International Journal of Computer Information Systems and Industrial Management Applications
ISSN 2150-7988 Volume 18(7s) 2026 pp. 746-759
https://doi.org/10.70917/ijcisim-2026-3148
Article

LAYOFFS AND RETENTION STRATEGIES IN THE IT INDUSTRY: A MODERATED MEDIATION MODEL OF JOB SATISFACTION AND EMPLOYEE TRUST USING PLS-SEM

Manoj Kumar B[1], Dr. C. Sahila[2*]

[1]Research Scholar, SRM Institute of Science and Technology, Ramapuram Campus
[2]Associate Professor and Research Supervisor SRM Institute of Science and Technology, Ramapuram Campus

Corresponding Author: Dr.C.Sahila

Abstract: This research queries the combined effect of layoffs and retention policies on employee behaviour in Information Technology (IT) sector. The study builds upon the Social Exchange Theory and Psychological Contract Theory and develops a mediated mediation model to investigate how job satisfaction would serve as a psychological bridge and how employee trust would serve as a boundary condition during organizational restructuring. A cross sectional, quantitative survey was performed on 290 IT professionals in Chennai, India. Analysis was done by Partial Least Squares Structural Equation Modeling (PLS-SEM). Measurement model was tested to detect reliability and convergent validity, and structural model was tested to determine the presence of direct, mediating, and also moderating effects. These findings indicate that there is no significant direct influence of layoffs on employee behavior; rather the influence is completely mediated by job satisfaction. On the other hand, the retention strategies have both direct and indirect positive effects on behavior. Moreover, these relationships are heavily moderated by employee trust: high employee trust damps negative effects of layoffs on job satisfaction and right-hand side influences the marginal utility of retention practices. The restructuring organizations need to focus on establishing clear communication channels and building trust to reduce the negative implications of layoffs in the organization. Emphasis on retention programs, including work life balance and career development is critical to high levels of job satisfaction and positive major behavioral outcomes in the volatile information technology industry.

Keywords: Layoffs, Retention Strategies, Job Satisfaction, Employee Trust, PLS-SEM, IT Industry, Employee Behavior

1. INTRODUCTION:

Layoffs can be defined as sacking of employees by an organization on the basis of business reasons as opposed to employee performance. IT industries usually face layoffs due to economic recessions, cost reductions, automation, arrest of a project, or restructuring or diminished demand of some technologies or services (Dritjon Gruda et al 2025).

Employee retention strategies refer to the policies, practices, and programs which are embraced by different organizations to keep their talented employees and minimize employee turnover. These strategies are likely to involve competitive pay, career growth, work-life balance, working flexibility, reward schemes, and good organizational culture to maintain employees inspired and loyal in the IT industry (Navami Anilkumar, Pravitha N. R, 2024).

A recent shift in the current world labour market is that workforce mobility is becoming more volatile owing to the high pace of technological change, digitalisation, automation, and eminent economic instability. The above dynamic conditions have made organisations in all industries to keep reorganizing their labour force in the effort to remain competitive and increase efficiency in operations. Previously viewed to be related to low-economic periods or organisational deterioration, workforce downsizing and layoffs have come to serve as an organisational-restructuring tool and skill matching tool, even in companies that are growing and innovating. Recent research suggests that more

Copyright: © 2026 by the authors

frequently layoffs are carried out as part of larger-scale transformation efforts that intend on enhancing efficiency and redistributing human capital (Anson Au, 2024; Gruda et al., 2026). Although these strategies could result in short-term operational gains, they pose a form of uncertainty to the long-serving workers; especially in the knowledge-intensive industries where organisational performance relies heavily on knowledge and expertise of the workers.

Theoretically, the organisational human resource practices work as important cues that determine how employees understand organisational intentions and commitments. Based on the Social Exchange Theory and Psychological Contract Theory, According to Social Exchange Theory, employees and organizations form relationships which are founded on mutual exchange. In situations where the employees are treated kindly like through the support, rewards, job security and just policies, they feel obliged to showcase positive responses in terms of attitudes and behaviors. Similarly, negative organizational behaviours can cause negative employee responses Cherif (2020).

Psychological Contract Theory is used to describe what is expected between employees and employers in terms of the unwritten expectations and reciprocation. The employees and the organizations want fair treatment, career development, job security and organizational support respectively as well as company loyalty and performance. A psychological contract violation takes place when employees do not feel that the organization has met these expectations leading to dissatisfaction and negative behaviour Gruda et al. (2026).

Layoffs are usually viewed as a message of diminished job security and organisational focus on cost-efficiency, whereas practices based on retention send organisational messages of support, long-term commitment and investment in employee development (Boumediene Ramdani et al., 2024). The concurrent adoption of the conflicting practices can create the cognitive ambiguity with the employees, causing them mixed messages on whether their employment relationship will become stable and long-term.

According to research conducted before, the remaining employees in organisations after the downsizing often feeling of greater job insecurity, anxiety and a lack of organisational identification, which in turn can intimately affect their workplace behaviour. Such psychological reactions may be reflected in decreased organisational commitment, decreased discretionary effort, and withdrawal-related behaviours (Barbara Lourenco et al., 2025; Gruda et al., 2026). These behavioural results are especially organisational consequences in knowledge intensive industries where employee involvement and lasting service is vital towards organisational efficacy.

Despite positive effects of retention strategies on job satisfaction and the impact of downsizing intentions (Ali Ataullah et al., 2022; Barween Al Kurdi et al., 2020), the current literature has mostly studied downsizing and retention practices as organisational approaches that are separate in nature. Previously, little empirical research has focused on their joint impacts on employee behaviour and the psychological processes that explain these associations. Here, job satisfaction can be an imperative mediating variable between human resource practices and employee behavioural outcomes and employee trust can be a variable that can affect the way people understand the organisational signals and react to them under uncertainties.

In the Information Technology (IT) industry, this has been found to be an exceptionally huge gap due to the high pace of technological change, constant skill realignment and constant restructuring of the workforce. Companies in this industry have continually experienced

balance issues regarding workforce optimization and talent retention hence it is a suitable environment to analyse the relationship between layoff and retention strategy.

