



**IMPACT OF EMPLOYEE RETENTION STRATEGIES ON EMPLOYEE TURNOVER: A CASE STUDY OF AN INTERNATIONAL SCHOOL IN SRI LANKA**

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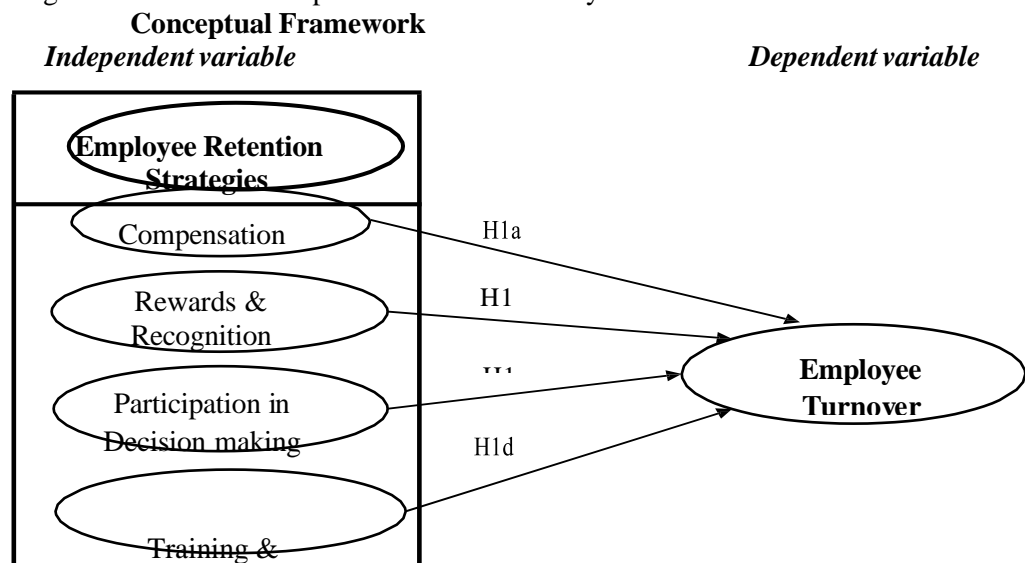
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**INTRODUCTION**

There are so many opportunities available for the skilled and talented human resources which is resulting in very tough situations for the employers to satisfy and retain them. There is no single strategy or retention plan which may satisfy every employee in an organization since we have different personalities with different demands and expectations from the organization. It is crucial to understand that there is no point of hiring different individuals if an organization is unable to retain its employees. They have to realize that no matter how much they hire, the employees would eventually leave if their expectations are not met. Walker (2001) stated that managing and retaining promising employees’ is an important fundamental mean of achieving competitive advantage among the organizations. This study focuses on the organizational factors that influence employee retention of employees in an international school. Teachers are the creators of a new generation of knowledge, which makes it important to retain such knowledgeable and skilled personnel in the educational sector. The purpose of this research is “to identify the employee retention strategies and its impact on employee turnover.”

**METHODOLOGY**

The sample size for this research is picked out using the “Morgan’s model” against a population of 110, where the sample size is 86 and sample method is convenient sample method. A Pearson correlation is used to identify the relationship between independent and dependent variables. The data was collected using two ways: through collection of primary data and through collection of secondary data. Primary data collection was using a questionnaire where questions were analyzed on a five-point Likert scale which range as strongly agree (5), agree (4), neutral (3), disagree (2) and strongly disagree (1). The questionnaire will be divided into three main sections: Section A – Background information; Section B – Employee Retention Strategies used by the School; and Section C – Factors affecting employee turnover. The researcher has attempted to get 0.7 Cronbach’s alpha level for reliability.



**Figure 1** Conceptual framework.

*Source: B. L. Das and M. Baruah*



## ANALYSIS AND RESULTS

### Demographic Analysis

The researcher chose both men and women for the research survey where there is a majority of women (77.91%) and a lesser number of men (22.09%). The sample includes single, married, widowed and divorced female and male staff members, out of which the majority is married (53%). The sample also includes four age categories, out of which the majority (43.02%) is between the ages of 21 to 35. Then 26.74% between the ages of 35 to 57. Then 20.93% above 57 years. Finally, a lesser (9.30%) number of respondents below 21 years. The sample includes staff members of various service lengths, out of which the majority (47.67%) has served for 1 to 5 years. Then 39.53% seemed to have served for 6 to 10 years. Only 3.49% of the staff indicate to have served for more than 10 years. The monthly income of the respondents are shown under three categories. The majority (45.35%) of the respondents earn between Rs. 21,000 to 30,000. Then 36.05% of the respondent record to earn between Rs. 31,000 to 40,000. Finally, 18.60% seems to earn below Rs. 20,000.

