.6 and 0.7 is considered questionable, between 0.5 and 0.6 is considered poor, and below 0.5 is considered unacceptable.

The Cronbach Alpha reliability coefficient for the questionnaire was found to be **0.701** as shown in Table 2 hence was considered as acceptable. This indicates that the research instrument was a reliable measure for this study.

3.9.3 Pre-Testing

The questionnaire was pre-tested with 20 (10%) employees at Excellerent Technology Solutions – Ethiopian Delivery Center to test the content validity of the questionnaire and to check the clarity, length, word ambiguity and structure and their suggestion were incorporated before the final distribution of the questionnaire.

3.10 Data Analysis Methods

3.10.1 Data Encoding

Once data is collected from the employees and managers of Excellerent Technology Solutions – Ethiopian Delivery Center, Statistical Package for Social Science (SPSS)

software was used to examine the survey data. The quantitative data will be analyzed using the data analysis program Statistical Package for Social Sciences (SPSS). Due care has been taken during encoding for incomplete questionnaires.

3.10.2 Descriptive Analysis

Descriptive statistics such as arithmetic mean, frequency distribution, standard deviation and percentages were used to assess the demographic profile of the respondents to make the analysis more meaningful, clear, and easily explainable.

3.10.3 Inferential Analysis

Inferential statistics use statistical techniques to draw conclusions information from a smaller sample to make predictions and draw conclusions about a larger population. The main goal of inferential statistics is to provide information about the whole population using sample data to make the conclusions drawn as accurate and reliable as possible. Inferential analysis (regression and correlation) was used to analyze quantitative data obtained from the distributed questionnaire of motivational factors and its effects on employee retention.

As correlation, a quantitative measure of the degree of correspondence between two or more variables- risk practices factors and productivity. It used correlation coefficient - a decimal number between - 1.00 and + 1.00 that indicates the degree to which two variables are related. From inferential statistical techniques, the relationship between independent and dependent variables in the context of malt barley projects will be examined and it measures using p-value 0.05 as cut-off (Kotahri, 2019).

Correlation analysis was conducted to examine the relationship between the independent variables (motivational factors – intrinsic & extrinsic) and the dependent variable (employee retention) and major findings were interpreted based on the result.

3.10.3.1 Study Model

Multiple Linear Regression (MLR) model was used to identify the relationship between motivational factors (explanatory/ independent variables) and employee retention (dependent variable). The goal of multiple linear regression is to model the linear

relationship between the explanatory (independent) variables and response (dependent) variables.

According to this model, intrinsic motivational factors and extrinsic motivational factors were used as explanatory variables and employee retention as dependent variable that was calculated with the following formula:

$$Y = \alpha + \beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4+\beta_5X_5+\beta_6X_6+\beta_7X_7+\beta_8X_8+ \beta_9X_9 + e$$

Where:

Y = Employee Retention

α = The constant

$\beta_1 - \beta_9$ =Coefficients of independent variables

X1 = Pay

X2 = Promotion

X3 = Supervisor

X4 = Fringe Benefits

X5 = Contingent Rewards

X6 = Work Conditions

X7 = Coworkers

X8 = Nature of work

X9 = Communication

e = error

3.10.3.2 Model Assumptions

The following analytical tests were conducted to ensure that the data suits the basic assumptions of classical linear regression model, and these assumptions are adapted from (Kothari, 2019).

- **Normality:** utilizing descriptive statistics, the normalcy was examined. Normal distribution is one that is not skewed and has a kurtosis coefficient of.
- **Tests for Autocorrelation:** the covariance between the error terms over time (or cross-sectional, for that sort of data) is assumed to be zero for the CLRM's

disturbance terms. The permissible range of DW or the threshold is below 2 or 2.5 - 1.5; if the mistakes are not uncorrelated, it would be said that they are "auto correlated" or that they are "serially correlated."

- **Heteroscedasticity** – it implies that the variance of error terms is not constant. The ordinary least square method's estimators are ineffective in the presence of heteroscedasticity, and hypothesis testing is no longer valid or reliable because it overestimated variances and standard errors.
- **Multicollinearity**: any correlation coefficient above 0.7 may result in a major multicollinearity issue, which could result in inaccurate estimation and less trustworthy outcomes. The permissible Variance Inflation Factor (VIF) range is between 5 and 10.

3.11 Ethical Issues

This study was conducted in a way considering ethical responsibility by providing information about the study for respondents, keeping the information confidential and will not be used for any personal interest in the future.

CHAPTER FOUR

1. RESULT AND DISCUSSION

4.1 Introduction

The data gathered to investigate the effect of motivational factors on employee retention in software development companies in Ethiopia are designated and evaluated in this chapter. The key findings are briefly stated, and the implications of the research findings are explained.

4.2 Response Rate

This chapter identifies and evaluates the findings of the data that was gathered to look at how motivational factors affect employee retention in software development companies in Ethiopia. To these end questionnaires are developed, distributed and collected and below table shows its response rate.

Table 3 Questionnaire Survey Response Rate

| Department | Questionnaire Distributed | Questionnaire Returned | Response Rate |
|-------------------------|----------------------------------|-------------------------------|----------------------|
| Delivery Department | 126 | 108 | 77% |
| Non-Delivery Department | 14 | 14 | 100% |
| Total | 140 | 122 | 87% |

Source: Survey Result, 2024

For this survey, 140 questionnaires were distributed to the sampled respondents, with the findings shown in Table 3 above about response rate. It is clear from this study's findings that 122 were correctly filled out and returned at a rate of 87%. According to Cheraisi (2020), a response rate of 50% is considered enough for a study, 60% is good, and 70% or more is exceptional. This response rate is a good indicator and complies with Mugenda & Mugenda's (2003) definition of a good response rate as one of 50% or

above for analysis and reporting, 60% for good performance, and 70% or higher for excellent performance. The statement states that the 87% response rate was rated as excellent. The subsequent analysis is then conducted based on this response rate.

4.3 Demographic Analysis of the Respondents

The respondents' demographic profile is shown in this section. The characteristics and answers of the selected samples were summarized using descriptive statistics.

Table 4 Demographic Distribution of the Respondent

| Description | Category | Count Number (Total 122) | N% (Total 100%) |
|--|--------------|-----------------------------|--------------------|
| Gender of Respondents | Male | 100 | 82% |
| | Female | 22 | 18% |
| Age of Respondents | < 25 | 1 | 1% |
| | 26 – 35 | 81 | 66% |
| | 36 – 45 | 40 | 33% |
| Education Level of Respondents | BA/BSC | 74 | 61% |
| | MA/MBA/MSc | 48 | 39% |
| Experience of Respondents in the Company | < 1 year | 4 | 3% |
| | 1 - 3 Years | 81 | 67% |
| | > 3 years | 37 | 30% |
| Functional unit of Respondents | Delivery | 108 | 88.5% |
| | Non-Delivery | 14 | 11.5% |

Source: Survey result, 2024

The respondents' individual characteristics are examined in terms of their gender, age, educational level, length of service in the company and their functional units. A total of 122 questionnaires were gathered, edited, reverse coded and recorded to SPSS Version 27.

As shown in Table 4 above, regarding the gender of the respondent, most respondents were male (82%), while the remaining were female (18%). Regarding the age of the respondents as shown in the same table 4, (66%) of the respondents were between the age of 26 and 35, (33%) of the respondent were between the ages of 36 and 45, and the remaining respondent (1%) was below the age of 25. As a result, it suggests that younger respondents make up most of the sampled workforce. This implies that, if employees are motivated well, they can be retained for a long period of time and can enable the company to achieve its objectives.

According to the same Table 4, regarding the education level of the respondent, (61%) of the respondents had a first degree and the remaining (39 %) had a master's degree. This shows that all the sampled employees or respondents were educated and had a solid awareness of how motivational factors affect employee retention.

Regarding the service period of the respondents in the company, (67%) of the respondents have worked between 1 year and 3 Years, (30%) of the respondents worked above 3 years in the company and only (3%) of the respondents have worked below 1 year in the company. From this one can easily understand that most of the respondents have worked 1 year or above in the company and are able to understand the motivational factors of the company.

As indicated in table 4 above, regarding the functional unit of the respondents, most of the respondent (88.5%) are working in delivery department - core functional unit of the company and the remaining (11.5%) respondents are working in non-delivery department – support functional unit of the company.

4.4 Motivational Factors and Employee Retention

Motivational factors (pay, promotion, supervision, fringe benefits, contingent reward, working condition, coworkers, nature of work and communication) the independent variables and employee retention the dependent variable was examined using descriptive statistical analysis. In the study's reference scaling (6-point scale), where 6 stood for strongly agree, 5 for agree moderately, 4 for agree, 3 for disagree, 2 for disagree moderately and 1 for strongly disagree. Strongly disagree (1) was the

minimum (Min), while strongly agree (6) was the maximum. The respondent's selections, which ranged from strongly agree to strongly disagree, were used to examine the mean score.

