

## NON-FINANCIAL MOTIVATIONAL FACTORS ON EMPLOYEES' TURNOVER INTENTION OF LOWER MANAGEMENT IN THE TRAVEL AGENCIES IN SRI LANKA

**MAM. Hussain Ali**

Department of Management  
Faculty Management and Commerce  
South Eastern University of Sri Lanka  
hussainm@seu.ac.lk

**R.G Abeygunawardana**

Assetline Leasing Company Limited  
rajeendra.abeygunawardana@yahoo.com

### *Abstract*

*This research means to investigate the impact of non-financial motivational factors on the lower management employees' turnover intention in the travel agencies (special reference to Colombo district). Today major organizational problem face by the travel agencies is the turnover of the lower management staff. The researcher aims to identify the relationship between the non-financial motivation factors & employee turnover intention in Sri Lankan travel agencies. The study used 90 samples as lower management employees in three famous travel agencies which are located in Colombo district. A hypothesis was developed and used the statistical analysis using Statistical Package for Social Science (SPSS) as the primary data analysis tool. For the study purpose the researcher has selected independent variable as non-financial motivational factors and employee turnover intention as the dependent variable. The study found there was a negative relationship between non-financial motivational factors and employee turnover intention. In addition the level of non-financial motivational factors and employee turnover intention were very poor and high respectively.*

**Keywords:** *Non-financial Motivational Factors, Employee Turnover Intention, Travel Agencies*

### **Introduction**

The tourism and hospitality industry is currently one of the most important industries worldwide (Pastiu, et. al., 2014). Sri Lanka has been a tourist destination for centuries because of its strategic location and uniqueness (Fernando, 2017). Tourism is one of the major foreign income sources in Sri Lanka (Gunaseena, 2007, Arachchi, 2015). Since the end of separatist war in May 2009 tourism in Sri Lanka has been booming and it has been ranked as one of the top tourist destinations in the world for

the past few years (Fernando, Bandara, & Smith, 2017).

In today's competitive business world talented employees are considered as key resources and retaining them in the organization is the major challenge in the global market (Chaitra.M.P & Murthy, 2015). Turnover of employees is one of the challenging issues of modern business because employee is the soul of an organization (Khan, 2014). During the recent past there was significant labour drain seen in the hospitality industry in Sri Lanka ("Sri Lanka Tourism Sector, 2013).

Retaining key employee is a vital source of competitive advantage for any organization (Aguenza & Som, 2012). Due to various reasons employees leave from organizations. Private sector organizations also face the higher employee turnover. Turnover rate is much higher in private sectors than government sectors (Shamsuzzoha, & Shumon, 2006).

The reasons for employee turnover need to be studied by each organization. An employee does not continue in an organization only for salary but he/she may continue for many other reasons such as, rearranging employees, good stream relation, better working environment, preferable job location etc (Shamsuzzoha, & Shumon, 2006). They also leave in seek for better condition of service, and career prospects and others leave because of poor relationship with management and fellow colleagues and harassment by managers (Ogaboh & Ushie, 2010). An effective retention program is one that embraces a range of policies and practices to form a work atmosphere wherever worker needs to feel comfy (Aguenza & Som, 2012). Organizations use monetary and non monetary incentives to encourage staff retention and effectiveness (Kepner, 2001 as in Musa, Ahmed, & Bala, 2014). Accordingly, employees leave from the organizations not only for salary but also many other reasons. These reasons can be focused as monetary motivational factors and non motivational factors. The study focused how non motivational factors influence on employee turnover intention in travel agencies in Sri Lanka.

Travel agents are professionals that may facilitate the traveler organize for all their traveling desires and travel agents will do all the compulsory home work on behalf of the traveler and will determine what are best deals available (Bandara & Silva, 2016). A travel agency is a private retailer or public service that gives travel and tourism related services to the general public on behalf of suppliers like airlines, car rentals, cruise lines, hotels, railways, and package tours.

