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The impact of employer - employee relationship and practice of effective goal setting on employee performance: A study on millennial employees in small and medium scale IT organisations in Sri Lanka

R. D. G. K. Wickramasena* and V. K. Tharaka

Department of Industrial Management, Faculty of Science, University of Kelaniya, Sri Lanka

*gwickramasena@gmail.com

This research study has been conducted to investigate the effect of two human resource management (HRM) practices on employee performance. Goal setting and maintaining robust relationship with the employees are considered to be two important factors for any organisation to achieve desired level of performance. Information Technology (IT) industry is a booming industry in Sri Lanka, and the majority of the employees who are working in Sri Lankan IT organisations are millennials. There are many studies conducted on the factors that affect the employee performance and the impact of each factor on the organisational performance. But there are no sufficient studies conducted to explore the impact of the practice of effective goal setting and employer-employee relationship on employee performance. Hence, this research investigates the effect of the practice of effective goal setting and employer-employee relationship on employee performance, in small and medium scale IT organisations in Sri Lanka. Since the higher proportion of IT workforce in Sri Lanka belongs to millennial category, this study provides thorough information for the industry, in order to achieve optimal level of employee performance. The primary data on employee performance, practice of effective goal setting and employer-employee relationship were collected through questionnaires. Out of a population of 90,000 employees, 300 employees who met the criteria have been chosen as the sample. The data analysis method used is Structural Equation Modelling (SEM) method. This study examines that there is a positive and significant influence collectively and individually of the practice of effective goal setting and employer- employee relationship on employee performance. Apart from these results, it further elaborates on the extent of the influence that practice of effective goal setting and employer-employee relationship portrays on employee performance and how the management should focus on these factors.

Keywords: Employer-employee relationship, employee performance, practice of goal setting, Sri Lankan IT industry