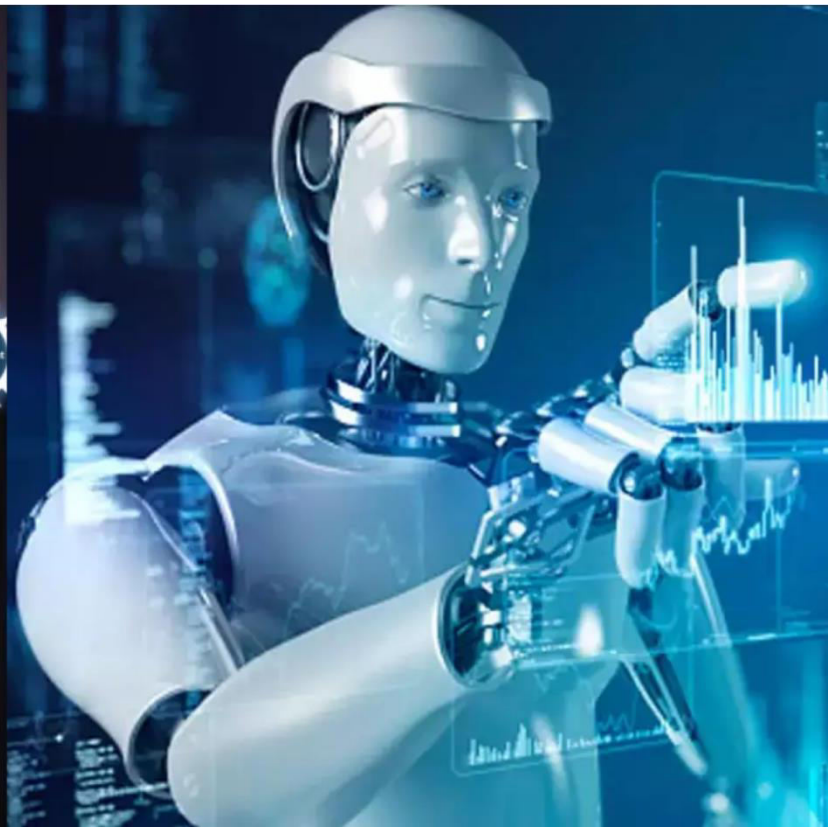
IJIRSET
International Journal of Innovative Research in Science | Engineering | Technology

ISSN(O): 2319-8753
ISSN(P): 2347-6710

International Journal of Innovative Research in Science Engineering and Technology (IJIRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)



Impact Factor: 9.935

Volume 15, Issue 5, May 2026

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|www.ijirset.com |A Monthly, Peer Reviewed & Refereed Journal| e-ISSN: 2319-8753| p-ISSN: 2347-6710|

Volume 15, Issue 5, May 2026

|DOI: 10.15680/IJIRSET.2026.1505158|

The Relationship between Employee Engagement and Employee Retention in Manufacturing Industries

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ABSTRACT: Employee engagement plays a crucial role in improving employee retention, particularly in manufacturing industries where workforce stability directly affects productivity and operational efficiency. This study examines the relationship between employee engagement and employee retention in manufacturing industries by analysing various engagement factors such as job satisfaction, leadership support, recognition and rewards, communication, career growth opportunities, and work environment. The primary objective of the study is to understand how employee engagement practices influence employees' intention to remain within an organization. The research is based on primary data collected through structured questionnaires distributed among employees working in manufacturing companies. Statistical tools such as percentage analysis, correlation, and regression analysis are used to evaluate the relationship between employee engagement and retention. The findings of the study indicate that higher levels of employee engagement significantly contribute to improved employee retention by increasing employee motivation, organizational commitment, and job satisfaction. The study also reveals that supportive management practices and opportunities for professional growth positively influence employees' willingness to continue with the organization. The research highlights the importance of effective employee engagement strategies in reducing employee turnover and enhancing organizational performance. The study provides useful insights for HR managers and manufacturing organizations to develop employee-cantered policies that strengthen workforce stability and long-term organizational success.

KEYWORDS: Employee Engagement, Employee Retention, Manufacturing Industries, Job Satisfaction, Organizational Commitment, Workforce Productivity.