To fill this gap, this study formulates and provides empirical tests to a moderated mediation model that investigates the joint impact of layoff and retention strategies on employee behaviour. In particular, the paper examines mediating effects of job satisfaction and moderating effects of trust in the employees in response to the practices of an organisation during restructuring. Drawing on the concepts of Social Exchange Theory and Psychological Contract Theory, the research has provided an addition to the human resource management and organisational behaviour literature by providing a more in-depth insight in how employees can make their sense of potentially conflicting organisational clues in the modern-day workplaces.

2. REVIEW OF LITERATURE:

In literature, of late, there is a growing conceptualisation of layoffs not as a cost-cutting measure but as a major organisational shock that has highly behavioural consequences. A number of studies continuously prove that downsizing causes increased job insecurity, psychological stress, and negative behavioural implications in the workforce (Ataullah et al., 2022; Gruda et al., 2026; Au, 2024). The effects are wider than organisational scale as it has been shown that layoff incidents are associated with more systematic and widespread cognitive and behavioural impairments, including less attention, poorer judgement, stress-related decision-making (Gruda et al., 2026). Besides, an element of structural and technological change adds to the impact of these elements by enhancing precarity of employment and diminishing long term relationships of employment (Guliyev, 2023; St.-Denis and Hollister, 2024). Downsizing can also be seen as a signalling process that creates market expectations and perceptions between employees and thus affects behavioural reactions to organisations (Fujiyama et al., 2025). All of these findings combined point to the fact that layoffs are destabilising factors that have a major impact on employee behaviour by increasing uncertainty and decreasing organisational commitment.

Conversely, the retention strategies are known to be highly popular as the stabilising techniques which encourage positive attitudes and behaviours among the employees. Existing research consistently shows that practices such as career development, person–organisation fit, recognition, and supportive work environments enhance job satisfaction, organisational commitment, and behavioural outcomes (Abraham et al., 2023; Al Kurdi et al., 2020; Deale

and Lee, 2024). Critically, retention must be considered a long-term and planned organisational endeavour as opposed to being a crisis response strategy since anomalies in retention undertakings are likely to undermine employee engagement amidst uncertainty. But in the downsizing cases, the effectiveness of the retention strategies is often more complicated due to the managerial risk aversion and the need to act efficiently having limited ability to affect employee freedom and creativity (Halinski et al., 2025). The individual attributes in dynamic fields like information technology further influence employee responsiveness in evolving organisational practices in retention (Sonker et al., 2025).

Job satisfaction has remained to be a key psychological process by which the human resource practices affect the behaviour of employees. Empirical data suggest that the HR practices have no direct impact on employee commitment and performance but instead, the effects of the practice are mediated by job satisfaction (Cherif, 2020). Vigneshwaran, M. D., & Mohankumar, S. (2020) This intermediary position is further justified by the results that job satisfaction can be a more significant predictor of positive behavioural outcomes than demographic or structural ones (Gazi et al., 2024). Indirectly, organisational changes (e.g., staffing changes and restructuring) also contribute to employee behaviour by determining the level of satisfaction and organisational support (Ramdani et al., 2024). Vigneshwaran, D., Mohankumar, S., & Vimala, B. (2021). All these results place job satisfaction as a key circumstantial explorative route connecting organisational activities and employee behaviour reactions, especially within an environment defined by uncertainty and flux.

The trust of the employees has come out as a vital moderating variable that determines the way employees perceive and react to organisational practices particularly during disruptions. Studies indicate that trust in the organisation plays a role of significant impact on employee retention decisions and reactions to behaviour which in many cases, outweighs supervisor support (Lourenco and Rodrigues, 2025). Vigneshwaran, D., Mohankumar, S., & Vimala, B. (2022) The presence of high levels of trust can counteract the negative responses to organisational changes through development of positive interpretation, but low trust may enhance the perspective of insecurity and unfairness. Nevertheless, organisational attachment might enhance negative behavioural outcomes, instead of alleviating them, especially in situations where there is assumed discriminatory or inequitable treatment (Au, 2024).

Moreover, modern employment practices like remote work and AI-assisted human resources present some more threats to the process of establishing trust. Trust is likely to be undermined

as the quality of communication will be poor in remote settings (Van Zoonen et al., 2024), and algorithms might promote perceptions of bias and diminish the belief in organisational fairness (Bandara et al., 2025). All these results place employee trust as key boundary condition that gets employee responses to layoff and retention strategies, to be either adaptive or dysfunctional.

2.2 Hypotheses development

2.2.1 Layoffs and Employee Behaviour

Layoffs are generally known as negative organisational indicators that distort employee notions of sustainability and equity. Empirical studies have shown that workers that are retained following layoffs tend to feel increasingly insecure and less engaged, which has a detrimental effect on behavioural results (Ataullah et al., 2022; Gruda et al., 2026; Au, 2024). With this regard, layoffs will undermine the behavioural reactions of employees.