Spector (1999) was taken as a benchmark for mean scores rating. He proposed the mean score of 3 or less represents dissatisfaction. Mean scores between 3 and 4 are ambivalence whereas the mean score 4 or more represents satisfaction.

The descriptive data for the components of motivational factors are displayed below.

4.4.1 Pay

Table 5 Components of Pay Variable

| Description | Strongly Disagree | | Disagree Moderately | | Disagree | | Agree | | Agree Moderately | | Strongly Agree | | Total | |
|--|-------------------|-----|---------------------|-----|----------|-----|-------------------|-----|------------------|-----|----------------|-----|-------|-----|
| | N | % | N | % | N | % | N | % | N | % | N | % | % | N |
| I feel I am being paid a fair amount for the work I do | 13 | 11% | 36 | 30% | 29 | 24% | 31 | 25% | 9 | 7% | 4 | 3% | 100% | 122 |
| Raises are too few and far between | 32 | 26% | 40 | 33% | 22 | 18% | 20 | 16% | 0 | 0% | 8 | 7% | 100% | 122 |
| I feel unappreciated by the organization when I think about what they pay me | 16 | 13% | 21 | 17% | 25 | 21% | 24 | 20% | 21 | 17% | 15 | 12% | 100% | 122 |
| I feel satisfied with my chances for salary increases | 28 | 23% | 25 | 21% | 36 | 30% | 17 | 14% | 8 | 7% | 8 | 7% | 100% | 122 |
| Mean = 2.94 | | | | | | | SD = 0.742 | | | | | | | |

Source: Survey result, 2024

According to study's finding in table 5, the mean value of pay is **(2.94)** which is below the threshold of 3 indicating that most respondents disagreed with most factors of pay in the company. The standard deviation was **(0.742)** which is under two - low standard deviation and indicates that respondents' opinions were comparable.

It means that most of the respondents did not feel that they were paid a fair amount for what they did in the company. It also means there were no adequate salary raise and even there is it's far between. Overall, there is dissatisfaction among the employees regarding the pay of the company.

4.4.2 Promotion

Table 6 Components of Promotion Variable

| Description | Strongly Disagree | | Disagree Moderately | | Disagree | | Agree | | Agree Moderately | | Strongly Agree | | Total | |
|--|-------------------|-----|---------------------|-----|----------|-----|------------------|-----|------------------|-----|----------------|-----|-------|-----|
| | N | % | N | % | N | % | N | % | N | % | N | % | % | N |
| There is really too little chance for promotion on my job | 33 | 27% | 32 | 26% | 25 | 21% | 16 | 13% | 4 | 3% | 12 | 10% | 100% | 122 |
| Those who do well on the job stand a fair chance of being promoted | 29 | 24% | 32 | 26% | 27 | 22% | 17 | 14% | 5 | 4% | 12 | 10% | 100% | 122 |
| People get ahead as fast here as they do in other places | 4 | 3% | 22 | 18% | 39 | 32% | 32 | 26% | 21 | 17% | 4 | 3% | 100% | 122 |
| I am satisfied with my chances for promotion | 32 | 26% | 33 | 27% | 40 | 33% | 8 | 7% | 1 | 1% | 8 | 7% | 100% | 122 |
| Mean = 2.85 | | | | | | | SD = 0.69 | | | | | | | |

Source: Survey result, 2024

The descriptive data for the factor related to promotion is shown in Table 6. As per the study's finding, the mean value of promotion is **(2.85)** which is below the threshold of 3 indicating that most respondents disagreed with most factors of promotion in the company. The standard deviation was **(0.69)** which is under two - low standard deviation and indicates that respondents' opinions were comparable.

It means that most of the respondents feel that there is little or no promotion in the company. This indicates that those who do well on the job stand won't get a fair

chance of being promoted compared to other companies. Generally, there is dissatisfaction among the employees regarding the promotion practice of the company.

4.4.3 Supervision/Leadership

Table 7 Components of Supervision Variable

| Description | Strongly Disagree | | Disagree Moderately | | Disagree | | Agree | | Agree Moderately | | Strongly Agree | | Total | |
|---|-------------------|----|---------------------|----|----------|-----|------------------|-----|------------------|-----|----------------|-----|-------|-----|
| | N | % | N | % | N | % | N | % | N | % | N | % | % | N |
| My supervisor is quite competent in doing his/her job | 7 | 6% | 8 | 7% | 5 | 4% | 36 | 30% | 50 | 41% | 16 | 13% | 100% | 122 |
| My supervisor is unfair to me | 6 | 5% | 8 | 7% | 12 | 10% | 12 | 10% | 44 | 36% | 40 | 33% | 100% | 122 |
| My supervisor shows too little interest in the feelings of subordinates | 4 | 3% | 9 | 7% | 39 | 32% | 36 | 30% | 9 | 7% | 25 | 20% | 100% | 122 |
| I like my supervisor | 9 | 7% | 4 | 3% | 20 | 16% | 37 | 30% | 40 | 33% | 12 | 10% | 100% | 122 |
| Mean = 4.24 | | | | | | | SD = 0.88 | | | | | | | |

Source: Survey result, 2024

The descriptive data for the factor related to supervision is shown in Table 7. As per the study's finding, the mean value of supervision is **(4.24)** which is above the threshold of 3 indicating that most respondents agreed with most factors of supervision in the company. The standard deviation was **(0.88)** which is under two - low standard deviation and indicates that respondents' opinions were comparable.

This indicates that most of the respondents feel that their supervisors are competent in doing their jobs and fair to their subordinates in the company. This also means that supervisors show interest in the feeling of their subordinates and are likable. Generally, there is satisfaction among the employees with their supervisors in the company.

4.4.4 Fringe Benefits

Table 8 Components of Fringe Benefits Variable

| Description | Strongly Disagree | | Disagree Moderately | | Disagree | | Agree | | Agree Moderately | | Strongly Agree | | Total | |
|---|-------------------|-----|---------------------|-----|------------------|-----|-------|-----|------------------|-----|----------------|-----|-------|-----|
| | N | % | N | % | N | % | N | % | N | % | N | % | N | % |
| I am not satisfied with the benefits I receive | 20 | 16% | 44 | 36% | 13 | 11% | 17 | 14% | 13 | 11% | 5 | 12% | 100 | 12% |
| The benefits we receive are as good as most other organizations offer | 20 | 16% | 36 | 30% | 23 | 19% | 26 | 21% | 13 | 11% | 4 | 3% | 100 | 12% |
| The benefit package we have is equitable | 36 | 30% | 12 | 10% | 36 | 30% | 9 | 24% | 9 | 7% | 0 | 0% | 100 | 12% |
| There are benefits we do not have which we should have | 4 | 3% | 4 | 3% | 21 | 17% | 3 | 11% | 27 | 22% | 3 | 43% | 100 | 12% |
| Mean = 3.35 | | | | | SD = 0.62 | | | | | | | | | |

Source: Survey result, 2024

The descriptive data for the factors related to fringe benefits are shown in Table 8. As per the study's finding, the mean value of fringe benefit is **(3.35)** which is in between 3 and 4 indicating that most respondents are ambivalence with most factors of fringe benefits in the company. The standard deviation was **(0.62)** which is under two - low standard deviation and indicates that respondents' opinions were comparable.

This indicates that most of the respondents are uncertain about the fringe benefits the company is providing. They are also uncertain about the equitability of the fringe benefits the company had.

4.4.5 Contingent Reward

Table 9 Components of Contingent Reward Variable

| Description | Strongly Disagree | | Disagree Moderately | | Disagree | | Agree | | Agree Moderately | | Strongly Agree | | Total | |
|--|-------------------|-----|---------------------|-----|------------------|-----|-------|-----|------------------|-----|----------------|-----|-------|------|
| | N | % | N | % | N | % | N | % | N | % | N | % | N | % |
| When I do a good job, I receive the recognition for it that I should receive | 33 | 27% | 16 | 13% | 18 | 15% | 23 | 19% | 24 | 20% | 8 | 7% | 122 | 100% |
| I do not feel that the work I do is appreciated | 20 | 16% | 18 | 15% | 12 | 10% | 20 | 16% | 25 | 20% | 27 | 22% | 122 | 100% |
| There are few rewards for those who work here | 8 | 7% | 17 | 14% | 48 | 39% | 32 | 26% | 5 | 4% | 12 | 10% | 122 | 100% |
| I don't feel my efforts are rewarded the way they should be | 12 | 10% | 32 | 26% | 42 | 34% | 16 | 13% | 12 | 10% | 8 | 7% | 122 | 100% |
| Mean = 3.33 | | | | | SD = 0.96 | | | | | | | | | |

Source: Survey result, 2024

The descriptive data for the factor related to contingent reward is depicted in Table 9. According to the study's finding, the mean value of supervision is **(3.33)** which is in between 3 and 4 indicating that most respondents are ambivalence with most factors of contingent reward in the company. The standard deviation was **(0.96)** which is under two - low standard deviation and indicates that respondents' opinions were comparable.