I. INTRODUCTION

Employee engagement has become one of the most important aspects of human resource management in modern organizations. In today's competitive business environment, organizations are focusing not only on achieving higher productivity but also on retaining skilled and experienced employees. Employee engagement refers to the emotional commitment, involvement, and dedication of employees toward their organization and work. Engaged employees are more motivated, productive, satisfied, and willing to contribute to organizational success. In manufacturing industries, where operational efficiency and workforce stability are essential, employee engagement plays a significant role in improving employee retention and reducing turnover rates.

Manufacturing industries depend heavily on skilled employees for maintaining production quality, meeting deadlines, and achieving organizational objectives. However, many manufacturing organizations face challenges such as employee dissatisfaction, absenteeism, low motivation, and high employee turnover. Frequent employee turnover increases recruitment and training costs and negatively affects organizational productivity and performance. Therefore, organizations are increasingly adopting employee engagement practices such as recognition and rewards, career development opportunities, effective communication, training programs, supportive leadership, and employee welfare initiatives to retain talented employees and enhance organizational commitment.

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Employee retention refers to an organization's ability to retain its employees for a longer period. Higher retention rates help organizations maintain experienced employees, improve teamwork, and reduce operational disruptions. Several studies have shown that engaged employees are more likely to remain loyal to their organizations because they feel valued, motivated, and satisfied with their work environment. Thus, employee engagement is considered a key factor influencing employee retention in manufacturing industries.

Although many studies have examined employee engagement and employee retention separately, limited research has specifically focused on the relationship between employee engagement and employee retention in manufacturing industries, particularly in the context of Indian manufacturing organizations and small-scale industries. Most previous studies mainly concentrated on service sectors such as IT, banking, and healthcare. Therefore, there is a need to study how employee engagement practices influence employee retention in manufacturing industries. This research aims to fill this gap by analysing the relationship between employee engagement and employee retention among employees working in manufacturing organizations.

The primary objective of this study is to examine the relationship between employee engagement and employee retention in manufacturing industries. The study also aims to identify the major factors influencing employee engagement and to understand how engagement practices contribute to employee retention. The research will help organizations develop effective human resource strategies to improve employee satisfaction, commitment, and long-term retention.

Objectives of the Study

1. To study the level of employee engagement in manufacturing industries.
2. To identify the factors influencing employee retention.
3. To examine the relationship between employee engagement and employee retention.
4. To analyse the impact of employee engagement practices on employee retention.
5. To provide suggestions for improving employee retention through effective engagement strategies.

Research Questions

1. What are the major factors influencing employee engagement in manufacturing industries?
2. How does employee engagement affect employee retention?
3. Which employee engagement practices contribute most to employee retention?
4. What measures can manufacture industries adopt to improve employee retention?

Hypotheses

Null Hypothesis (H_0)

There is no significant relationship between employee engagement and employee retention in manufacturing industries.

Alternative Hypothesis (H_1)

There is a significant relationship between employee engagement and employee retention in manufacturing industries.

II. REVIEW OF LITERATURE

1. **S. Sujatha and R. Shyam Sundar (2024)**

The study examined the impact of employee engagement on employee performance in manufacturing industries in Coimbatore. The findings revealed that higher employee engagement significantly improves productivity, motivation, and organizational commitment among employees.

2. **Dr. G. Kalpana et al. (2024)**

This study analysed the role of motivational factors in employee retention within the manufacturing industry. The research found that job satisfaction, leadership support, recognition, and career growth opportunities positively influence employee retention.

3. **Dr. Susen Varghese et al. (2024)**

The research focused on the influence of organizational culture on employee engagement and retention across manufacturing and other sectors. The study concluded that supportive and collaborative organizational cultures improve employee engagement and reduce turnover intentions.

