

Chapter 2

An Empirical Study on Factors Leading to Employee Retention for Manufacturing Industry in India

Rupali Singh

Motilal Nehru National Institute of Technology, India

Anil Sankhi

Constantia Parikh Packaging, India

ABSTRACT

The purpose of this paper is to develop an understanding of employee's retention in manufacturing organizations. The factors identified for the study are work culture, training, compensation, motivation of employee's for their profession, and employee's personality factors which are mediating through job satisfaction of employees. The study established statistically significant relationship between the factors and employee's retention with mediation effect of job satisfaction. Results revealed the importance of job satisfaction as a mediator in predicting employee's retention in manufacturing industry.

1. INTRODUCTION

Talent Management (TM) is widely accepted in corporate and its subsystems are practiced extensively. TM as it is used is a term without value unless it is grounded in a strategic decision framework (Lewis & Heckman, 2006). Retention is one of the sub systems of TM which has substituted the concept of turnover in industry. Employee retention is considered to be proactive approach to increase the efficiency of an organization.

TM becomes all the more complex when used in context of manufacturing industry. A decade into the 21st century, the role of manufacturing in the global economy continues to evolve (Manyika, 2012). The new era of manufacturing will be marked by highly agile, networked enterprises that employ talent as skillfully as machinery to deliver products to diverse global markets. In advanced economies, manu-

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facturing will continue to drive innovation, exports, and productivity growth. In developing economies, manufacturing will continue to providing a pathway to higher living standards. As long as companies and countries understanding the evolving nature of manufacturing and act on the powerful trends shaping the global competitive environment, they can thrive in the promising future.

We will try to explore the possible linkage between the factors leading to employee retention in mediating effect of employee job satisfaction in context of manufacturing industries.

2. LITERATURE REVIEW

In this section we will examine the existing research of various scholars in the related fields. A Systematic Literature Review (SLR) has been used as suggested by Tranfield et al., 2003. The objectives of the literature review are:

1. To define factors that leads to executive level employee's retention in manufacturing organizations in India.
2. To develop and statistically validate a research model showing relationship between the factors that leads to employee's retention in manufacturing organizations in India.

The literature review is further divided into two stages namely planning the review and conducting review which is duly presented in subsequent section.

Stage 1: Planning the Review

Planning is further divided into three phases as follows:

Phase 1: Identification for the Need of Review

In our present study we want to investigate the impact of work culture, training and development, compensation, motivation for profession, and personality factors on employee's retention under the mediating effect of employee's job satisfaction.

Phase 2: Proposal for Review

The literature review is an integral component of any scientific works. To begin with this section, we first identified reputable journals in the field of Talent Management such as *Human Resource Management Review*, *The Social Science Journal*, *The Industrial and Commercial Training*, *The TQM Magazine*, *Journal of Managerial Psychology*, *Journal of Applied Psychology*, *Strategic HR Review*, *Strategic Management Journal*, *Human Resource Planning*, *Journal of Management*, *Harvard Business Review*, *Human Resource Planning*, *Compensation and Benefits Management*, *Journal of Management*, *International Journal of Humanities and Social Science*, *International Journal of Social Science and Interdisciplinary Research* and other related journals. We used key words like Talent Management, Employee Retention, Executive Employee Retention, Manufacturing Organizations, Job Satisfaction, Work Culture, Training

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