

Impact of Voluntary Retirement Scheme on Employee Loyalty

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Although the direct effect of voluntary retirement scheme on employee loyalty is well documented, previous theoretical explanations and empirical findings of these two variables' relationship have been inconsistent. Thereby, the current study examines the impact of voluntary retirement scheme (VRS) on employee loyalty. This study was a quantitative and cross-sectional study. Data collected through a structured questionnaire. The probability sampling technique was applied to select the sample, and the final sample consisted of 86 employees who opted for VRS from a garment manufacturing company in Sri Lanka. The data were analyzed using regression and correlation test with the aid of SPSS. The findings revealed that voluntary retirement scheme significantly impacts on employee loyalty. Thus, it was concluded that VRS negatively impacts employee loyalty and damages the company's reputation. Moreover, this study suggested that managers and practitioners should attempt to help the downsized employees for controlling the impact of VRS on employee loyalty. Accordingly, cross-validation of the study's findings to be done in different industries comparatively among a more significant sample in subsequent studies is recommended, which will add more insights to the present study's substance.

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