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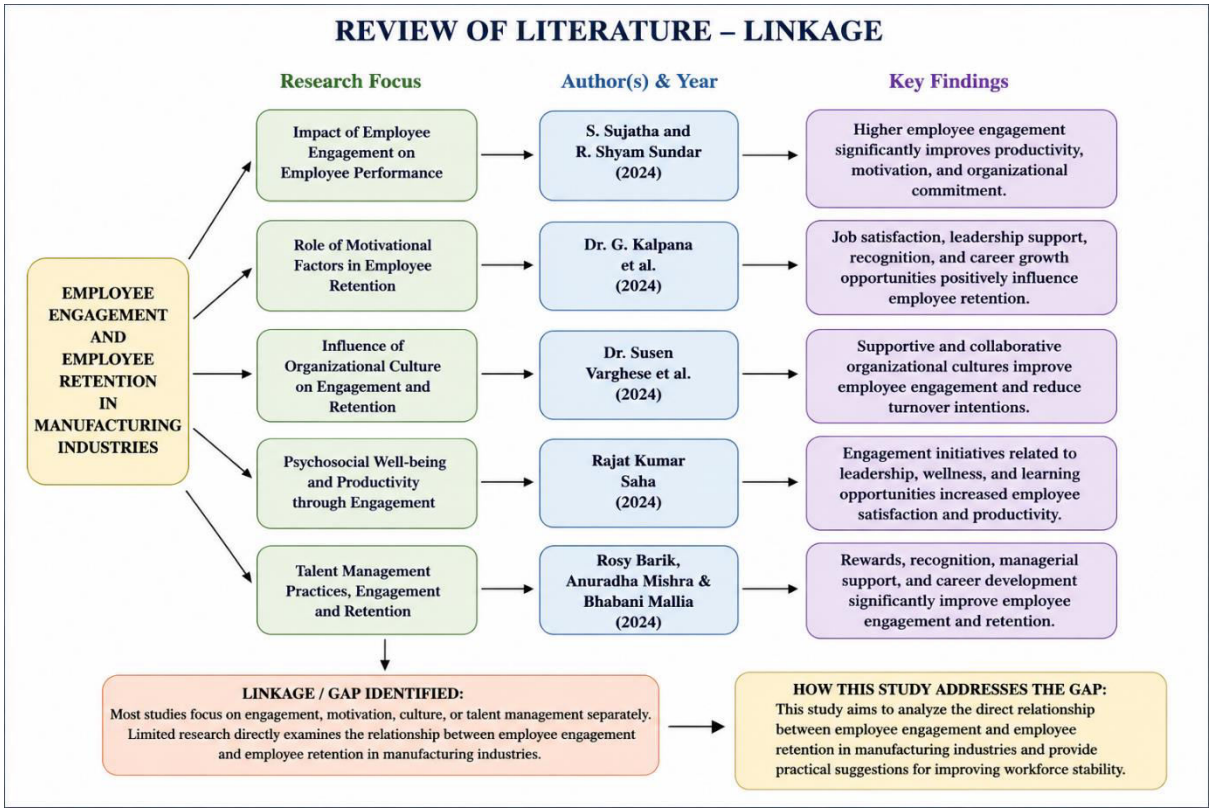
4. **Rajat Kumar Saha (2024)**

The study investigated psychosocial well-being and productivity through enhanced employee engagement in a manufacturing unit. The findings showed that engagement initiatives related to leadership, wellness, and learning opportunities increased employee satisfaction and productivity.

5. **Rosy Barik, Anuradha Mishra, and Bhabani Mallia (2024)**

This study explored the relationship between talent management practices, employee engagement, and employee retention in the steel industry. The research identified that rewards, recognition, managerial support, and career development significantly improve employee engagement and retention.



III. RESEARCH METHODOLOGY

The present study focuses on analysing the relationship between employee engagement and employee retention in manufacturing industries. Research methodology provides a systematic framework for collecting, analysing, and interpreting data related to the study. It helps in achieving the objectives of the research in a scientific and reliable manner.

Research Design

The study adopts a **descriptive and analytical research design**. The descriptive design is used to understand employee engagement practices and retention factors in manufacturing industries, while the analytical approach is used to examine the relationship between employee engagement and employee retention.

Population of the Study

The population of the study consists of employees working in manufacturing industries. The study includes employees from different departments such as production, quality, administration, and maintenance within selected manufacturing units.

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Sample Size and Sampling Method
A sample of **100 employees** from manufacturing industries was selected for the study. The respondents were chosen using the **convenience sampling method**, as it allows easy access to employees available during the data collection process.

Sources of Data
The study is based on both **primary data** and **secondary data**.

Primary Data
Primary data were collected directly from employees through a structured questionnaire. The questionnaire included questions related to employee engagement, job satisfaction, leadership support, communication, recognition, career growth, and employee retention.

