


Chapter 5

Decoding the Alchemy of Employee Retention: A Case of the Manufacturing Sector of the National Capital Region, India

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ABSTRACT

The ability of a company to retain its staff is referred to as employee retention. It may also be referred to as a decrease in employee attrition or employee turnover rate. Employee retention is one such mechanism which ensures that the human capital stays with the organisation for a longer duration. The study focusses on identifying the drivers of employee retention in the manufacturing industry with respect to certain factors such as mentoring, career development, work environment, job autonomy, and compensation. This research has used the descriptive research design with some elements of exploratory research design. The sample size for the study was 122. Primary data has been collected with the help of a pre-validated questionnaire with multiple-choice closed-ended questions on a five-point Likert scale. The collected data was analysed using Excel and SPSS with statistical tools like T-test, ANOVA, multiple linear regression, etc. A direct positive relation has been found between mentoring, work environment and compensation, and the employees' intention to stay.

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1. INTRODUCTION

The ability of a business to reduce employee turnover, or the number of workers who leave their jobs either freely or involuntarily within a specific time frame, is known as employee retention. Retention of employees has a direct impact on a business's performance and profitability. Businesses need to retain their best employees if they want to flourish. The goal of employee retention is to do this. Businesses struggle in the current climate to manage and retain employees. Employee retention is the endeavour undertaken by a business to keep its employees on board. It is also known as a decline in the rate of staff turnover or attrition. One such strategy that makes sure the organization's human capital—its employees—stays with it for a longer period of time is employee retention.

Employers have the ultimate duty for retaining the best human capital; if they don't, the firm will lose its top performers. Increasing employee loyalty or organizational commitment is the ultimate goal of staff retention in order to preserve the organization's sustainability. An entity's productivity is subsequently increased, raising its success rate. Workers are regarded as an organization's most precious resource. Thus, it becomes imperative for an organization to hold onto its talented and skilled staff. In the fast-paced world of today, organizations can gain a competitive advantage by holding onto their competent workforce. They can assist manufacturers in preserving production levels, raising customer happiness levels, and improving the quality of their goods and services. This will therefore promote a happy workplace, which will raise staff morale and increase job satisfaction. In addition, firms can gain a competitive edge through employee retention by holding onto talented and skilled people who can support the growth and success of the business. One of the most important factors in the expansion of manufacturing businesses in the NCR region is staff retention. Elevated employee attrition rates may lead to increased expenses for recruiting and onboarding new staff, reduced output, subpar output, and decreased client contentment.

Employers have always struggled with the issue of low retention (Mathimaran & Kumar, 2017). Mukherjee et al. (2020) investigated the factors that precede employee retention in Indian PSUs, including job security, autonomy, career advancement, organizational culture, and climate. In the current environment, businesses are increasingly concerned about employee retention. Skilled workers frequently leave their current employers in search of better offers. A competitive salary, accommodating work hours, enhanced workplace culture, and opportunities for career growth are among the elements that drive an employee to hunt for employment elsewhere. It is the duty of management and HR staff to intervene when a capable worker indicates that he wishes to quit and to find out the real reasons for the decision. Every firm needs dedicated, knowledgeable workers with the ability to think creatively and outside the box in order to deliver fresh, original work. If an organization's top employees depart, it cannot thrive. Maintaining the people who have made significant contributions to the organization's success is essential to it. What counts is the employee's passion, commitment, and willingness to put in time by fully committing to their task. When developing a long-term retention plan, firms and employers should start by taking the environment into consideration. Employers need to understand the variables that affect a worker's decision to join, stay with, or leave a company. Comparable to a three-legged stool, the join, stay, and leave paradigm means that organizations cannot create an effective retention strategy without understanding all three.

Employee's willingness to join the organisation - A company's ability to offer appealing jobs often attracts employees. Workers seek opportunities for advancement, equitable remuneration, a nurturing work atmosphere, and alignment between their individual principles and the company's ethos. What

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