	Variables	Results
Gender	Men	22.09%
	Women	77.91%
Marital Status	Single	16%
	Married	53%
	Widowed/ Divorced	17%
Age	below 21 years	9.30%
	21 to 35	43.02%
	35 to 57	24.74%
	above 57 years	20.93%
Length of Service	1 to 5	47.67%
	6 to 10	39.53%
	more than 10	3.49%
Monthly Income	between Rs. 21,000 to 30,000	41.35%
	between Rs. 31,000 to 40,000	36.05%
	below Rs. 20,000	18.60%

**Table 01:** Demographic Analysis

### Correlation analysis

		Compensation	Rewards and Recognition	Participation in Decis	Training and Development
Employee Turnover	Pearson Correlation	-.930	-.931	-.804	-.920
	Sig. (1-tailed)	.000	.000	.000	.000
	N	86	86	86	86

**Table 02:** Correlation Analysis

Compensation has a high negative correlation with Employee Turnover with a strength of  $r = -0.930$ . Accordingly, there is a strong negative relationship between compensation and employee turnover. Rewards and recognition has a high negative correlation with employee turnover with a strength of  $r = -0.931$ . Accordingly, there is a strong negative relationship between rewards and recognition and employee turnover. Participation in decision making has a high negative correlation with employee turnover with a strength of  $r = -0.804$ . Accordingly, there is a strong negative relationship between participation in decision making and employee



turnover. Training and development has a high negative correlation with Employee turnover with a strength of  $r = -0.920$ . Accordingly, there is a strong negative relationship between training and development and employee turnover.

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error				Lower Bound	Upper Bound
(Constant)	6.164	.076		80.591	.000	6.012	6.316
compensation	-.231	.074	-.255	-3.123	.002	-.378	-.084
reward	-.385	.075	-.362	-5.169	.000	-.534	-.237
participation	-.208	.039	-.218	-5.381	.000	-.285	-.131
tnd	-.237	.080	-.207	-2.801	.004	-.406	-.069

a. Dependent Variable: emp

**Multiple Linear Regression**

**Table 3** Coefficients

The coefficient of regression  $\beta$  is -0.231 for compensation. It indicates that if compensation is increased by one, then employee turnover can be decreased by an amount of -0.231. The coefficient of regression  $\beta$  is -0.385 for rewards and recognition. It indicates that if rewards and recognition is increased by one, then employee turnover can be decreased by an amount of -0.385. The coefficient of regression  $\beta$  is -0.208 for participation in decision making. It indicates that if participation in decision making is increased by one, then employee turnover can be decreased by an amount of -0.208. The coefficient of regression  $\beta$  is -0.237 for training and development. It indicates that if training and development is increased by one, then employee turnover can be decreased by an amount of -0.237.

The Multiple Linear Regression Equation can be presented as follows;

- $YY = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \dots + \epsilon_i$
- $ET = 6.164 - 0.231CO - 0.385RE - 0.208PR - 0.237TN$

**ET= Employee Turnover**

**RE= Rewards and Recognition**

**TN= Training and Development**

**CO= Compensation**

**PR= Participation in Decision Making**

**CONCLUSIONS**

The researcher identified the four employee retention strategies used by the selected international school as compensation, rewards and recognition, participation in decision making and training and development. research findings prove that there is a significant negative relationship between employee retention strategies and employee turnover. The research findings prove that the respondents are at a dissatisfactory level with respect to the use of the four employee retention strategies. The respondents are dissatisfied with their compensation, they are not appropriately rewarded or recognized, they are not involved in decision making activities, not provided with adequate training, and they lack in development. Therefore, in conclusion it can be stated that the selected international school has to deal with high employee turnover due to improper use of employee retention strategies.



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