Secondary Data
Secondary data were collected from:

- Research journals
- Books
- Company reports
- Websites
- Published articles
- Previous research studies related to employee engagement and retention

Data Collection Instrument
A structured questionnaire using a **Likert five-point scale** was used for collecting responses from employees. The scale ranged from:
1 – Strongly Disagree
2 – Disagree
3 – Neutral
4 – Agree
5 – Strongly Agree

Variables of the Study

Type of Variable	Variables
Independent Variable	Employee Engagement
Dependent Variable	Employee Retention

Dimensions of Employee Engagement

- Job Satisfaction
- Recognition and Rewards
- Leadership Support
- Communication
- Career Growth
- Work Environment
- Training and Development

Scope of the Study
The study is limited to selected manufacturing industries and focuses on understanding how employee engagement practices influence employee retention. The findings of the study may help organizations improve employee satisfaction, reduce turnover, and enhance workforce stability.

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Limitations of the Study

1. The study is limited to a selected sample of employees in manufacturing industries.
2. The accuracy of the study depends on the responses provided by employees.
3. Time and resource constraints limited the sample size and area of study.
4. The study mainly focuses on employee engagement and retention factors and may not include all organizational variables.

IV. DATA ANALYSIS AND INTERPRETATION

The data collected from employees of manufacturing industries were analysed using percentage analysis, mean analysis, correlation, and regression techniques. The findings are presented below with suitable tables and interpretations.

Table 1: Gender-wise Classification of Respondents

Gender	Number of Respondents	Percentage
Male	68	68%
Female	32	32%
Total	100	100%

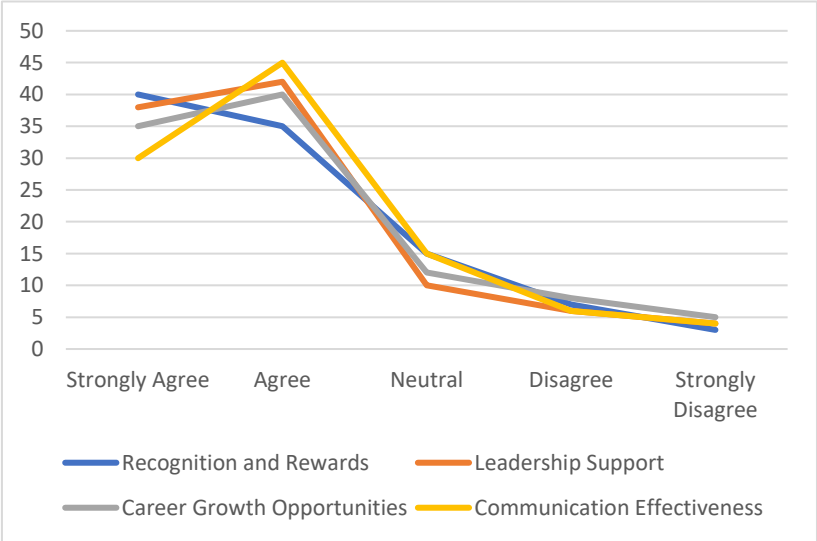
Interpretation

The above table shows that the majority of respondents are male employees (68%) working in manufacturing industries, while female employees constitute 32% of the sample population.

Table 2: Employee Opinion on Engagement Practices

Employee Engagement Factors	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Recognition and Rewards	40	35	15	7	3
Leadership Support	38	42	10	6	4
Career Growth Opportunities	35	40	12	8	5
Communication Effectiveness	30	45	15	6	4

Interpretation



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The majority of employees either agreed or strongly agreed that recognition, leadership support, communication, and career growth opportunities positively influence employee engagement. This indicates that employee engagement practices are effectively implemented in manufacturing industries.

Table 3: Employee Retention Responses

Opinion	Number of Respondents	Percentage
Employees willing to stay in organization	78	78%
Employees planning to leave organization	22	22%
Total	100	100%

Interpretation
The table indicates that 78% of employees are willing to continue working in the organization due to supportive work conditions and engagement practices, while 22% expressed intentions to leave.

Correlation Analysis

Variables	Correlation Value (r)
Employee Engagement and Employee Retention	0.82

Interpretation
The correlation value of **0.82** shows a strong positive relationship between employee engagement and employee retention. This means that higher employee engagement leads to improved employee retention in manufacturing industries.

Regression Analysis

Variables	Beta Value	Significance Value
Employee Engagement → Employee Retention	0.76	0.000

Interpretation
The regression analysis indicates that employee engagement has a significant positive impact on employee retention. Since the significance value is less than 0.05, the alternative hypothesis is accepted and the null hypothesis is rejected.