This indicates that most of the respondents are uncertain about the contingent rewards the company is providing.

4.4.6 Operation Condition

Table 10 Components of Operation Condition

| Description | Strongly Disagree | | Disagree Moderately | | Disagree | | Agree | | Agree Moderately | | Strongly Agree | | Total | |
|--|-------------------|-----|---------------------|-----|------------------|-----|-------|-----|------------------|-----|----------------|-----|-------|------|
| | N | % | N | % | N | % | N | % | N | % | N | % | N | % |
| Many of our rules and procedures make doing a good job difficult | 12 | 10% | 4 | 3% | 30 | 25% | 40 | 33% | 17 | 14% | 19 | 16% | 122 | 100% |
| My efforts to do a good job are seldom blocked by red tape | 31 | 25% | 29 | 24% | 44 | 36% | 13 | 11% | 4 | 3% | 1 | 1% | 122 | 100% |
| I have too much to do at work | 20 | 16% | 25 | 20% | 36 | 30% | 40 | 33% | 1 | 1% | 0 | 0% | 122 | 100% |
| I have too much paperwork | 37 | 30% | 24 | 20% | 23 | 19% | 30 | 25% | 4 | 3% | 4 | 3% | 122 | 100% |
| Mean = 2.93 | | | | | SD = 0.47 | | | | | | | | | |

Source: Survey result, 2024

The descriptive data for the factor related to operational condition is shown in Table 10. As per the study's finding, the mean value of operational condition is **(2.93)** which is below the threshold of 3 indicating that most respondents disagreed with most factors of operational conditions in the company. The standard deviation was **(0.47)** which is under two - low standard deviation and indicates that respondents' opinions were comparable.

It means that most of the respondents feel that the rules and procedures of the company make doing jobs difficult and employees have too much work to do. Overall, there is dissatisfaction among the employees regarding the conditions of work in the company.

4.4.7 Coworker Relationship

Table 11 Components of Coworker Variable

| Description | Strongly Disagree | | Disagree Moderately | | Disagree | | Agree | | Agree Moderately | | Strongly Agree | | Total | |
|--|-------------------|----|---------------------|----|------------------|-----|-------|-----|------------------|-----|----------------|-----|-------|------|
| | N | % | N | % | N | % | N | % | N | % | N | % | N | % |
| I like the people I work with | 4 | 3% | 0 | 0% | 0 | 0% | 13 | 11% | 56 | 46% | 49 | 40% | 122 | 100% |
| I find I have to work harder at my job because of the incompetence of people I work with | 0 | 0% | 8 | 7% | 19 | 16% | 12 | 10% | 49 | 40% | 34 | 28% | 122 | 100% |
| I enjoy my coworkers | 0 | 0% | 4 | 3% | 12 | 10% | 29 | 24% | 36 | 30% | 41 | 34% | 122 | 100% |
| There is too much bickering and fighting at work | 6 | 5% | 0 | 0% | 16 | 13% | 24 | 20% | 33 | 27% | 43 | 35% | 122 | 100% |
| Mean = 4.83 | | | | | SD = 0.59 | | | | | | | | | |

Source: Survey result, 2024

The descriptive data for the factor related to coworker relationship is shown in Table 11. As per the study's finding, the mean value of coworker relationship is **(4.83)** which is above the threshold of 3 indicating that most respondents agreed with most factors of coworker's relationship in the company. The standard deviation was **(0.59)** which is under two - low standard deviation and indicates that respondents' opinions were comparable.

This indicates that most of the respondents feel that they like and enjoy the people they work with. This also means that there are no bickering and fighting at workplace and all workers are doing their works properly without the interventions of others. Generally, there is satisfaction among the employees with their coworker relationship in the company.

4.4.8 Nature of Work

Table 12 Component of Nature of Work Variable

| Description | Strongly Disagree | | Disagree Moderately | | Disagree | | Agree | | Agree Moderately | | Strongly Agree | | Total | |
|---|-------------------|-----|---------------------|-----|----------|------------------|-------|-----|------------------|-----|----------------|-----|-------|------|
| | N | % | N | % | N | % | N | % | N | % | N | % | N | % |
| I sometimes feel my job is meaningless | 0 | 0% | 13 | 11% | 22 | 18% | 11 | 9% | 40 | 33% | 36 | 30% | 122 | 100% |
| I like doing the things I do at work | 0 | 0% | 4 | 3% | 2 | 2% | 28 | 23% | 49 | 40% | 39 | 32% | 122 | 100% |
| I feel a sense of pride in doing my job | 33 | 27% | 17 | 14% | 23 | 19% | 28 | 23% | 5 | 4% | 16 | 13% | 122 | 100% |
| My job is enjoyable | 0 | 0% | 0 | 0% | 14 | 11% | 60 | 49% | 37 | 30% | 11 | 9% | 122 | 100% |
| Mean = 4.21 | | | | | | SD = 0.69 | | | | | | | | |

Source: Survey result, 2024

The descriptive data for the factor related to nature of work is depicted in table 12. As per the study's finding, the mean value of nature of work is **(4.21)** which is above the threshold of 3 indicating that most respondents agreed with most factors of nature of work in the company. The standard deviation was **(0.69)** which is under two - low standard deviation and indicates that respondents' opinions were comparable.

This indicates that many of the respondents feel that they have meaningful job and they like what they did at their job. This also means that they feel a sense of pride in what they did, and their job is enjoyable. Generally, there is satisfaction among the employees with their nature of work in the company.

4.4.9 Communication

Table 13 Component of Communication Variable

| Description | Strongly Disagree | | Disagree Moderately | | Disagree | | Agree | | Agree Moderately | | Strongly Agree | | Total | |
|--|-------------------|-----|---------------------|-----|------------------|-----|-------|-----|------------------|-----|----------------|-----|-------|------|
| | N | % | N | % | N | % | N | % | N | % | N | % | N | % |
| Communications seem good within this organization | 9 | 7% | 12 | 10% | 32 | 26% | 17 | 14% | 33 | 27% | 19 | 16% | 122 | 100% |
| The goals of this organization are not clear to me | 25 | 20% | 8 | 7% | 19 | 16% | 13 | 11% | 25 | 20% | 32 | 26% | 122 | 100% |
| I often feel that I do not know what is going on with the organization | 4 | 3% | 4 | 3% | 19 | 16% | 45 | 37% | 29 | 24% | 21 | 17% | 122 | 100% |
| Work assignments are not fully explained | 5 | 4% | 20 | 16% | 13 | 11% | 36 | 30% | 32 | 26% | 16 | 13% | 122 | 100% |
| Mean = 4.00 | | | | | SD = 0.78 | | | | | | | | | |

Source: Survey result, 2024

The descriptive data for the factor related to company communication is shown in Table 13. As per the study's finding, the mean value of company communication is **(4.00)**, which is above the threshold of 3 indicating that most respondents agreed with most factors of communication in the company. The standard deviation was **(0.78)** which is under two - low standard deviation and indicates that respondents' opinions were comparable.

This indicates that most of the respondents feel that communication is good within the organization and the goals of the organization are clear. This also means that work assignments are properly explained, and they know exactly what is going on in the company. Generally, there is satisfaction among the employees with their company communication within the company.

4.4.10 Employee Retention

Table 14 Components of Employee Retention Variable

| Description | Strongly Disagree | | Disagree Moderately | | Disagree | | Agree | | Agree Moderately | | Strongly Agree | | Total | |
|---|-------------------|-----|---------------------|-----|------------------|-----|-------|-----|------------------|-----|----------------|-----|-------|------|
| | N | % | N | % | N | % | N | % | N | % | N | % | N | % |
| I am satisfied with my current role | 12 | 10% | 20 | 16% | 48 | 39% | 25 | 20% | 12 | 10% | 5 | 4% | 122 | 100% |
| I considered leaving my current job in the past | 19 | 16% | 1 | 1% | 32 | 26% | 37 | 30% | 16 | 13% | 17 | 14% | 122 | 100% |
| I am actively seeking other job opportunities | 12 | 10% | 0 | 0% | 24 | 20% | 24 | 20% | 32 | 26% | 30 | 25% | 122 | 100% |
| I plan to stay in the company for long period of time | 28 | 23% | 17 | 14% | 32 | 26% | 20 | 16% | 5 | 4% | 20 | 16% | 122 | 100% |
| Mean = 3.56 | | | | | SD = 0.80 | | | | | | | | | |

Source: Survey result, 2024

The descriptive data for the factor related to supervision is depicted in Table 14. As per the study's finding, the mean value of employee retention is **(3.56)** which is in between 3 and 4 indicating that most respondents are ambivalence with most factors of employee retention in the company. The standard deviation was **(0.80)** which is under two - low standard deviation and indicates that respondents' opinions were comparable.