(Beaver & Allan, 1993; Elhaj & Barakeh, 2015).

For any travel agency, the professional staff is an extremely important asset to the agency's clients. The lower management staff plays a vital role in an agency. In Sri Lankan travel agencies, travel assistants, junior travel executives, travel executives, senior travel executives and assistant managers are considered as lower management staff. The function of lower management staff in travel agency is answering relevant travel inquires and prepares the tour itineraries, reservation of hotel, transport, casual meals, arrange visit to cultural sites, provide tour guide service. Unfortunately, the employee turnover is extremely high within the tourism trade – particularly in travel agencies and tour operation business (Lather, Garg, & Vikas, 2008).

The reasons for higher employee turnover intention in Sri Lankan travel agencies should be studied and found to eliminate or reduce the higher employee turnover. There are various factors may influence on the employee turnover intention in travel agencies. The study focused how the non financial motivational factors influence on employee turnover intention. Therefore, there is research gap to do a study the relationship between the non financial motivational factors and the employee turnover intention in Sri Lankan travel agencies.

The objectives of the study is to investigate the relationship between the non financial motivational factors and the employee turnover intention in Sri Lankan travel agencies and find out the level of non financial motivational factors and the employee turnover intention in Sri Lankan travel agencies.

## **Research Framework**

### *Non Monetary Motivational factors*

Motivation is the main tool to remove the negative employee turnover rate inside organisations; this is the backbone of human

resource management (Vnoučková, & Klupáková, 2013). Organizations adopt two types of motivational mechanisms to satisfy their employees such as monetary and non-monetary motivational ways. The financial rewards contain pay, bonuses, allowances, insurance, incentives, promotions and job security, whereas the non-financial rewards contain appreciation, meeting the new challenges, caring attitude from employer, appreciation and recognition motivates the employee (Yousaf, et. al., 2014).

Non-financial motivational mechanisms such as, promotion scheme, employee training and development, welfare benefits, health and medicinal benefits, attractive physical and socio-psychological environment are being provided to apparel employees in Sri Lanka in order to enhance their motivational levels (Sandeepanie, & Ubayachandra, 2015). Promotion (a non-monetary incentive) refers to advancement of a worker to a high job, which is better in terms of responsibilities, status, prestige, and salary than the former. Training of staff constitutes yet another non-monetary motivator (Musa et.al, 2014).

Monetary and non-monetary factors that were identified are pay, promotion, social environment, working conditions, relationship with immediate boss, respect, location of organization, organizational justice, organizational prestige, recognition, work-life balance, job satisfaction, job involvement, job content, training, job embeddedness, flexible work arrangements, status, career development, organizational values and beliefs, organization support, Job is not what worker expected, job and person mismatch, growth opportunities, appreciation, trust and support, stress from overwork, new job offer (Shakeel & But, 2015). Training and development plays an important role in developing professionalism in the business of tourism and travel agency operations (Lather et al., 2008).

### *Turnover Intention*

Turnover is the process through which staff leaves an enterprise or organization and that business or organization replaces them. and turnover intention is a measurement of employees plan to leave their positions/organisation (Mbah, Ekechukwu, & Obi, 2018). Voluntary turnover occurs when the employee decides to leave the job while involuntary turnover occurs when the employee is removed from his or her job by the employer and turnover intention refers to the intention to leave a job voluntarily (Aldhuwaihi, Shee, & Stanton, 2012).

### *Relationship between Non-Monetary Motivational Factors and Turnover Intention*

Earlier various studies were done to understand how non-monetary motivational factors influence on turnover intention in organizations. Khan (2014) found the retirement benefits, job security and financial crises have a very significant impact on the turnover of the employee (Khan, 2014). Another study by Musa et.al. (2014) revealed that promotion, salary/wages, payment of leave benefits, career development/in-services training and work-hours impacts significantly on labour turnover.