Hypothesis Testing
Null Hypothesis (H_0)
There is no significant relationship between employee engagement and employee retention in manufacturing industries.
Alternative Hypothesis (H_1)
There is a significant relationship between employee engagement and employee retention in manufacturing industries.

Result
Based on correlation and regression analysis, the study found a significant positive relationship between employee engagement and employee retention. Therefore, the alternative hypothesis is accepted.

Overall Interpretation of Findings
The analysis clearly shows that employee engagement practices such as recognition, leadership support, communication, career development, and employee welfare positively influence employee retention in manufacturing industries. Employees who feel valued and motivated are more likely to remain committed to the organization. The findings support the objectives of the study and confirm that employee engagement plays a crucial role in improving workforce stability and reducing employee turnover in manufacturing organizations.

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V. RESULTS AND DISCUSSION

The study examined the relationship between employee engagement and employee retention in manufacturing industries. The findings revealed that employee engagement has a significant positive influence on employee retention. Employees who receive recognition, leadership support, career growth opportunities, and effective communication were found to be more satisfied and committed to their organizations. The majority of respondents agreed that engagement practices improve motivation, job satisfaction, and willingness to continue working in the organization.

The correlation analysis showed a strong positive relationship between employee engagement and employee retention with a correlation value of 0.82. The regression analysis also confirmed that employee engagement significantly impacts employee retention, as the significance value was less than 0.05. These findings support the alternative hypothesis of the study, which states that there is a significant relationship between employee engagement and employee retention in manufacturing industries.

The findings of the present study are consistent with previous studies conducted by S. Sujatha and R. Shyam Sundar (2024), who found that employee engagement improves employee productivity, motivation, and organizational commitment. Similarly, the study aligns with the research of Dr. G. Kalpana et al. (2024), which highlighted the importance of leadership support, recognition, and career growth in improving employee retention. The results also support the findings of Dr. Susen Varghese et al. (2024), who emphasized that supportive organizational culture positively influences employee engagement and reduces employee turnover intentions.

A key insight from this study is that employee engagement practices in manufacturing industries directly contribute to workforce stability and long-term employee retention. Unlike many previous studies that mainly focused on service sectors, the present study specifically examined manufacturing industries, where employee retention is essential for maintaining production efficiency and operational continuity. The study highlights that manufacturing organizations should not only focus on wages and productivity but also prioritize employee welfare, communication, and career development opportunities.

The practical implications of the study suggest that organizations should implement effective employee engagement strategies such as reward systems, training programs, transparent communication, employee recognition initiatives, and supportive leadership practices. Policymakers and HR managers can use these findings to design employee-cantered policies that improve employee satisfaction and reduce turnover rates. The study also benefits society by emphasizing the importance of employee well-being and organizational support in creating a stable and productive workforce.

VI. CONCLUSION AND SUGGESTIONS

The study concluded that employee engagement plays a vital role in improving employee retention in manufacturing industries. The findings revealed that factors such as recognition and rewards, leadership support, communication effectiveness, career growth opportunities, and positive work environment significantly influence employee engagement and retention. Employees who feel valued, motivated, and supported are more likely to remain loyal to the organization and contribute positively toward organizational success.
The statistical analysis confirmed a strong positive relationship between employee engagement and employee retention. The study also found that engaged employees demonstrate higher organizational commitment, job satisfaction, and willingness to continue working within the organization. Therefore, employee engagement can be considered an important strategy for reducing employee turnover and improving workforce stability in manufacturing industries.

Limitations of the Study

1. The study was limited to selected manufacturing industries and may not represent all sectors.
2. The sample size was restricted to 100 respondents due to time constraints.
3. The findings are based on employee responses, which may involve personal bias.
4. The study focused mainly on employee engagement and retention factors and did not include all organizational variables.

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Suggestions

1. Manufacturing organizations should implement effective recognition and reward systems to motivate employees.
2. Management should encourage transparent communication and employee participation in decision-making.
3. Organizations should provide career development and training opportunities to improve employee commitment.
4. Employee welfare programs and work-life balance initiatives should be strengthened to improve retention.
5. HR managers should regularly assess employee engagement levels and take corrective measures to reduce turnover.

VII. SCOPE FOR FUTURE RESEARCH

Future studies can be conducted in different sectors such as IT, healthcare, banking, and retail industries. Researchers can also compare employee engagement and retention practices between public and private sector organizations. Further research may include larger sample sizes and additional variables such as organizational culture, employee stress, and leadership styles.

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