This indicates that most of the respondents are uncertain about their stay with the company for a long period of time.

4.5 Result of Inferential Statistics

The many ways that statistics collected from observations on samples from study populations can be used to infer whether those populations are distinct are referred to as inferential statistics (Kothari, 2019). The researcher has created correlation and regression data analysis and generalizes the data in accordance with inferential statistical analysis. The researcher makes inferences about the data set after generalizing about it.

4.5.1 Correlation Analysis

Using a correlation analysis, this study established the linkages between motivational factors in terms of 9 independent variables and employee retention. Table 15 in the section below presents the results.

The below table makes it clear that correlational analysis was used in this study to examine the link between employee retention and pay. Pay variable and employee retention were found to be weak positively correlated and statistically significant ($r=.204; .024$).

This study inspected the relationship between promotion practice and employee retention by using correlational analysis. As a result, there is clear evidence that promotion and employee retention are negatively related to one another in the IT industry ($r=-.028; .763$).

The below table makes it vibrant that correlational analysis was used in this study to examine the link between employee retention and supervision. Supervision variable and employee retention were found to be weak positively correlated ($r=0.015; .871$).

This study inspected the relationship between fringe benefits and employee retention using correlational analysis. As a result, there is clear evidence that fringe benefits and employee retention have weak positive relation to one another ($r=0.035; .703$).

This study inspected the relationship between contingent reward and employee retention by using correlational analysis. As a result, there is clear evidence that contingent reward and employee retention have weak negative relation to one another in the IT industry ($r=-.070;0.445$).

This study inspected the relationship between operating conditions and employee retention using correlational analysis. As a result, there is clear evidence that operating conditions and employee retention are negatively and statistically significant ($r=-0.377; 0.000$) related to one another.

Table 15 Correlation Analysis Test Result

Correlations

| | | Retention | Pay | Promotion | Supervision | Fringe Benefits | Contingent Reward | Operating Conditions | Coworker | Nature of Work | Communication |
|----------------------|---------------------|-----------|--------|-----------|-------------|-----------------|-------------------|----------------------|----------|----------------|---------------|
| Retention | Pearson Correlation | 1 | | | | | | | | | |
| | Sig. (2-tailed) | | | | | | | | | | |
| | N | 122 | | | | | | | | | |
| Pay | Pearson Correlation | .204* | 1 | | | | | | | | |
| | Sig. (2-tailed) | .024 | | | | | | | | | |
| | N | 122 | 122 | | | | | | | | |
| Promotion | Pearson Correlation | -.028 | .666** | 1 | | | | | | | |
| | Sig. (2-tailed) | .763 | .000 | | | | | | | | |
| | N | 122 | 122 | 122 | | | | | | | |
| Supervision | Pearson Correlation | .015 | .289** | .102 | 1 | | | | | | |
| | Sig. (2-tailed) | .871 | .001 | .263 | | | | | | | |
| | N | 122 | 122 | 122 | 122 | 122 | | | | | |
| Fringe Benefits | Pearson Correlation | .035 | .354** | .341** | -.015 | 1 | | | | | |
| | Sig. (2-tailed) | .703 | .000 | .000 | .867 | | | | | | |
| | N | 122 | 122 | 122 | 122 | 122 | | | | | |
| Contingent Reward | Pearson Correlation | -.070 | .441** | .304** | .369** | .024 | 1 | | | | |
| | Sig. (2-tailed) | .445 | .000 | .001 | .000 | .791 | | | | | |
| | N | 122 | 122 | 122 | 122 | 122 | 122 | 122 | | | |
| Operating Conditions | Pearson Correlation | -.377** | -.006 | .002 | -.011 | .106 | -.018 | 1 | | | |
| | Sig. (2-tailed) | .000 | .951 | .981 | .908 | .244 | .847 | | | | |
| | N | 122 | 122 | 122 | 122 | 122 | 122 | 122 | | | |
| Coworker | Pearson Correlation | -.119 | -.049 | -.096 | .447** | -.046 | .174 | .000 | 1 | | |
| | Sig. (2-tailed) | .190 | .593 | .293 | .000 | .615 | .056 | .996 | | | |

| | | | | | | | | | | | |
|--|---------------------|------|--------|--------|--------|--------|-------|--------|--------|--------|-----|
| | N | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | | |
| Nature of Work | Pearson Correlation | .108 | .391** | .414** | .427** | .413** | .231* | .054 | .175 | 1 | |
| | Sig. (2-tailed) | .238 | .000 | .000 | .000 | .000 | .010 | .554 | .054 | | |
| | N | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | |
| Communication | Pearson Correlation | .033 | .181* | .422** | .367** | .116 | -.066 | -.216* | .258** | .432** | 1 |
| | Sig. (2-tailed) | .718 | .046 | .000 | .000 | .203 | .473 | .017 | .004 | .000 | |
| | N | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 |
| *. Correlation is significant at the 0.05 level (2-tailed). | | | | | | | | | | | |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | | | | | | | | |

Source: Survey result, 2024

This study inspected the relationship between coworker relationship and employee retention by using correlational analysis. As a result, there is clear evidence that coworker and employee retention have weak negative relation to one another in the IT industry ($r=-0.119$; 0.190).

This study inspected the relationship between nature of work and employee retention using correlational analysis. As a result, there is clear evidence that the nature of work and employee retention have weak positive relation ($r=0.108$; 0.238).

The above table makes it vibrant that correlational analysis was used in this study to examine the link between employee retention and communication. Communication variable and employee retention were found to be weak positively correlated ($r=0.033$; 0.718).

4.6 Regression Analysis

This study employed a well-known research analysis method namely Multiple regression. This versatile method of data analysis called multiple regression analysis may be used whenever a quantitative variable needs to be investigated in relation to any other factors.

4.6.1 Premises and the Diagnostic Test

The study's appendices contain thorough tests of multicollinearity, autocorrelation, and the average value of the error term in addition to the data gathering tool. Based on concepts from both theoretical and practical multiple regression, the assumption test was conducted. The test results demonstrate that the conditions of regression analysis were met for normality, multicollinearity, autocorrelation, and the test for the average value of the error term (Cherai, 2021).

Table 16 Regression Assumption Test Result – Collinearity Statistics

| | Collinearity Statistics | |
|----------------------|--------------------------------|------------|
| | Tolerance | VIF |
| (Constant) | | |
| Pay | 0.420 | 2.383 |
| Promotion | 0.368 | 2.716 |
| Supervision | 0.501 | 1.997 |
| Fringe Benefits | 0.703 | 1.422 |
| Contingent Reward | 0.601 | 1.665 |
| Operating Conditions | 0.889 | 1.124 |
| Coworker | 0.715 | 1.398 |
| Nature of Work | 0.548 | 1.826 |
| Communication | 0.468 | 2.136 |

Source: Survey result, 2024

In all the analyses, the Variance Inflation Factor (VIF) was used to check the multicollinearity assumption test; this was done since previous research had shown that a VIF larger than 5 should raise some red flags. The VIF determines how much the variance has been increased to detect multicollinearity. A VIF greater than 5 is considered to signify the existence of negative multicollinearity. As shown in table 16 the VIF of all variables were found to be below 5 and all are near to 2 and there is no multicollinearity.

4.6.1.1 Autocorrelation Test

The widely used testing method, the Durbin-Watson Test, is used to determine whether autocorrelation is present. This test was used in this investigation to determine whether autocorrelation existed. Autocorrelation is a term used to describe a lack of independence when the observations follow a natural order in time or space.

Table 17 Regression Assumption Test Result - Durbin-Watson

Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1 | .544 ^a | 0.296 | 0.239 | 0.69692 | 2.138 |

a. Predictors: (Constant), Communication, Contingent Reward, Fringe Benefits, Operating Conditions, Coworker, Pay, Supervision, Nature of Work, Promotion

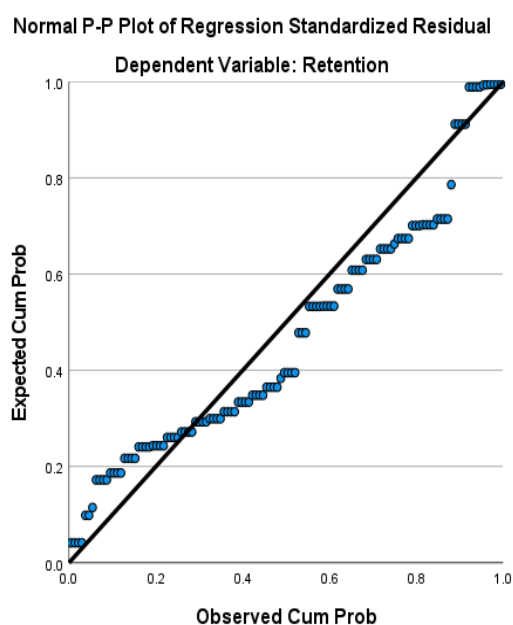
b. Dependent Variable: Retention

Source: Survey result, 2024

The Durbin-Watson statistic result for assessing the presence of autocorrelation was found to be 2 (2.138), demonstrating that the residuals are uncorrelated and proving that the independence condition is satisfied for this investigation. The covariance between the error terms across time (or cross-sectional, for that sort of data) is assumed to be zero for the multiple linear regression disturbance terms.