H1:The feeling of layoffs of employees negatively affects employee behaviour

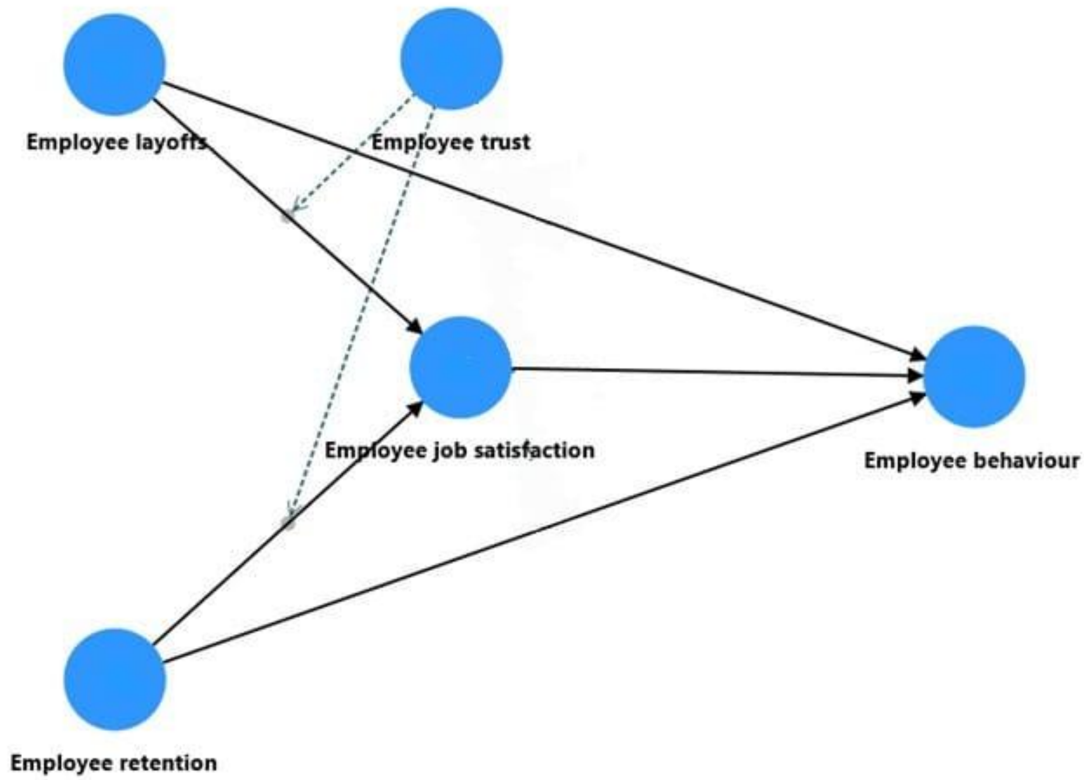


Figure 1: Conceptual model

Source: Author framed model

2.2.2 Employee Behaviour and Retention Strategies.

Retention strategies portray the organisational goodwill and sustainability to employees. Previous studies indicate that enhanced employee engagement and positive behavioural results are achieved through career development, recognition, and supportive work environments (Abraham et al., 2023; Al Kurdi et al., 2020; Deale and Lee, 2024). Thus, employee behaviour will be positively affected by the retention strategies.

H2: Employee behaviour is affected significantly and positively by the employee retention strategies.

2.2.3 Job Satisfaction as a Mediating Process.

Job satisfaction is an important psychological process by which the employees make sense of organisational practice. It has been argued that layoffs decrease job satisfaction by enhancing feelings of insecurity, whereas retention measures lead to better satisfaction as they promote organisational support and opportunities (Ataullah et al., 2022; Ramdani et al., 2024). Besides, the earlier research supports the fact that job satisfaction mediates the connection between HR practices and employee behaviour (Cherif, 2020; Gazi et al., 2024).

H3: Job satisfaction is greatly impacted negatively due to layoffs of the employees.

H4: Job satisfaction is strongly positively influenced by employee retention strategies.

H5: Employee layoffs have a direct relationship with employee behaviour via job satisfaction, through the mediating variables of job satisfaction, i.e. the more the layoffs, the lower the job satisfaction which in effect lowers the employee behaviour.

H6: Job satisfaction plays a mediating role between the employee behaviour and employee retention strategies, where employee retention strategy increases job satisfaction, which consequently result in a higher positive employee behaviour.

2.2.4 Moderating Condition of Employee Trust.

The employee trust affects the interpretation of organisational actions especially when the welfare of organisations is in doubt. Both trust and mistrust can alleviate feelings of negativity related to layoffs, and anxiety and discontent respectively (Lourenco and Rodrigues, 2025; Au, 2024). Equally, trust also boosts the credibility and the effectiveness of retention strategies to increase employee satisfaction (Deale and Lee, 2024; Van Zoonen et al., 2024).

H7: There is a moderating effect of employee trust on employee layoff relating to job satisfaction, where the negative impact of layoffs on job satisfaction is less strong when employees trust is high.

H8: There is an employee trust moderator effect between the employee retention strategies and job satisfaction whereby employee trust has a stronger positive impact with retention strategies on job satisfaction as the trust is high.

3. RESEARCH METHODOLOGY & DESIGN

The research design of the present study is quantitative research design with cross-sectional survey approach in order to study the relationship amongst the constructs. The chief data collection tool adopted is a structured questionnaire, which guarantees standardization and reliability. The study advocates a snowball sampling method, which is especially appropriate in reaching respondents in specialty or networked populations like employees in the IT sector (Tiwari and Lenka, 2020). This design was selected because it allows the researcher to access the participants via referrals and thus enhance access to the relevant respondents who would have otherwise been hard to reach using the traditional sampling techniques.

The data was collected with the help of Google forms, which offers opportunities to cover more geographical areas and makes the online survey a convenient method. To assess the clarity, reliability and validity of the questionnaire, the pilot survey was done in October 2025 with a smaller number of 50 respondents. Based on the feedback and the initial analysis, some necessary revision was done to clarify where some of the ambiguous items were in the questionnaire, improve wording and to ensure the overall coherence before rendering the final questionnaire. The final sample size was 290 respondents after a pilot study which is deemed adequate to support a more mature statistical analysis.(please refer Table 1).

Ethics were also followed to the letter during the research process. Informed consent was given to the respondents as they were informed about the purpose of the research, and their participation was completely voluntary. Informed consent was provided before the data were collected and confidentiality and anonymity were assured. It is pertinent to mention that no monetary or non-monetary compensation was exchanged with respondents to ensure that their participation was not induced by any coercion or any other form of influence. The collection of data was mainly conducted among employees who worked in the IT industry as the topic is highly relevant to the proposed study since it could assist in understanding the dynamics of organizations, including retention, decision-making, and sustainability results (Pallavi et al., 2025; Tiwari and Lenka, 2020).

4. ANALYTICAL PROCEDURE

4.1 Measurement model

Construct validity and the reliability of the measure were ensured by the adaption of previously tested scales as well as content validity and reliability. The 5-point Likert scale, which usually has Strongly Disagree, Strongly Agree as the extremes, was used to measure (Mohammed Anam Akhtar 2024) all the items to effectively capture the perceptions of respondents with a structured questionnaire which was classifies into six different sections(please refer Table2).

4.2 Common method bias

Since the common method bias was a common phenomenon in survey research, it is necessary to check for its presence. Following the recommendations of Podsakoff et al. (2003), the authors performed Harman's single factor test. It was found that a single factor accounted for 23.30% of the variance, which is less than the cut-off value of 50%. These results suggest that common method bias was not a presented in this data.

