

EMPLOYEE RETENTION STRATEGIES IN TEA SMALLHOLDINGS: A STUDY IN THE RATNAPURA DISTRICT, SRI LANKA

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ABSTRACT

Employee retention is crucial for maintaining competitiveness in labor-intensive sectors, as employees are vital for transforming an organization's vision into reality. The Sri Lankan tea smallholding industry contributes significantly to the economy through income and employment generation in rural areas. However, rising production costs and labor shortages threaten their sustainability, necessitating the retention of skilled employees to maintain global competitiveness. The industry faces labor shortage issues, primarily when operations cannot rely solely on family labor. As holdings expand, demand for labor increases. Moreover, the younger generation hesitates to remain in the tea industry because of their aspirations for upward social mobility. The limited research on employee retention in tea smallholdings in Ratnapura district underscores the need for further study. Therefore, this study aims to identify and analyze factors influencing employee retention in tea smallholdings in Ratnapura District, Sri Lanka, and propose effective retention strategies based on these factors. A quantitative approach was employed to collect data using structured questionnaires from 119 tea smallholders in Ratnapura District, selected through a non-probability snowball sampling technique. The absence of a suitable sampling frame hinders probability sampling. The responses were analyzed using correlation and regression analyses using SPSS software. The results revealed that the independent variables of training and development, compensation, welfare facilities, and job satisfaction positively correlated with and impacted employee retention. Training, development, and compensation are the most significant factors impacting employee retention, with coefficient values of 0.765 and 0.626, respectively. Key recommendations include implementing skill development programs to maximize employee potential, introducing a comprehensive compensation plan to ensure financial security, and prioritizing employee welfare facilities to enhance job satisfaction and maximize organizational commitment.

Keywords: Employee retention, retention strategies, Ratnapura district, Sri Lanka, tea smallholding industry