4.6.1.2 Linearity Test

Figure 2 Linearity Test Result-Normal P-P Plot



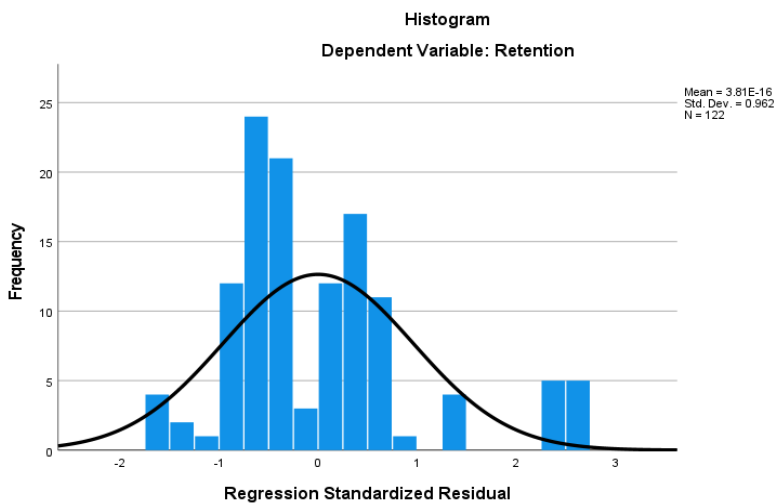
Source: Survey result, 2024

A straight-line function of the independent variables, X' , yields the mean value of the response variable (Y). A deviation from this presumption can suggest that the connection between the answer and the explanatory variables is not linear. As a result, the linear regression model might not be appropriate or suitable for the data at hand. The graph above demonstrates that the regression can proceed as a result. If the homoscedasticity assumption is true, the residuals will appear to be randomly dispersed all over the place around the horizontal line around $r_i=0$. It refers to the homogeneity of variances, meaning that the variance is the same across all treatment groups. The same residual plots of the predicted values and standardized residuals shown in can be used to visually examine the homoscedasticity assumption.

4.6.1.3 Normality test Result

Because Kurtosis and Skewness are between -2 and +2, this study's descriptive statistic of Kurtosis and Skewness statics computation established that the distribution is normal, and that the data had a reasonable variance for use in further analysis. The study discovered that both tests' significance levels were less than 0.05, which results in the rejection of the null hypothesis that the data for all variables were not normally distributed. This finding on the histogram table's normality indicates that the data for the variables were normally distributed.

Figure 3 Normality Test Result



Source: Survey result, 2024

4.6.2 Multiple Regression Test Result

Table 18 Regression Test Results Model Summary

Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .544 ^a | 0.296 | 0.239 | 0.69692 |

Source: Survey result, 2024

By assuming the value of R^2 to clarify the degree of the independent variable's effect on the dependent variable, the result of multiple regression tests and its measurement were made. The linear regression of nine independent variables and one dependent variable successfully showed the point. This study discovered that the dependent variable (employee retention) was clearly elucidated by the overall bundle of determinant elements of the nine independent variables, which were 29.6% ($R^2 = .296$). This suggests that while 70.4 % of employee retention in the study organization is determined by other unnamed or unexplained elements that were demonstrated through the course of this study, only 29.6 % of it obviously depends on the independent variables that have been specified. R-squared after adjustment (adj. R^2) is 0.239.

Table 19 Regression Test Results ANOVA

ANOVA^a

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|------------|----------------|-----|-------------|-------|-------------------|
| Regression | 22.825 | 9 | 2.536 | 5.221 | .000 ^b |
| Residual | 54.399 | 112 | 0.486 | | |
| Total | 77.223 | 121 | | | |

a. Dependent Variable: Retention

b. Predictors: (Constant), Communication, Contingent Reward, Fringe Benefits, Operating Conditions, Coworker, Pay, Supervision, Nature of Work, Promotion

Source: Survey result, 2024

The regression model is statistically significant in this study's explanation of the link between the study variables, it was discovered. The ANOVA test table is the reason for this. Given that the F-statistic was 5.221 and the P-value was <0.001, less than 0.05, the regression model significantly influences employee retention. This demonstrates that it is a strong fit for the model as it demonstrates a significant relationship between the effects of motivational factors and employee retention.

Table 20 Regression Test Results - Coefficients

Coefficients^a

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|----------------------|-----------------------------|------------|---------------------------|--------|-------|
| | B | Std. Error | Beta | | |
| (Constant) | 5.929 | 0.790 | | 7.502 | 0.000 |
| Pay | 0.494 | 0.132 | 0.459 | 3.747 | 0.000 |
| Promotion | -0.371 | 0.151 | -0.321 | -2.459 | 0.015 |
| Supervision | -0.038 | 0.102 | -0.042 | -0.373 | 0.710 |
| Fringe Benefits | -0.074 | 0.122 | -0.058 | -0.608 | 0.544 |
| Contingent Reward | -0.166 | 0.085 | -0.200 | -1.951 | 0.054 |
| Operating Conditions | -0.673 | 0.143 | -0.395 | -4.697 | 0.000 |
| Coworker | -0.134 | 0.125 | -0.100 | -1.066 | 0.289 |
| Nature of Work | 0.247 | 0.125 | 0.212 | 1.981 | 0.050 |
| Communication | -0.057 | 0.118 | -0.056 | -0.485 | 0.629 |

a. Dependent Variable: Retention

Source: Survey result, 2024

Multiple linear regression was used in this study to examine the connection between employee retention and pay practices. As a result, this study discovered that pay (**$\beta = 0.494$ and $p = 0.000$**); pay has statistically significant, indicating a significant positive relationship between payment and employee retention in the regression model.

This study discovered that ($\beta = -.371$ and $p = .015$) there is statistically significant negative relationship between promotion and employee retention, though the significance level is not as strong as when p is below 0.05.

Consequently, this study discovered that there is no statistically significant relationship between supervision/leadership and employee retention ($\beta = -.038$ and $p = .701$). Additionally, this study discovered there is no statistically significant relationship between fringe benefits and employee retention. While the data suggests a slight decrease in retention with increasing fringe benefits, the evidence is not strong enough to conclude that this relationship is not due to random chance alone ($\beta = -.074$ and $p = .544$).

This study has also discovered that there is not a statistically significant, negative relationship between contingent rewards and employee retention ($\beta = -.166$ and $p = .0544$). While the data suggests a decrease in retention with increasing contingent rewards, the evidence is not strong enough to conclude that this relationship is not due to random chance alone. In addition, the study found that there is a statistically significant and strong negative relationship between operational conditions and employee retention. The data suggests that as operational conditions worsen, there is a significant decrease in employee retention ($\beta = -.673$ and $p = .000$). This finding is robust and unlikely to be explained by random variation in the data. Therefore, it may be important for organizations to address and improve operational conditions to maintain higher levels of employee retention.

The study has also found that there is no statistically significant relationship between coworker relationships and employee retention ($\beta = -.134$ and $p = .289$).

Multiple linear regression was used in this study to examine the connection between employee retention and the nature of work. As a result, this study discovered that there is a potentially significant positive relationship between the nature of work and employee retention ($\beta = .247$ and $p = .050$). While the association is not overwhelmingly

strong, there is some evidence to suggest that improvements in the nature of work may lead to higher levels of employee retention.

Lastly, the study found that there is no statistically significant relationship between company communication and employee retention ($\beta = -.057$ and $p = .629$).

4.7 Hypothesis Testing

4.7.1 Pay and Employee Retention

The first objective of the research study was to investigate the effect of motivational factor- pay on employee retention of software development companies in Ethiopia. The study employed correlation and multiple linear regression models to determine the effect of pay on employee retention. The results of the survey display the results of two methods ($r = .204$ by correlation and $\beta = .494$ and $\text{Sig.} = .000$ by linear regression analysis).

The value of β indicates a moderate positive association between pay and employee retention. A positive β suggests that, on average, as pay increases, employee retention tends to increase. The magnitude of this effect is moderate, with a value of 0.494, indicating a noticeable increase in employee retention per unit increase in pay.

The p-value is extremely low, indicating a high level of statistical significance. A p-value of 0.000 suggests that there is overwhelming evidence against the null hypothesis. In this case, it means that the observed relationship between pay, and employee retention is highly unlikely to be due to random chance alone. This implies that pay improves employee retention in software development companies. The study's findings concur with those of Sedem (2012), who conducted research on the impact of motivation on employee retention in Zoomlion Company Ghana LTD and discovered that pay is statistically important in explaining employee retention.