The important point for reducing turnover is to change the way of working with employees by encouraging independence, career planning, open communication and sharing information (Vnoučková, & Klupáková, 2013). If while not remuneration or people development opportunities that they expected the outflow from the enterprise is straightforward (Chen, Wang, & Cheng, 2010). (Shakeel & But, 2015) indicated 60 or more papers were studied which identified work related and non-work related factors that cause employee retention. Employees fundamentally motivated towards their own work, expand a sense of identification and attachment to their organization that in turn is negatively related to turnover intention

(Chaitra. & Murthy, 2015). Career development is also a motivational incentive that promotes workers retention (Musa et.al. 2014). Samuel & Chipunza, (2009) explained the following basic motivational variables to have significantly influenced retention amongst employees in organizations: training and development; sense of belonging to the organisation; job security; challenging/interesting work; and freedom for innovative thinking (Samuel & Chipunza, 2009). These findings show that there is a relationship between non monetary motivational factors and turnover intention. Accordingly, the following hypothesis was developed;

- H<sub>1</sub>: There is a relationship between non monetary motivational factors and turnover intention. .  
H<sub>0</sub>: There is no relationship between non monetary motivational factors and turnover intention.

Figure: 1 presents the relevant schematic diagram. Non-monetary motivational factors is labeled as the independent variable and turnover intention is labeled as the dependent variable.

Independent Variable      Dependent Variable

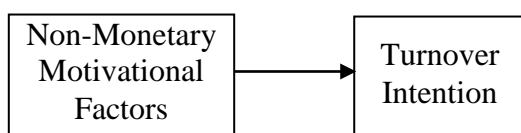


Figure 1. Schematic Diagram of Theoretical Framework

### Method

This study was a co-relational study carried out to determine whether there is a relationship between non monetary motivational factors and turnover intention. This research was a primary survey through a self administered questionnaire in English, where the questionnaire was developed based on the operationalization of variables and consisted of 16 questions related to non

monetary motivational factors and 8 questions related to turnover intention. This questionnaire was directly distributed to the selected sample of lower management employees.

### Study Sampling Procedure

The lower management employees in Travel agencies which are located in Colombo district in Sri Lanka were taken as population of the study. However, due to the time constraints only the lower management employees in three famous travel agencies which are located in Colombo district were taken as the target population. Researcher used random sampling and technique to select the sample .The population is 305 lower management employees and the size of the sample taken for survey study was 30 males and females lower management employees in each company and altogether 90 lower management employees were taken as the sample of this research to measure the impact of non-financial motivation factors on the lower management employees' turnover in the travel agencies. The sample size was calculated as a random selection of the sample containing 30% from the total population in selected travel agencies.

### Techniques of Data Analysis

As soon as the collection of data was completed through questionnaire survey, each questionnaire was carefully scrutinized and confirmed that all the questionnaires received back had been filled properly. All returned questionnaires were transferred to worksheets by assigning with scores. Then they were checked for accuracy and fed to the computer for performing statistical analysis with Statistical Package for Social Science (SPSS). The data analysis of this study involved two types of analyses i.e., Univariate analysis (involving one variable at a time) and Bivariate analysis (involving two variables at a time). Under Univariate analysis descriptive statistical

techniques were used such as frequencies, central tendencies and dispersions of the dependent and independent variables. The central tendencies of the data sets of the dependent variable and the independent variables were measured by computing the means of the response categories. The standard deviation was calculated to measure the dispersions of the datasets of the dependent and independent variables.

One of the objectives of the study is to find out how the dependent variable is influenced by the independent variable. Bivariate analysis (involving two variables at a time) was done to see how the dependent variable is associated with the independent variables. Hence, Pearson correlation coefficient was used by the researchers to reveal the strength of two variables for interval scale.