5. RESULTS

The Cronbach's alpha level, Composite reliability, Rho_A, Ave and HTMT were calculated in order to check the reliability, convergent and discriminant validity of the variables (Hair et al., 2019). (please refer table 4). The values for the AVE reported were above 0.5 which further compliments the reliability and values of HTMT were also found within the threshold to establish the discriminant validity of the constructs (please refer Table 5)

Table 1: Demographic profile

Particular		frequency	percentage(%)
Age	18-25 26-35 36-45 Above 45	95 107 88 0	32.75 36.90 30.35 0
	Total	290	100
Gender	Male Female	141 149	49 51
	Total	290	100
Educational Qualification	UG PG Ph.D Others	134 140 10 6	46.20 48.24 3.5 2.06
	Total	290	100
Marital status	Married Single	137 15	47 53
	Total	290	100
Organisation size	0-250 250-500 500-750 750-1000 1000 above	70 60 87 43 30	24 21 30 15 10
	Total	290	100
Experience	0-5 5-10 10-15 15-20 20 above	31 21 76 96 66	10.7 7.3 26 33 23
	Total	290	100

Source: Author calculated in MS excel

Table 2: Measurement model

CODE	ITEMS	LOADINGS
EL1	Clear and transparent communication was followed about the layoffs in my organization.	0.942
EL2	I feel uncertainty about job security during layoffs	0.934
EL3	The layoffs process was conducted fairly and ethically.	0.920
EL4	Layoffs in my company are based on clear and objective criteria	0.933
EL5	Employees who are laid off are treated with dignity and respect.	0.918
EL6	The fear of layoffs affects my productivity and work engagement.	0.916
ER1	Training and development programs improve my willingness to continue in this organization.	0.922
ER2	My efforts and contributions are recognized and appreciated by the organization.	0.934

CODE	ITEMS	LOADING S
ER3	Promotions and salary increments are fairly provided, encouraging me to remain with the organization.	0.942
ER4	Employee-friendly policies (leave, health, work-life balance) make me feel valued in my company.	0.933
ER5	Flexible work arrangements (work-from-home, flexible hours) enhance my job satisfaction and retention in my company.	0.935
EJ1	My company provides enough opportunities for my career growth.	0.918
EJ2	The compensation and benefits provided by my organization are fair, competitive, and aligned with industry standards.	0.930
EJ3	I am satisfied with the facilities and overall work environment provided by my organization.	0.912
EJ4	Overall, I feel satisfied with my job in this organization.	0.940
ET1	I trust my manager to treat me fairly.	0.943
ET2	I believe management acts in the best interest of employees.	0.945
ET3	I trust my organization to communicate openly and honestly during times of change.	0.946
EB2	I remain committed to giving my best performance despite uncertainties in the organization.	0.929
EB3	Layoffs in my company make me consider looking for jobs outside.	0.934
EB4	I collaborate effectively with my team regardless of organizational changes.	0.926
EB5	Stress caused by layoffs impacts my behavior at the workplace.	0.933
EB6	Layoffs reduce my trust and willingness to go beyond my formal job responsibilities.	0.917

Source: Author calculated values through SmartPLS 4.1.18

Table 3: Collinearity statistics (VIF)

	EB	EJ	EL	ER	ET
EB					
EJ	1.586				
EL	1.649	1.618			
ER	1.683	1.684			
ET		1.516			

Source: Author calculated values through SmartPLS 4.1.18

6. Assessment of structural model

The assessment of structural model started with calculating VIF values which fell between 1.586 and1.684. which is within the threshold to signal any collinearity (please refer Table 3). To check the framed hypotheses, the two-tailed percentile bootstrapping test with 10,000 sub samples and significant level 5% is used to analyse the structural model. (Mohana et al., 2021; Mohana et al., 2022).

6.1 Direct Relationship

The path coefficient results showed that all the path coefficients of the structural model were positive and significant since the t value in the path coefficients were greater than 1.96 and p value of path coefficients were less than 0.05. Both employee behaviour ($\beta = 0.298$, $p = 0.000$) and employee job satisfaction ($\beta = 0.248$, $p = 0.000$) are greatly affected by employee layoffs, thereby leading to insecurity, stress and shifting attitude among the employees on their job satisfaction. Likewise, rewards management has a great impact on employee behaviour ($\beta = 0.302$, $p = 0.000$) and employee job satisfaction ($\beta = 0.262$, $p = 0.000$). This suggests that things like recognition, promotional options, fair pay and positive workplace policies enhance employee engagement, motivation and satisfaction. The overall results support the role of employee behaviour and employee satisfaction being influenced by both layoffs and retention practices with an even slightly greater positive influence from implementation of retention practices.

6.2 Mediation of Job Satisfaction

As shown in Table 4.7, mediational analysis revealed that employee job satisfaction significantly mediated between employee layoffs, employee retention strategies and employee behaviour. The indirect effect of employee lay-off on employee behaviour via employee job satisfaction (EL → EJ → EB) is 0.045 (T value = 2.746, and P value = 0.006) which is considered a significant mediation pathway. The same applies to the indirect impact of employee retention strategies on employee behaviour via employee job satisfaction (ER → EJ → EB) where the path coefficient is 0.048, T-value is 2.774 and the P-value is 0.006, statistically significant as well. The T-value for each of the mediation hypotheses is greater than 1.96 and the P-value is less than 0.05, meaning the hypotheses are confirmed. This result indicates that the job satisfaction of the employees is an important psychological process that underlies the effects of layoffs and retention initiatives on employee behaviours in the IT industry.

6.3 Moderation Role of Employee Trust

The results of the moderation analysis, as presented in Table 4.8 indicate that employee trust does not significantly moderate the relationship of employee lay-offs to employee retention strategies and employee job satisfaction. The Path co-efficient of interaction between employee

Table 4: Construct reliability and validity

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
EL	0.967	0.968	0.974	0.860
ER	0.963	0.963	0.971	0.871
EJ	0.944	0.944	0.960	0.856
ET	0.939	0.940	0.961	0.892
EB	0.960	0.960	0.969	0.861

trust and employee layoffs on employee job satisfaction is -0.057 with a T-value of 1.063 and a P-value of 0.288. The same, the interaction between employee trust, employee retention strategies, and employee job satisfaction (ET × ER → EJ) is 0.058, T-value of 1.066, and P-value of 0.287. There are two t-values both of which are less than 1.96 and two p-values, both of which are greater than 0.05, thus the moderation effects are not statistically significant. In the IT sector, therefore, the findings suggest the lack of significant impact of employee trust on the relationship between layoffs/retention and employee job satisfaction.