This finding is supported by Herzberg's Two-Factor Theory. Hygiene Factor - salary and benefits are considered hygiene factors that prevent dissatisfaction. While they do not necessarily motivate employees, their absence can lead to dissatisfaction and turnover. Motivators - opportunities for growth and achievement, often linked to financial

incentives and recognition, can serve as motivators that enhance job satisfaction and retention. In addition to this, it's supported by Maslow's Hierarchy of Needs Theory. Physiological and Safety Needs - competitive pay addresses basic physiological needs (e.g., food, shelter) and safety needs (e.g., financial security). Meeting these needs is foundational for retaining employees. Self-Actualization - compensation that includes opportunities for professional growth can help employees achieve higher-level needs, contributing to employee retention. Furthermore, it's supported by Expectancy Theory. Valence - the perceived value of the reward (compensation) can influence an employee's effort and decision to stay. Instrumentality - the belief that performance will lead to the reward can drive employee engagement and retention. Expectancy - employees' perception of their ability to achieve the required performance level to obtain the reward affects their motivation and retention.

4.7.2 Promotion and Employee Retention

The second objective of the research study was to investigate the effect of motivational factor- promotion on employee retention of software development companies in Ethiopia. The study employed correlation and multiple linear regression models to determine the effect of promotion on employee retention. The results of the survey display the results of two methods (**$r = -.028$ by correlation and $\beta = -.371$ and $\text{Sig.} = .015$ by linear regression analysis**).

The value of β indicates a moderate negative association between promotions and employee retention. A negative β suggests that, on average, as the frequency or effectiveness of promotions decreases, employee retention tends to decrease. The magnitude of this effect is moderate, with a value of -0.371 , indicating a noticeable decrease in employee retention per unit decrease in promotions.

This p-value is below the conventional threshold of 0.05 for significance. It suggests that there is evidence against the null hypothesis. In this case, it indicates that the observed relationship between promotions and employee retention is unlikely to be solely due to random chance. This implies that promotion and employee retention are negatively correlated. The results are in line with research by Abassi & Hollman (2000) and Sherman et al. (2006) who highlighted reasons why employees leave an organization,

these reasons include, lack of recognition, lack of competitive compensation system, lack of job security, lack of promotion and inadequate training and development opportunities, job and personality mismatch, no growth opportunities, lack of trust and no support, coordination among co-workers and work life imbalance.

From theoretical perspective, this result is highly supported by Expectancy Theory. Expectancy - employees are motivated to perform well if they believe that their effort will lead to a successful outcome, such as a promotion. Instrumentality - the belief that achieving the performance standard will result in receiving the reward (promotion) influences motivation. Valence - the perceived value of the promotion as a reward affects how desirable it is, thereby influencing retention. The finding is also supported by Herzberg's Two-Factor Theory. Motivators - promotion acts as a motivator by fulfilling higher-level psychological needs such as achievement and recognition. These factors contribute positively to job satisfaction and retention. Hygiene Factors - while promotions themselves are motivators, the absence of clear promotion opportunities can lead to dissatisfaction, like hygiene factors. Finally, the finding is supported by Equity Theory. Fairness - employees compare their promotional opportunities with those of their peers. Perceived fairness in promotional practices can reduce feelings of inequity and increase retention.

4.7.3 Supervision/Leadership and Employee Retention

The third objective of the research study was to investigate the effect of motivational factor- supervision/leadership on employee retention of software development companies in Ethiopia. The study employed correlation and multiple linear regression models to determine the effect of supervision on employee retention. The results of the survey display the results of two methods (**$r = .015$ by correlation and $\beta = -.038$ and **Sig.= .710 by linear regression analysis**).**

The value of β suggests a very weak negative association between supervision and employee retention. A negative β indicates that as the level of supervision increases, employee retention tends to decrease slightly, but the magnitude of this effect is very

small. In this case, it's -0.038, indicating an almost negligible decrease in employee retention per unit increase in supervision.

This p-value is substantially greater than the conventional threshold of 0.05 for significance. It suggests that there is little to no evidence against the null hypothesis, meaning that the observed relationship between supervision and employee retention is likely due to random chance. In other words, there is no statistically significant relationship between supervision and employee retention.

4.7.4 Fringe Benefits and Employee Retention

The fourth objective of the research study was to investigate the effect of motivational factor- fringe benefits on employee retention of software development companies in Ethiopia. The study employed correlation and multiple linear regression models to determine the effect of fringe benefits on employee retention. The results of the survey display the results of two methods (**$r = .035$ by correlation and $\beta = -.074$ and $\text{Sig.} = .544$ by linear regression analysis).**

This value of β indicates a weak negative association between fringe benefits and employee retention. A negative β suggests that, on average, as the level of fringe benefits increases, employee retention tends to decrease slightly. However, the magnitude of this effect is small. In this case, it's -0.074, indicating a modest decrease in employee retention per unit increase in fringe benefits.

The p-value is substantially greater than the conventional threshold of 0.05 for significance. It suggests that there is little to no evidence against the null hypothesis, meaning that the observed relationship between fringe benefits and employee retention is likely due to random chance. In other words, there is no statistically significant relationship between fringe benefits and employee retention.

4.7.5 Contingent Reward and Employee Retention

The fifth objective of the research study was to investigate the effect of motivational factor- contingent reward on employee retention of software development companies in Ethiopia. The study employed correlation and multiple linear regression models to

determine the effect of contingent reward on employee retention. The results of the survey display the results of two methods (**$r = -.070$ by correlation and $\beta = -.0166$ and **Sig.= .054 by linear regression analysis**).**

The value of β indicates a moderate negative association between contingent rewards and employee retention. A negative β suggests that, on average, as the level of contingent rewards increases, employee retention tends to decrease. The magnitude of this effect is moderate, with a value of -0.166, indicating a noticeable decrease in employee retention per unit increase in contingent rewards.

This p-value is slightly above the conventional threshold of 0.05 for significance. While it doesn't reach the standard level of significance, it's close. This suggests that there may be some evidence against the null hypothesis, but it's not strong enough to confidently reject it.

4.7.6 Operating Conditions and Employee Retention

The sixth objective of the research study was to investigate the effect of motivational factor- operating conditions on employee retention of software development companies in Ethiopia. The study employed correlation and multiple linear regression models to determine the effect of operating conditions on employee retention. The results of the survey display the results of two methods (**$r = -.377$ by correlation and $\beta = -.673$ and **Sig.= .000 by linear regression analysis**).**

The value of β indicates a strong negative association between operational conditions and employee retention. A negative β suggests that, on average, as the level of operational conditions worsens, employee retention significantly decreases. The magnitude of this effect is substantial, with a value of -0.673, indicating a considerable decrease in employee retention per unit and worsening of operational conditions.

The p-value is extremely low, indicating a high level of statistical significance. A p-value of 0.000 suggests that there is overwhelming evidence against the null hypothesis. In this case, it means that the observed relationship between operational conditions and employee retention is highly unlikely to be due to random chance alone. This finding is in align with the research by Abassi & Hollman (2000) and Sherman et al. (2006) who

highlighted reasons why employees leave an organization, these reasons include, lack of recognition, lack of competitive compensation system, lack of job security, lack of promotion and inadequate training and development opportunities, job and personality mismatch, no growth opportunities, lack of trust and no support, coordination among co-workers and work life imbalance.

From theoretical perspective, the finding is supported by Herzberg's Two-Factor Theory. Hygiene Factors - operating conditions, including physical workspace and resources, are hygiene factors that can prevent job dissatisfaction but may not necessarily increase satisfaction. Motivators - while hygiene factors address dissatisfaction, motivators such as recognition and responsibility are needed to enhance job satisfaction and retention. It's also supported by Equity Theory. Perceived Fairness - employees evaluate the fairness of their operating conditions relative to others. Perceived inequity can lead to dissatisfaction and turnover. Distributive Justice - fair distribution of resources and working conditions is crucial for maintaining satisfaction and retention.

4.7.7 Coworker relationship and Employee Retention

The seventh objective of the research study was to investigate the effect of motivational factor- coworker relationship on employee retention of software development companies in Ethiopia. The study employed correlation and multiple linear regression models to determine the effect of coworker on employee retention. The results of the survey display the results of two methods (**$r = -.119$ by correlation and $\beta = -.134$ and $\text{Sig.} = .289$ by linear regression analysis).**

The value of β indicates a weak negative association between coworker relationships and employee retention. A negative β suggests that, on average, as the quality of coworker relationships decreases, employee retention tends to decrease slightly. However, the magnitude of this effect is small. In this case, it's -0.134 , indicating a modest decrease in employee retention per unit decrease in the quality of coworker relationships.

