



**INFLUENCE OF INTERNAL CORPORATE SOCIAL
RESPONSIBILITY ON EMPLOYEE RETENTION
(WITH SPECIAL REFERENCE TO THE APPAREL
INDUSTRY IN SRI LANKA)**

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ABSTRACT

Apparel industry in Sri Lanka is experiencing a high labour turnover ratio. Employee Retention is emerging as one of the most critical issues impact on the competitive advantage. Nowadays organizations have become aware in internal marketing strategies to ensure a lower turnover rate. Internal Corporate Social Responsibility (CSR) has been creating so much attention in the minds of the employees during the recent years which can be used in internal marketing of an organization. Thus, the study based on the three objectives; first, it explores the relationship between Internal CSR and employee retention. Second, study aims to identify how intrinsic motivation, mediate the relationship between internal CSR and employee retention. Finally, to determine the internal CSR activities which the apparel industry should pay more attention for better employee retention. Questionnaires were distributed by using convenience sampling method to collect primary data from 150 employees working in top three apparel giants in Sri Lanka. The data were analysed using correlation coefficient, Baron and Kenny mediator analysis method and Sobel test. The results of the study indicated that there is a positive relationship between Internal Corporate Social Responsibility and Employee Retention. Mediator analysis and the Sobel test identified that intrinsic motivation partially mediate the relationship between the Internal CSR and Employee Retention. The findings of the study support to the human resource managers of apparel industry to identify career development, Supportive working conditions, Individual benefits and working patterns as the internal CSR activities which the apparel industry should pay more attention to develop their retention programs in future.

Key Words – *Corporate Social Responsibility, Employee Retention, Intrinsic Motivation and Sustainable development*