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# Strategies for Reducing Employee Turnover in Small-and Medium-Sized Enterprises

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## Abstract

Employee turnover causes poor sales performance, which presents a challenge to managers of small-and medium-sized enterprises (SME). The goal of this qualitative multiple case study was to explore effective strategies managers of small-and medium-sized enterprises use to reduce employee turnover that negatively impacts sales performance. Data collection involved semistructured, face-to-face interviews with three SME managers in the Bronx, New York, and a review of organizational documents. The three themes identified were (a) recognition and rewards; (b) training and career advancement opportunities; and (c) effective communication. Reduced employee turnover may increase sales and profits that organizations may use to support social programs.

*Doctoral Capstone*

## Problem

Employee turnover negatively impacts organizational performance (Mathieu et al., 2015). A turnover costs 32% to 114% of an employee's annual salary (Collins et al., 2015).

- **The general business problem** is that some SME managers cannot retain their employee, which leads to poor sales performance.
- **Specifically**, some SME managers **lack effective strategies** to reduce turnover events.

## Purpose

The purpose of this qualitative multiple case study was to explore effective strategies that SME managers use to reduce employee turnover that negatively affects sales performance.

## Significance

The results of the study may serve as a source of reference for scholars and students, which could help broaden the understanding of the concepts of employee retention.

Findings may provide managers contemporary business ideas, essential leadership approaches, and strategies for motivating employees and improving the workplace .

Improved working conditions may cause employees to serve their organization for a longer time.

## Framework

The conceptual framework of this study was **the job embeddedness (JE) theory**, developed by Mitchell et al. (2001).

With link, fit, and sacrifice as its dimensions, the JE theory is a **tool for increasing employees' commitment to their organization** (Mitchell, 2001).

# Relevant Scholarship

Organizational managers consider their employees as valuable assets (Pasban & Nojehdeh, 2016).

However, employee turnover poses a challenge to organizational managers, resulting to costs to businesses such as recruitment, training, and advertisement cost (Roche et al., 2015), which adversely impact sales performance.

In 2015, employers reported employee turnover rates of 6.4% (Holtom & Burch, 2016).

SMEs play a vital role by contributing the U.S. economy in job and wealth creation (Simioncus, et al., 2017).

The focus of SME managers is not only to attract employees but also to reduce operational cost and improve sales performance (Singh et al., 2014).

It is imperative that SME managers devise some means of reducing turnover rates. With the JE theory, management may establish a connection with employees and their jobs and peers (Akgunduz & Sanli, 2017).

# Research Question

**What strategies do SME managers use to reduce employee turnover that negatively affects sales performance?**

# Participants

Three participants were:

- Selected from a population of SME managers
- Purposively chosen to ensure that were experienced with success in addressing turnover issues
- SME managers for at least 5 years

# Procedures

Data collection included:

- Semistructured, face-to-face interviews with seven researcher-generated open-ended interview questions
- Interviews were audiotaped, lasted for an average of 45 minutes, with member checking to validate the generated data
- A review of organizational documents

# Analysis

Using Nvivo v12, data analysis involved:

- The creation of codes to look for pattern from the interview transcripts
- Themes were generated and organized to draw conclusions

## Findings

The themes that emerged from the analyzed data are:

- **Recognition and rewards** by offering bonuses and promotions
- **Training and career advancement opportunities** through workshops and sponsorships for further studies or to attend a conference
- **Effective communication** through open, constructive, and honest discussions with employees on work-related matters

## Interpretation

Appreciation of employees' achievements and supporting them to grow personally and professionally can help increase employees' commitment and reduce turnover rates.

This view is consistent with scholarly works on employee retention strategies.

The results of the study align with the JE theory

## Limitations

The limitations of the study may include:

- The validity and quality of the data depended on the participants' responses
- Some organizations decline to participate in the study, limiting the size of the sample
- The sample size was small and cannot be a representative of the entire population of SME managers in the Bronx, New York

## Recommendations

Future research should include larger samples to help foster the richness of data and broaden the understanding of retention strategies.

Future researchers should employ a quantitative method to gather additional data to help determine which strategy is most effective.

## Social Change Implications

Reduced employee turnover may increase sales and profits that organizations may use for their corporate social responsibility (CSR) programs.

SME managers may use part of the profits and establish new branches, which may provide jobs for the people.

Retaining experienced employees may result in the provision of quality services to the people.

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