The p-value is greater than the conventional threshold of 0.05 for significance. It suggests that there is little to no evidence against the null hypothesis, meaning that the observed relationship between coworker relationships and employee retention is likely due to random chance. In other words, there is no statistically significant relationship between coworker relationships and employee retention.

4.7.8 Nature of Work and Employee Retention

The eighth objective of the research study was to investigate the effect of motivational factor- nature of work on employee retention of software development companies in Ethiopia. The study employed correlation and multiple linear regression models to determine the effect of nature of work on employee retention. The results of the survey display the results of two methods (**$r = .108$ by correlation and $\beta = .247$ and **Sig.= .050 by linear regression analysis**).**

The value of β indicates a positive association between the nature of work and employee retention. A positive β suggests that, on average, as the nature of work becomes more favorable or desirable, employee retention tends to increase. The magnitude of this effect is moderate, with a value of 0.247, indicating a noticeable increase in employee retention per unit improvement in the nature of work.

The p-value is equal to the conventional threshold of 0.05 for significance. It suggests that there is some evidence against the null hypothesis, though it's borderline. This implies that nature of work improves employee retention in software development company. The study's findings concur with those Abassi & Hollman (2000) and Sherman et al. (2006) who highlighted reasons why employees leave an organization, these reasons include, lack of recognition, lack of competitive compensation system, lack of job security, lack of promotion and inadequate training and development opportunities, job and personality mismatch, no growth opportunities, lack of trust and no support, coordination among co-workers and work life imbalance.

From theoretical perspective, the finding is supported by Herzberg's Two-Factor Theory. Hygiene Factors- job security, working conditions, and relationships are hygiene factors that prevent dissatisfaction but do not necessarily enhance satisfaction. Motivators -

achievement, recognition, and the nature of the work are motivators that increase satisfaction and retention. It's also supported by Expectancy Theory. Effort-Performance Expectancy - employees are motivated when they believe that their effort will lead to effective performance. Performance-Outcome Expectancy - Employees are motivated when they believe that effective performance will lead to desirable outcomes. It's also supported by Equity Theory. Fairness and Equity - perceived fairness in job responsibilities and rewards influences satisfaction and retention.

4.7.9 Communication and Employee Retention

The last objective of the research study was to investigate the effect of motivational factor- communication on employee retention of software development companies in Ethiopia. The study employed correlation and multiple linear regression models to determine the effect of communication on employee retention. The results of the survey display the results of two methods (**$r = .033$ by correlation and $\beta = -.057$ and $\text{Sig.} = .629$ by linear regression analysis**).

The value of β indicates a weak negative association between communication and employee retention. A negative β suggests that, on average, as communication decreases in quality or effectiveness, employee retention tends to decrease slightly. However, the magnitude of this effect is small. In this case, it's -0.057, indicating a modest decrease in employee retention per unit decrease in the quality of communication.

The p-value is substantially greater than the conventional threshold of 0.05 for significance. It suggests that there is little to no evidence against the null hypothesis, meaning that the observed relationship between communication and employee retention is likely due to random chance. In other words, there is no statistically significant relationship between communication and employee retention.

4.8 Summary of Hypothesis Testing

In this survey, the below table shows the Summary of Hypothesis Testing.

Table 21 Summary of Hypothesis Testing

| Variables | Hypothesis | R | β | Sig. | Judgment |
|----------------------------|--|--------------|--------------|-------------|------------------|
| Pay | <i>H1</i> : Pay has positive and significant impact on employee retention. | .204 | .494 | .000 | Supported |
| Promotion | <i>H2</i> : Promotion has positive and significant impact on employee retention. | -.028 | -.371 | .015 | Rejected |
| Supervision/ Leadership | <i>H3</i> : Supervision has positive and significant impact on employee retention. | .015 | -.038 | .710 | No relation |
| Fringe Benefits | <i>H4</i> : Fringe benefit has positive and significant impact on employee retention. | .035 | -.074 | .544 | No Relation |
| Contingent Reward | <i>H5</i> : Contingent reward has positive and significant impact on employee retention. | -.070 | -.166 | .054 | Rejected |
| Operating Conditions | <i>H6</i> : Operating conditions has positive and significant impact on employee retention. | -.377 | -.673 | .000 | Rejected |
| Coworker Relationship | <i>H7</i> : Coworker relationship has positive and significant impact on employee retention. | -.119 | -.134 | .289 | No Relation |
| Nature of Work | <i>H8</i> : Nature of work has positive and significant impact on employee retention. | .108 | .247 | .050 | Supported |
| Communication | <i>H9</i> : Company Communication has positive and significant impact on employee retention. | .033 | -.057 | .629 | No Relation |

Source: Survey result, 2024

CHAPTER FIVE

5. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

The key results summary, conclusions, and recommendations reached after investigating into the data in Chapter 4 are summarized in this chapter. Conclusions and recommendations regarding the impact of motivational factors on the employee retention in software development companies in Ethiopia have been drawn from the research.

5.2 Summary of Key Findings

This study surveyed the effect of motivational factor employee retention of the IT industry in Ethiopia. Using a descriptive and explanatory research design, this study found that: -

- ✚ The mean value of pay is **(2.94)** and **SD (0.742)**. This implies that there was dissatisfaction among employees regarding the pay structure of the company. There is a statistically significant positive relationship between pay and employee retention (**r =0.204; β = 0.494 and Sig.= 0.000**).
- ✚ The mean value of promotion was found to be **(2.85)** and **SD (0.69)** – with the implication of dissatisfaction among employees of the company. There exists a statistically significant negative relationship between promotions and employee retention (**r =-0.028; β = -0.371 and Sig.= 0.015**).
- ✚ The mean value for supervision was found to be **(4.24)** with **SD (0.88)**. This implies that there was satisfaction regarding supervision/leadership practices of the company. There exists no meaningful relationship between supervision and employee retention (**r = 0.015; β = -0.038 and Sig. = 0.710**).
- ✚ The mean value of fringe benefits was found to be **(3.35)** with **SD (0.62)** which indicates neither satisfaction nor dissatisfaction. There is a potential, but not statistically significant, negative relationship between fringe benefits and employee retention (**r = 0.035; β = -0.074 and Sig. = 0.544**).

- ✚ There is a potential, but not statistically significant, negative relationship between contingent rewards and employee retention ($r = -0.070$; $\beta = -0.166$ and $\text{Sig.} = 0.054$). The mean value of this variable was (3.33) with SD (0.96) – which implies that employees are neither satisfied nor dissatisfied with fringe benefits of the company.
- ✚ There is a statistically significant and strong negative relationship between operational conditions and employee retention ($r = -0.377^{**}$; $\beta = -0.673$ and $\text{Sig.} = 0.000$). The mean value of this variable was (2.93) with SD (0.47) – which indicates that employees are dissatisfied with the operating conditions of the company.
- ✚ There is no statistically significant relationship between coworker relationships and employee retention ($r = -.119$; $\beta = -.134$ and $\text{Sig.} = .289$). The mean value of this variable was (4.83) with SD (0.56) – which indicates employees were satisfied with the relation they with their coworker of the company.
- ✚ There is a potentially significant positive relationship between the nature of work and employee retention ($r = .108$; $\beta = .247$ and $\text{Sig.} = .050$). The mean value of the variable was found to be (4.21) with SD (0.69) – indicating employees were satisfied with the nature of work they do.
- ✚ There is no statistically significant relationship between communication and employee retention ($r = .033$; $\beta = -.057$ and $\text{Sig.} = .629$). The mean value of the variable was found to be (4.00) with SD (0.78) – indicating employees were satisfied with the communication within the organization.

5.3 Conclusions

First, from the demographic characteristics of this survey the age range of the respondents are < 45 years old. From this figure one can easily conclude that all employees are millennials, and they share the same dominant work values such as confidence, financial success, self-reliant but team-oriented, loyalty to both self and relationships. Thus, software companies need to understand the millennials dominant work values and develop strategies in such a way that retain their employees.

Second, pay is a critical component of employee retention strategies. Competitive pay can significantly influence an employee's decision to stay with or leave an organization. Pay and compensation play a vital role in employee retention by addressing basic needs, enhancing job satisfaction, and providing motivation. A strategic approach to compensation that includes competitive salaries, and clear communication can help organizations retain their top talent and reduce turnover. Thus, this study concluded that pay will increase employee retention or reduce employee turnover.

Thirdly, promotion is a significant factor in employee retention. It not only offers employees career advancement but also provides a sense of recognition and reward for their contributions. Promotions play a crucial role in employee retention by providing opportunities for career advancement, recognition, and financial rewards. Effective promotion strategies that are transparent, fair, and aligned with organizational goals can enhance job satisfaction, motivation, and loyalty, ultimately reducing turnover and retaining top talent. Thus, this study concluded that promotion would increase employee retention and reduce employee turnover.