Source: Author calculated values through SmartPLS 4.1

Table 5: Discriminant validity

	EB	EJ	EL	ER	ET
EB					
EJ	0.531				
EL	0.588	0.556			
ER	0.594	0.572	0.589		
ET	0.593	0.561	0.526	0.550	

Table 6: Path Coefficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values	outcome
EL -> EB	0.298	0.297	0.056	5.330	0.000	Supported
ER -> EB	0.302	0.304	0.059	5.105	0.000	Supported
EL -> EJ	0.248	0.249	0.058	4.258	0.000	Supported

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values	outcome
ER -> EJ	0.262	0.263	0.055	4.724	0.000	Supported

Source: Author calculated values through SmartPLS 4.1.18

Table 7: Mediation Hypotheses Test

	Original sample (o)	Sample mean (m)	Standard deviation (stdev)	T statistics (|o/stdev|)	P values	Outcome
EL -> EJ -> EB	0.045	0.045	0.017	2.746	0.006	Supported
ER -> EJ -> EB	0.048	0.048	0.017	2.774	0.006	Supported

Source: Author calculated values through SmartPLS 4.1.18

Table no.4.8 moderation hypotheses test

	Original sample (o)	Sample mean (m)	Standard deviation (stdev)	T statistics (|o/stdev|)	P values	Outcome
ET x EL -> EJ	-0.057	-0.060	0.054	1.063	0.288	Not Supported
ET x ER -> EJ	0.058	0.058	0.054	1.066	0.287	Not Supported

Source: Author calculated values through SmartPLS 4.1.18

6.4 R square

As stated earlier, the R-square (or determinant) in Table 9 represents the explanatory power of the structural model for the employee behaviour (EB). The R-square value of 0.434 indicates that variance in employee behaviour can be explained by 43.4% of the variation in the innovations of employee layoffs, employee retention strategies and employee job satisfaction. The model adjusted R-square upon adjustment of the number of the predictors used in the model corresponds to 0.428, which further confirms the strength of the model as far as its power to explain. This shows moderate predictive accuracy, meaning the independent and mediating variables entered in this study can greatly contribute to the variance in employee behaviours in the IT industry, but there are other variables contributing to the variance that were not included in the model.

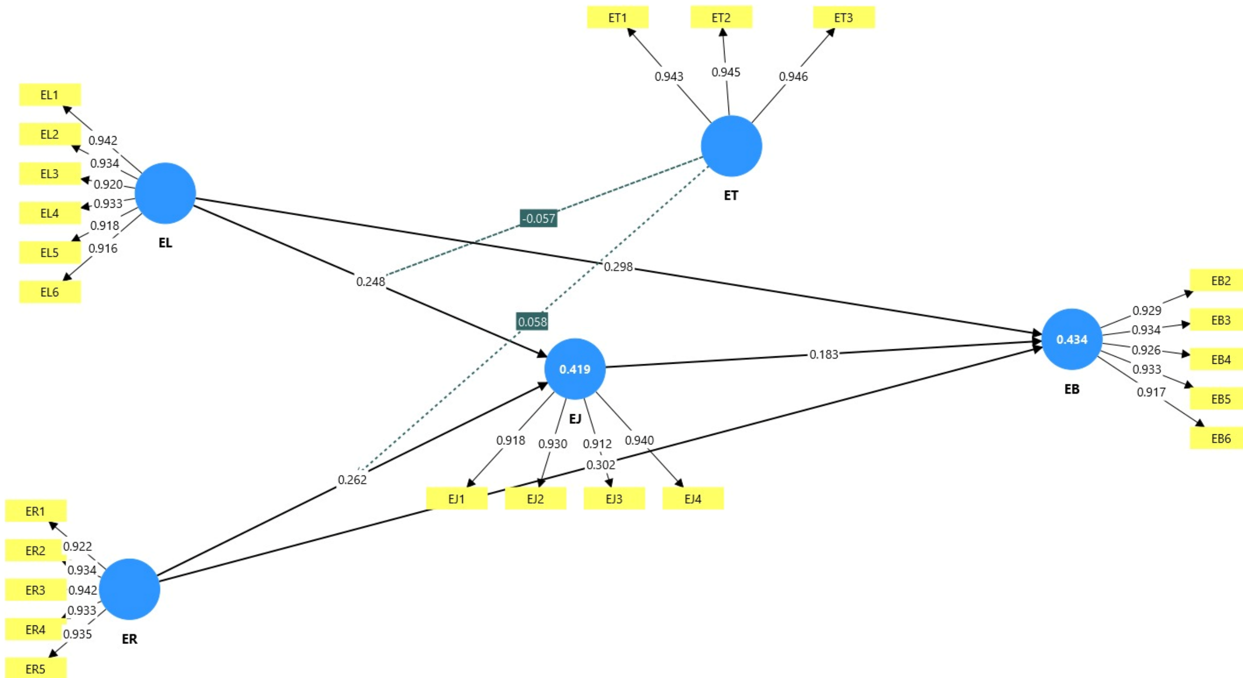
6.5 Model fit

The overall fit of the model is presented in Table 10 and shows a good fit. The Standardized Root Mean Square Residual (SRMR) value for the saturated model (0.027) and the estimated model (0.042) is both below the recommended value of 0.08, which suggests that both models may be considered as having good model fit. The values of D_ULS and D_G are relatively small, indicating that there is little difference between the observed and estimated correlation matrices. The saturated model (446.188) and estimated model (466.523) both have Chi-square

values within the acceptable limits for conducting PLS-SEM analysis. Moreover, the Normed Fit Index (NFI) values are 0.945 and .942, exceeding the recommended value of .90, and thus indicating good model fit. From the results, it was concluded that the structural model proposed is well fitted and appropriate for the relationships between the employee layoffs, employee retention strategies, employee job satisfaction, employee trust and employee behaviour in the field of IT sector.

