Chapter 11
Factors Affecting High Employee Turnover in Indian Manufacturing Sector

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ABSTRACT

This chapter is an attempt to explore the factors affecting high employee turnover (ET) in the Indian manufacturing sector. The study shows the association between meaningful work (MWF), organizational information and communication (OIC), and organizational trust (OT). The authors have chosen convenience sampling method and 211 respondents’ data was collected from the five Indian manufacturing organizations located in Uttarakhand state. Reliability and validity (convergent and divergent) were also checked and found high. They used conditional process modeling to check the mediation effect of OIC. Findings suggest that MWF positively impacts OT and OIC positively impacts OT. Partial mediation effect of OIC was also captured on the relationship of MWF and OT. The managerial implications, limitations, and future scope were also discussed in detail. These implications provide the good insights to all the employers who are constantly seeking the solution to resolve the issues of attrition and high ET in their respective organizations.

INTRODUCTION

Nowadays organizations are facing various problems globally related to the high employee turnover issue and striving hard to keep their employees retained and let them feel valued. Specially, Indian employers are trying hard to retain their
talented workforce for a longtime (Shashtri, 2008). ET has been a vital issue for the organizations and widely accepted as a major threat by the HR practitioners (Porter & Steers, 1973; Cotton & Tuttle, 1986; Griffeth et al., 2000). Although recruiting the potential candidates for the job is itself a big task and then to convert them in effective and efficient workforce is very tough. Employee turnover does not only imply the loss of human capital but also the loss of investment credited on the training process and knowledge provided by the organization. It means leaving the right employee is equal to the loss of intangible knowledge infused by the concern organization through the time (Balfour & Neff, 1993). Here the intention of the employee plays a big role to incite his thinking process towards leaving the organization. This turnover intention can be explained as “the subjective estimation of an individual regarding the probability of leaving an organization in the near future” (Mowday et al., 1982). Hence, predicting the employees’ intention is necessary for the HR practitioners to deal with this problem precisely. Some studies examined these behavioral intentions as intention to leave, searching new prospects outside and quitting the organization. There are various empirical studies supporting the view of these intentions which can predict turnover rate better than any other variable in an organization (Steel & Ovalle 1984; Carmeli & Weisberg 2006). According to Dalton et al., (1982) from the organization perspective, there are two types of voluntary turnover ‘functional and dysfunctional’. Functional turnover occurs when any employee leaves the organization voluntarily but it does not affect his organization much. In this case, organization does not get affected while losing such employees, may be because of their non-performance and lack of the unique skills. Moreover, dysfunctional turnover occurs when an employee leaves his organization voluntarily but organization gets very much affected. It might be because of losing the great talent who had unique skill, knowledge or talent which is perceived hard to get back. The aim of this study is to explore the factors which affect employee turnover most and study their relationship together in the Indian manufacturing industry. Thus, based on the above discussion two research questions arises here

**Research Question 1:** What are the factors influencing employee turnover across the globe?

**Research Question 2:** Which factors are essential and worthwhile to study in the Indian manufacturing industry?

To address the first question, we took the help of literature review and found that plenty of researches has already been done on ET, entails that meaningful work (Cortese, et al., 2013), organizational trust, commitment, learning capabilities (Tirelli & Goh, 2015), ethical climate (De Coninck, 2011), fair HR practices (Ertürk, 2014), psychological contracts fulfillment (Van den Heuvel et al., 2017), job satisfaction
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