Fourth, supervision is a critical factor influencing employee retention. Effective supervision, characterized by supportive leadership, clear communication, and adequate feedback, enhances employee satisfaction and engagement, thereby reducing turnover. Conversely, poor supervision can lead to dissatisfaction, reduced morale, and increased turnover intentions. Regardless of this, supervision has no significant impact on employee retention in the company under study. Thus, this study concluded that supervision has no impact on employee retention.

Fifth, fringe benefits play a crucial role in enhancing employee retention by contributing to job satisfaction, well-being, and loyalty. A comprehensive and competitive benefits package that aligns with employees' needs and preferences can differentiate an organization, attract top talent, and reduce turnover. In contrast to this, fringe benefits have no significant impact on employee retention in the company under study and thus, this study concluded that fringe benefits have no impact on employee retention.

Sixth, contingent reward systems, where rewards are directly tied to performance outcomes, play a significant role in influencing employee retention. By aligning rewards with individual or team performance, organizations can enhance motivation, satisfaction, and commitment, leading to higher retention rates. In the company under study, contingent reward has a negative relation with employee retention. Therefore, this study concluded that contingent reward has a negative impact on employee retention.

Seventh, operating conditions have a significant impact on employee retention by influencing job satisfaction, engagement, and organizational commitment. Positive operating conditions, including a comfortable physical workspace, adequate resources, efficient processes, and a supportive culture, contribute to a positive work environment that enhances retention. But in the company under study, operating conditions have no impact on employee retention and therefore, this study concluded that operating conditions will not increase employee retention.

Eighth, Coworker relationships play a crucial role in employee retention by influencing job satisfaction, engagement, and organizational commitment. Positive coworker relationships can foster a supportive and collaborative work environment, while negative relationships can lead to dissatisfaction and turnover. But in the company under study, there was found to be no relation between coworker relationship and employee retention and thus this study concluded that coworker relationship won't increase employee retention.

Nineth, the "nature of work" encompasses the characteristics, tasks, and responsibilities associated with a job. It influences employee satisfaction, motivation, and commitment, all of which are crucial for retention. A well-designed job that aligns with employees' skills, interests, and values can significantly enhance retention, while a poorly designed job can lead to dissatisfaction and turnover. Therefore, this study concluded that the nature of work increases employee retention.

Lastly, effective company communication significantly impacts employee retention by enhancing trust, engagement, and job satisfaction. Clear and transparent

communication from leadership, opportunities for feedback, and effective use of communication channels contribute to a positive work environment. Regardless of these facts, in the company under investigation communication has no impact on employee retention and therefore, this study concluded that company communication has no impact on employee retention.

5.4 Recommendations

- ✚ The survey suggests that payment has a positive and statistically significant relationship with employee retention. Hence software companies need to align their pay strategies with company strategy and review their pay structure from time to time to retain the employees.
- ✚ To retain the asset – the manpower, software companies must make the nature of work more purposeful, autonomous, flexible, use new technology and have variety of tasks.
- ✚ Since promotion has a negative and significant relationship with employee retention, software companies must create a well-defined career ladder framework. By implementing a well-defined career ladder framework, software companies empower employees to navigate their career paths, achieve their professional goals, and contribute to the long-term success of your organization.
- ✚ Contingent reward has also a negative and significant relationship with employee retention, software companies need to develop and implement contingent rewards or incentives depending upon the achievement of specific goals or performance targets.
- ✚ Subsequently, operating conditions have a negative and significant relationship with employee retention, hence companies need to revise their policies & procedures, culture and values, organizational structure and their infrastructure.

5.5 Recommendation for Future Studies

This study sets out to examine the relationship between motivational factors and employee retention in software development companies. Fundamentally, because

Excellent Technology Solutions was the exclusive focus of the study, it is challenging to conduct comparable research with other national businesses. This study focused solely on the impact of motivational factors, such as pay, promotion, supervision, fringe benefits, contingent rewards, working conditions, coworkers, nature of work, and communication, on employee retention in software development companies. Further research can be carried out in other similar Ethiopian companies to ascertain whether the outcomes will be replicated.

Further research can be conducted in the future to determine the impact of various variables on employee retention, such as talent management practices, work-life balance, performance management systems, remote work, and flexible working hours.

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Annex 1

Addis Ababa University School of Commerce Master of Arts Program in Human Resource Management

Questionnaire

Introduction

The purpose of this survey is to collect firsthand information about the "Effect of motivation factors on Employee Retention in Excellerent Technology Solutions Inc. – Ethiopian Delivery Center". The goal of the project is to complete a thesis requirement for Addis Ababa University School of Commerce's Master of Arts in Human Resource Management program. The success of finishing this study depends greatly on your answers to the questions. All data gathered via the questionnaire will remain private and be utilized exclusively for the investigation. I therefore want to express my gratitude in advance for your kind cooperation.

Part One: Biographical Information (please use the right (√) mark to show your choice)

1. Gender Male Female
2. Age: Below 25 Years 26 – 35 Years 36 – 45 Years
> 46 years
3. Educational Background: Diploma BA/BSc MBA/MA/MSc
4. How long have you served at Excellerent Technology Solutions?

Less than 1 yr 1 – 3 yrs > 3 yrs
5. In which department are you working currently?

Delivery-Staff Non-Delivery Staff

Part 2. Please indicate the extent to which you agree or disagree with the statement by putting tick (√) mark with the corresponding score value.

| S.No | PLEASE TICK THE ONE NUMBER FOR EACH QUESTION THAT COMES CLOSEST TO REFLECTING YOUR OPINION ABOUT IT. | Strongly Disagree | Disagree moderately | Disagree | Agree | Agree moderately | Strongly Agree |
|------|--|-------------------|---------------------|----------|-------|------------------|----------------|
| | | 1 | 2 | 3 | 4 | 5 | 6 |
| 1 | I feel I am being paid a fair amount for the work I do. | | | | | | |
| 2 | There is really too little chance for promotion on my job. | | | | | | |
| 3 | My supervisor is quite competent in doing his/her job. | | | | | | |
| 4 | I am not satisfied with the benefits I receive. | | | | | | |
| 5 | When I do a good job, I receive the recognition for it that I should receive. | | | | | | |
| 6 | Many of our rules and procedures make doing a good job difficult. | | | | | | |
| 7 | I like the people I work with. | | | | | | |
| 8 | I sometimes feel my job is meaningless. | | | | | | |
| 9 | Communications seem good within this organization. | | | | | | |
| 10 | Raises are too few and far between. | | | | | | |
| 11 | Those who do well on the job stand a fair chance of being promoted. | | | | | | |
| 12 | My supervisor is unfair to me. | | | | | | |
| 13 | The benefits we receive are as good as most other organizations offer. | | | | | | |
| 14 | I do not feel that the work I do is appreciated. | | | | | | |
| 15 | My efforts to do a good job are seldom blocked by red tape. | | | | | | |
| 16 | I find I have to work harder at my job because of the incompetence of people I work with. | | | | | | |
| 17 | I like doing the things I do at work. | | | | | | |
| 18 | The goals of this organization are not clear to me. | | | | | | |
| 19 | I feel unappreciated by the organization when I think about what they pay me. | | | | | | |
| 20 | People get ahead as fast here as they do in other places. | | | | | | |
| 21 | My supervisor shows too little interest in the feelings of subordinates. | | | | | | |
| 22 | The benefit package we have is equitable. | | | | | | |

| S. No | PLEASE TICK THE ONE NUMBER FOR EACH QUESTION THAT COMES CLOSEST TO REFLECTING YOUR OPINION ABOUT IT. | Strongly Disagree | Disagree moderately | Disagree | Agree | Agree moderately | Strongly Agree |
|-------|--|-------------------|---------------------|----------|-------|------------------|----------------|
| | | 1 | 2 | 3 | 4 | 5 | 6 |
| 23 | There are few rewards for those who work here. | | | | | | |
| 24 | I have too much to do at work. | | | | | | |
| 25 | I enjoy my coworkers. | | | | | | |
| 26 | I often feel that I do not know what is going on with the organization. | | | | | | |
| 27 | I feel a sense of pride in doing my job. | | | | | | |
| 28 | I feel satisfied with my chances for salary increases. | | | | | | |
| 29 | There are benefits we do not have which we should have. | | | | | | |
| 30 | I like my supervisor. | | | | | | |
| 31 | I have too much paperwork. | | | | | | |
| 32 | I don't feel my efforts are rewarded the way they should be. | | | | | | |
| 33 | I am satisfied with my chances for promotion. | | | | | | |
| 34 | There is too much bickering and fighting at work. | | | | | | |
| 35 | My job is enjoyable. | | | | | | |
| 36 | Work assignments are not fully explained. | | | | | | |
| 37 | I am satisfied with my current role. | | | | | | |
| 38 | I considered leaving my current job in the past. | | | | | | |
| 39 | I am actively seeking other job opportunities. | | | | | | |
| 40 | I plan to stay in the company for long period of time. | | | | | | |