7. DISCUSSION AND CONCLUSION

The study revealed that employee layoffs and employee retention strategies have a significant impact on employees' behaviour and their overall satisfaction with the job in the IT sector. All the direct relationships were tested and indicated positive and statistically significant relationships being established in the structural model results. The findings confirm that employee layoffs have significant impacts on employee behaviour and job satisfaction due to their ability to generate stress, fear of job insecurity and uncertainty (Halinski et al., 2025; Ali, 2025), especially when downsizing is perceived to be a threat to the organization's survival. Concurrently, the employee retention initiatives of recognition, compensation, and career development positively affected employee motivation and commitment (Anilkumar & Pravitha, 2024; Alqahtani et al., 2025).



Source: Author generated model through SmartPLS 4.1.18

The effects of the two independent variables on employee behaviour and job satisfaction were somewhat stronger for employee retention strategies than for layoffs. The findings from the mediation analysis also support that the employee job satisfaction had significant mediation between employee layoff, employee retention strategies and employee behavior. This implies that employee job satisfaction level has an indirect impact on their behaviour (Deswal & Arora, 2025; Sonker et al., 2025). Staff feeling more positive about the job are more likely to adapt their behavior positively within the workplace—even during organizational changes and restructuring.

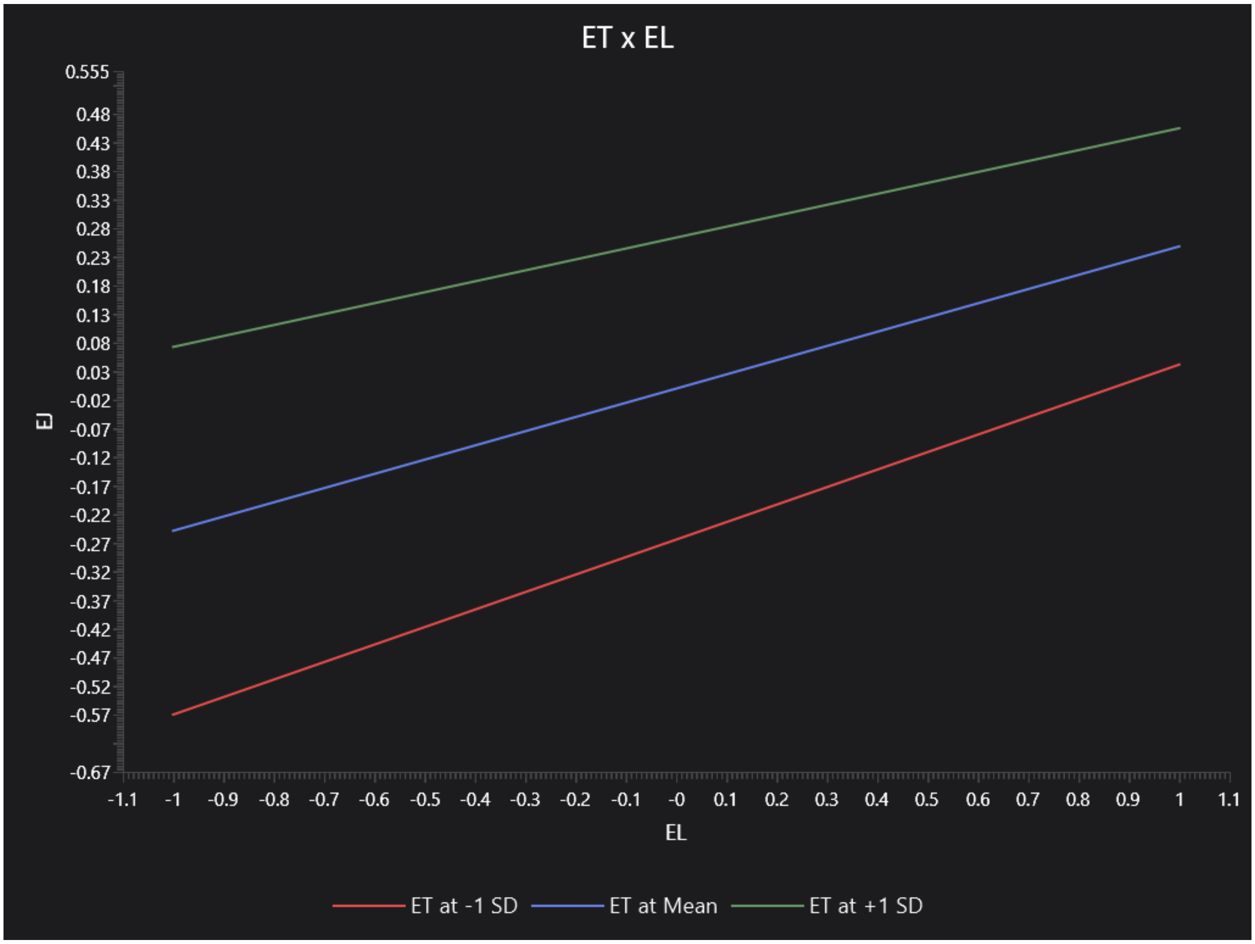


Figure 3: simple slope analysis author generated model through SmartPLS 4.1.18

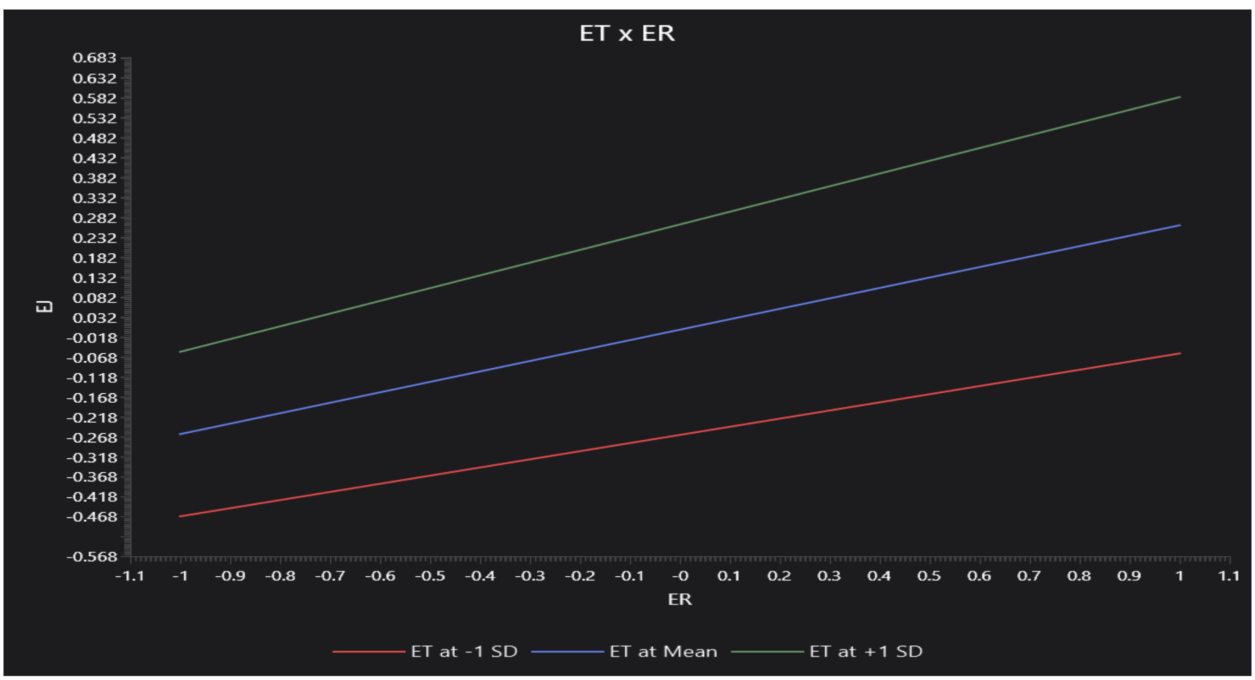


Table No 9 R-square

	R-square	R-square adjusted
EB	0.434	0.428

Table No 4.10 Model fit

	Saturated model	Estimated model
SRMR	0.027	0.042
d_ULS	0.199	0.491
d_G	0.256	0.272
Chi-square	446.188	466.523
NFI	0.945	0.942

However, the analysis indicated that the relationship between employee job satisfaction, employee layoff and employee retention strategies was not moderated significantly by employee trust. A potential explanation would be that, in times of job insecurity and organisational uncertainty, employees are driven more by perceptions of job security/ career stability rather than trust (Fujinawa et al, 2025). Interpersonal trust might also be a stronger driver of job satisfaction when employees work remotely or in isolation as in the IT sector, than organizational communication quality and direct retention efforts.

8. THEORETICAL IMPLICATIONS

The study is important because it builds upon the previous researches on employee behaviour in the context of layoff and retention strategies in the IT industry by using the social exchange theory and psychological contract theory to help explain employee reactions to the organizational restructuring process. The results corroborate the hypothesis that perceptions of OS, social justice and EE affect job satisfaction and in-turn behaviour of employees. This study also builds on prior literature by accounting for employee job satisfaction as a key employee behaviour mediator between involuntary separation and retention measures.

Additionally, the study has theoretical implications, including the finding that, although layoffs and human resource retention initiatives are associated with employee outcomes, human resource retention initiatives have a more positive impact on employee outcomes. There is support for the unsupported moderation effect as it gives a new theory regarding the relationships, that is employee trust is not enough to affect employee satisfaction during uncertainty and restructurings. This discovery paves the way for further investigation by other researchers of other moderators like organizational culture, leadership support, resilience, or psychological safety.