## Results

### *Analysis of the demographics factors of the sample*

The study received 90 responses (100%) for the questionnaires. The total sample was categorized in to two groups as male and female under the gender. The respondents were 52 males (57.8%) and 38 females (42.2%). The marital status of the respondents were 40% unmarried and 60% married. The age group of the respondents were between 21- 30 years (58.9%), between 31-40 years (18.9%), between 41-50 years (15.6%) and more than 51 years (6.7%).

## Testing of Hypothesis

### *Relationship between Employee Turnover Intention (ETI) and Non-financial motivational factors (NFMF)*

The study focused a hypothesis that there is a negative relationship between ETI and NFMF. Bivariate analysis (involving two variables at a time) was done to see how the dependent variable is associated with the independent variable. Hence, Pearson

correlation coefficient was used by the study to reveal the strength of two variables for interval scale. Table 1 shows the results of the correlation:

Table 1. Correlations of NFMF and ETI

		Non-financial motivational factors	Labour turnover
Non-financial motivational factors	Pearson Correlation	1	-.718**
	Sig. (1-tailed)		.000
	N	90	90
Labour turnover	Pearson Correlation	-.718**	1
	Sig. (1-tailed)	.000	
	N	90	90

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

(Source: Survey Data, 2016)

One-tailed (right-tailed) test is used in the study. The hypothesis was analysed using the Pearson coefficient correlation to know the relationship between lower management employees' turnover intention and non-financial motivation factors. Accordingly, the Table 01 shows the coefficient correlation as  $r = - .718$ . It confirms the negative relationship between the ETI and NFMF at the 0.01 significant level.

## Discussion and Conclusion

According to the fundamental research problem, this study was focused to achieve the objectives such as identify the relationship between the non-financial motivation factors & employee turnover intention in Sri Lankan travel agencies and find out the level of non-financial motivational factors and employee turnover intention.

Primary objective of this study is to identify the relationship between the non-financial motivation factors & employee turnover intention in Sri Lankan travel agencies. The results of this study show that the relationship between non-financial

motivation factors and employee turnover intention was negative ( $r = - .718$ .  $P < .001$ ) in travel agencies, Sri Lanka.

The sub objective of this study is to find out the level of non-financial motivational factors and employee turnover intention in travel agencies. Based on previous studies the study selected three factors such as training, work environment safety and health, and employee relations as the non financial motivational factors of lower management employees of travel agencies in Colombo, Sri Lanka. These factors were considered to analyze the non financial motivational factors of travel agencies in Colombo. The results of this study show that level of non-financial motivational factors and employee turnover intention were very poor (mean value 1.6593) and high (Mean value 4.1667) respectively.

The previous research also confirmed this finding regarding the lack of training in travel agencies in tourism industry. New technological trends and wider knowledge are necessary to handle challenges of global competition effectively by travel agencies (Batinić, 2013). Fernando, Bandara, & Smith (2017) note: “*explained the industry is facing a shortage of trained workers because of decades of neglect in training tourism workforce due to civil disturbances and the current hospitality related education and training facilities are not sufficient to train such high numbers of workers or to train workers at the level needed to compete effectively in the high end of the tourism sector.*” The shortage of a large pool of well-trained tourism employees is also a constant concern among hotel operators and other market participants (The Report: Sri Lanka, 2016). Tourism industry witnesses a heavy shortage in trained/experience lower end staff (TKS Securities, 2013). Therefore, travel agencies need to highly focus on these factors to improve and motivate employees so that employee’s turnover intention is able to reduce. Employee turnover intention is a very

important idea that each manager needs to eliminate inside their organizations (Mendis, 2017).

### Limitation and suggestions for future research

This study was investigated only three travel agencies in Colombo, Sri Lanka for the study. So the future researchers can investigate considering more travel agencies in other cities also. There are various financial motivational factors and non financial motivational factors. But, the study focused only three factors of non financial motivational factors related to turnover intention. The other factors can be considered for future study to investigate how other factors influence the employee turnover intention.

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