9. PRACTICAL IMPLICATIONS

The study offers some practical implications for IT organizations, HR managers and policy makers. The results suggest a negative impact of the layoffs on employee behaviour and job satisfaction through stress levels, insecurity and uncertainty of the employees. Thus, the organizations must adopt transparent communication, equitable layoff criteria, and respectful treatment of employees in the restructuring process to minimize negative reactions from employees.

The study also emphasizes on the significance of employee retention in order to motivate employees, make them feel more committed, and satisfaction. It is crucial that organizations improve their employee retention programs, which include career development training, flexible working options, supportive company policies, employee recognition strategies, and competitive salaries. The following practices can assist employee morale and productivity, even in times of organizational change.

Beyond that, job satisfaction is an important mediator, indicating that organizations should give attention to enhancing employees' satisfaction to foster positive behaviours. Regularly checking an employee's satisfaction levels and implementing employee well-being programs are strategies that HR managers can use to minimize employees' intentions to leave their jobs and boost organizational functioning.

10. LIMITATIONS OF THE STUDY

This study also has several limitations to be taken into account while drawing conclusions from the results obtained. The first limitation of the study was its restriction to only individuals who are employed in the IT industry and these findings might not apply to other industries. Secondly, Cross sectional study was conducted and data collected for single-time period making it hard to draw more relationship between variables.

Third, self-reported responses from employees could be subject to common method bias and subjectivity. Fourth, this study measured only selected variables including layoffs, retention strategy, job satisfaction, employee trust, and employee behaviour without measuring other potential factors affecting employee behaviour. Lastly, the moderating role of employees' trust was not confirmed, possibly because of industry-specific factors, variations in organizations and/or the timing of data collection.

11. FUTURE RESEARCH DIRECTIONS

The present study can be extended in a number of ways in the future. Employees may undergo the same research in a comparison (banking, health, manufacturing or education) and the results compared. The possibility of a longitudinal study that allows assessment of changes of staff behaviour and satisfaction over time is also a consideration when analysing and understanding staff behaviour in the context of organisational restructuring.7

Future studies may extend other variables, including organizational culture, leadership, psychological safety, employee resilience, work engagement, and emotional intelligence to get a more comprehensive understanding of employee behaviours. Additionally, researchers can study alternative mediators and moderators to more fully clarify how lay-offs, retention practices and the outcomes for employees are linked.

Comparing other nations or organizational situations can also offer more information about cultural and organizational differences in employee reactions to downsizings and in retention efforts. Future studies could also employ the mixed method technique which involves combining research methods—quantitative and qualitative—to gain a more complete picture of the employee's experience of change within the organization.

Reference

1. Podsakoff, Philip M., Scott B. MacKenzie, Jeong-Yeon Lee, and Nathan P. Podsakoff. “Common Method Biases in Behavioral Research: A Critical Review of the Literature and Recommended Remedies.” Journal of Applied Psychology, vol. 88, no. 5, 2003, pp. 879–903
2. Abraham, M., Kaliannan, M., Avvari, M. V., & Thomas, S. (2026). Reframing talent acquisition and retention practices for organisational commitment in Malaysian SMEs: A managerial perspective. Information, Communication & Society. https://doi.org/10.1177/03063070231184336
3. Al Kurdi, B., Alshurideh, M., & Al Afaishat, T. (2020). Employee retention and organizational performance: Evidence from the banking industry. Management Science Letters. https://doi.org/10.5267/j.msl.2020.7.011
4. Tiwari, B., & Lenka, U. (2020). Employee engagement: A study of survivors in Indian IT/ITES sector. IIMB Management Review, 32(3), 249–266. https://doi.org/10.1016/j.iimb.2019.10.003
5. Alqahtani, H., Almagrabi, H., & Alharbi, A. (2025). Dataset for predictive modelling and analysis of employee attrition and retention. Data in Brief. https://doi.org/10.1016/j.dib.2025.112242
6. Ataullah, A., Le, H., Wang, Z., & Wood, G. (2022). Corporate diversification and downsizing decisions: International evidence from sharp and sudden performance shocks. International Review of Financial Analysis. https://doi.org/10.1016/j.irfa.2022.102203
7. Au, A. (2024). Attitudes toward women’s layoffs during recessions: Evidence from Chinese firms. Socius. https://doi.org/10.1177/23780231241266733
8. Bandara, R. J., Biswas, K., Akter, S., et al. (2025). Addressing algorithmic bias in AI-driven HRM systems: Implications for strategic HRM effectiveness. Human Resource Management Journal. https://doi.org/10.1111/1748-8583.12430
9. Cherif, F. (2020). The role of human resource management practices and employee job satisfaction in predicting organizational commitment in the Saudi Arabian banking sector. International Journal of Sociology and Social Policy. https://doi.org/10.1108/IJSSP-10-2019-0216
10. Deale, C. S., & Lee, S. H. (2024). The case of Hazel Hollow Lodge: Focusing on employee recruitment and retention. Journal of Hospitality & Tourism Education. https://doi.org/10.1177/21649987241241910
11. Deswal, P., & Arora, N. (2025). Nexus among workplace spirituality and job performance: A PLS-SEM approach. Vision. https://doi.org/10.1177/09711023251331257
12. Fujiyama, K., Fukaya, Y., Hong, P. K., & Moriwaki, T. (2025). Are employee decisions informative in the stock market? Evidence from employee downsizing in Japan. Finance Research Letters. https://doi.org/10.1016/j.frl.2025.106611

13. Gazi, M. A. I., Yusof, M. F., Islam, M. A., et al. (2024). Analyzing the impact of employee job satisfaction on their job behavior in the industrial setting: An analysis from the perspective of job performance. Journal of Open Innovation: Technology, Market, and Complexity. https://doi.org/10.1016/j.joitmc.2024.100427
14. Gruda, D., Gonçalves, R., & Zadegan, M. S. (2026). Quit playing games with our lives: Layoffs predict road traffic fatalities. Accident Analysis & Prevention. https://doi.org/10.1016/j.aap.2024.108302
15. Guliyev, H. (2023). Artificial intelligence and unemployment in high-tech developed countries: New insights from a dynamic panel data model. Research in Globalization. https://doi.org/10.1016/j.resglo.2023.100140
16. Halinski, M., Boekhorst, J. A., Allen, D., & Good, J. R. L. (2025). Creativity during threat to organizational survival: The influence of employee creativity on downsizing survival selection. Journal of Management. https://doi.org/10.1177/01492063231216691
17. Liaquat, M., Ahmed, G., Ismail, H., et al. (2024). Impact of motivational factors and green behaviors on employee environmental performance. Research in Globalization. https://doi.org/10.1016/j.resglo.2024.100180
18. Lourenço, B., & Rodrigues, R. (2025). Organisational onboarding and talent retention: The mediating role of workplace attachment and supervisor support. Social Sciences & Humanities Open. https://doi.org/10.1016/j.ssaho.2024.101426
19. Ramdani, B., Guermat, C., & Boukrami, E. (2024). When is organisational resizing helpful or harmful for innovation outputs? Research in International Business and Finance. https://doi.org/10.1016/j.ribaf.2024.102503
20. Sonker, K., Tewari, V., & Tiwari, V. (2025). From traits to triumph: Exploring the impact of job embeddedness in linking the big five personality traits to career satisfaction among IT sector employees. Acta Psychologica. https://doi.org/10.1016/j.actpsy.2025.105623
21. St-Denis, X., & Hollister, M. (2024). Are all the stable jobs gone? The transformation of the worker–firm relationship and trends in job tenure duration and separations in Canada, 1976–2015. Work, Employment and Society. https://doi.org/10.1177/09500170221146916
22. van Zoonen, W., Sivunen, A. E., & Blomqvist, K. (2024). Out of sight—out of trust? An analysis of the mediating role of communication frequency and quality in the relationship between workplace isolation and trust. European Management Journal. https://doi.org/10.1016/j.emj.2023.04.008
23. Hair, J.F., Risher, J.J., Sarstedt, M. and Ringle, C.M. (2019), “When to use and how to report the results of PLS-SEM”, European Business Review, Vol. 31 No. 1, pp. 2-24, doi: 10.1108/ebr-11-2018-0203.
24. Vigneshwaran, D., Mohankumar, S., & Vimala, B. (2022). Impact of COVID 19 on predictors of intent to quit women employees in the insurance sector. International Journal of Health Sciences, 6(S3), 6580–6594. https://doi.org/10.53730/ijhs.v6nS3.747
25. Vigneshwaran, D., Mohankumar, S., & Vimala, B. (2021). Influence of COVID-19 on Predictors of Work-life Balance: A Study. Splint International Journal of Professionals, 8(3), 213-219.
26. Vigneshwaran, M. D., & Mohankumar, S. (2020) Intent to Quit A Literature Review. New
27. Approaches in Commerce, Economics, Engineering, Humanities, Arts, Social Sciences and Management: Challenges and Opportunities, 106-112.