A STUDY ON EMPLOYEE’S INTENTION TO STAY IN PUBLIC COMPANIES, KEDAH, MALAYSIA

DR. VIMALA SANJEEVKUMAR*

*Associate Professor-COB,
University of Utara,
Sintok, Malaysia.

ABSTRACT

Without valuable employees, an organization cannot generate revenue and prosper. Retention is the most important target for the organization’s Human Resource (HR) departments to achieve, and they need to explore and be aware of the real reasons, not simply people’s perception, because sometimes the high salary or pleasant working condition cannot promise employees to stay in the organization. So there are more other factors that influence people’s intention to stay in the organization. If the industry suffers less employee turnover, the intention of employees to stay in the certain industry is higher than other industry, which indicates that this industry is healthier than others.

The research problem carried out in this study is to observe the impact of 5 HRM practices (compensation, work life balance, organizational commitment, and career opportunities and supervisor support) and employees’ intention to stay in public companies, Kedah, Malaysia. This research will investigate the main factor which causes employee retention and why employees are preferred to stay in the public sector. The results indicate that the factors positively correlated with employee’s intention to stay. The findings and recommendations were also addressed.

KEYWORDS: Retention, Work life balance, Organizational commitment, intention to stay.

1. INTRODUCTION

Without valuable employees, an organization cannot generate revenue and prosper. Retention is the most important target for the organization’s Human Resource (HR) departments to achieve, and they need to explore and be aware of the real reasons, not simply people’s perception, because sometimes the high salary or pleasant working condition cannot promise employees to stay in the organization. So there are more other factors that influence people’s intention to stay in the organization. Same like the measurement of employee turnover can be based on individual organization and the industry, the employees’ retention also can be measured based on the two dimensions. For an individual organization, if it can have greater ability of employee retention, it is an employee-friendly organization and it is the fundamental to the success of the organization. If the industry suffers less employee turnover, the intention of employees to stay in the certain industry is higher than other industry, which indicates that this industry is healthier than others.
Regardless of the organization size, the activities it undertakes, the business environment in which the organization operates, its success depends on the decision it employees make and the behavior in which they are doing (Mello, 2011). On the other hand, according to Lim, Mathis and Jackson (2010), many organizations have found that turnover is a costly problem for organizations. High employee turnover will bring tremendous cost to the organization from various ways, such as the lost sales and related knowledge, reduced productivity and customers’ satisfaction, increased work pressure to the remaining employees, cost related to the new recruitment and training for new employees, the reduced moral to the organization. At the same time, turnover also bring costs to employees in terms of lost of friendship, pressure of finding new jobs, and if they cannot find another job immediately after resignation, they will have financial problem.

According to Zhang and Chen (2010), the opposite factors result in employee turnover cannot explain reasons for other employees to stay there. For example low salary is a major reason for employees to quit their job, but high salary cannot promise employees to stay in the organization, the high income employees will face more working pressure, so their intention to stay in the organization is still challenged. The relationship is just as the hygiene factor causing dissatisfaction is different from the motivation factor producing satisfaction, knowing people why to leave is one thing, knowing why to stay is another.

1.2 PROBLEM STATEMENT

Many organizations are challenged with tasks of retaining their employees at the same time; the employers need to make sure employees have loyal and commitment organization (Brown & Yoshioka, 2003). Without effective retention strategies organizations will lose their critical employees and result in the employee turnover. In the modern business environment, effective employees are the main weapon for organizations to win the competition, this is more common in the industries requiring for knowledge workers (Pyron, 2008; Crager, 2006). Employee retention concerns how to retain the effective employees in the organization, why the talented people are preferred to stay in their current position and make contribution to the organization. This interesting fact becomes more important for employers and researchers in the intensive competitive business environment.

1.3 RESEARCH QUESTION

- Is there a relationship between compensation, work life balance, organizational commitment, career opportunities, supervisor support and intention of employees to stay in organization
- What is the most significant determinant of HR practices (compensation, work life balance, organizational commitment, and career opportunities and supervisor support) related employee intention to stay?
1.4 RESEARCH OBJECTIVES

To examine the most important determinant of HR practices and its relationship with the factors (compensation, work life balance, organizational commitment, career opportunities and supervisor support) that related employee intention to stay.

2. LITERATURE REVIEW

According to Accenture (2001), 80 percent of global business leaders agree that “people issues” becomes more significant in recent business environment than they were 3 years ago, and 68 percent believe that retaining talent has become more important than acquiring “new blood” (Janet, 2004). Intention to leave has been extensively researched (e.g. Tett & Meyer, 1993; Igharia & Greenhaus, 1992; Kirschbaum & Weisberg, 1990), now researchers are called to focus on another perspective of workers retention: intention to stay.

Employees are willing to stay with the organization when their self-interest can be fulfilled better by their current organization than the alternative organizations elsewhere (Shaw et al 1998). Cho et al. (2006) investigated the influence of human management practices to the organizational performance found that, organizations provide employees with incentive benefits are less likely to suffer from high turnover rate. Compensation system acts as important role in promoting organizations’ strategic goals and retaining the effective workforce.

Financial reward is the main reason employees work for the organization. They sell their time, energy, intelligence in order to exchange the financial rewards, and continue their life. Financial rewards are frequently adopted by companies to keep employees (Farris, 2000).

Satisfaction with compensation is more important, and more closely associated with overall satisfaction (Lovett, Coyle & Adams, 2004). Dissatisfaction with factors like monetary compensation was significantly related to organizational stress and depression, productivity loss and employees’ intention to leave (Tyler & Cushway, 1992; Tzeng, 2002).

According to the previous research, various demographic and business trends required employees to balance their work and family matters. The first trend is the fact that more women are involved in the full-time employment, while they are still assuming the larger part of the housekeeper role (although in some family, the husband will share the housework with their wives). The second trend concerns the use of today’s workforce. Intensive global competition requires organization to extend their services, business need to run with continuous working hours (Kaminski, 1980).

Batemen and Strasser (1984) stated that the reasons for studying organizational commitment are related to “(a) employee behaviors and people’s working productivity, (b) attitudinal, affective, and cognitive constructs such as job satisfaction, (c) characteristic of employees job satisfaction reasons, such as nature of job and (d) employees’ personal characteristic such and age, gender and past experience. For employees who have higher organizational commitment, they will tie their own destiny to the organization destiny, and they will have more intention to stay in the organization rather than to quit the job.
There are many definitions of career such as: ‘a career is a sequence of positions held by a person during his or her lifetime’ (Robbins et al., 2000). Kalliiath and Beck (2001) found that strong supervisor support can reduce the employees’ burnout and depression, reduce employees’ intention to quit the job. At the same time, supervisor support can make employees feel that they are cared and valued by the organization, they will easily to establish the feeling of belong.

3. RESEARCH METHODOLOGY

3.1 RESEARCH HYPOTHESIS

Based on research framework there are five hypotheses will be examined on compensation, work-life balance, organizational commitment, career opportunities and supervisor support. The five hypotheses are as follows:

H1 - There is a positive relationship between the compensation and employee’s intention to stay.

H1 - There is a positive relationship between the work life balance and employee’s intention to stay.

H3 - There is a positive relationship between the organizational commitment and employee’s intention to stay.

H4 - There is a positive relationship between the career opportunity and employee’s intention to stay.

H5 - There is a positive relationship between the supervisor support and employee’s intention to stay.

3.2 RESEARCH DESIGN

Descriptive research is also known as statistical research. The main goal of this type of research is to describe the data and characteristics about what is being studied.

3.3 SAMPLING AND DATA COLLECTION

Sampling is to select of individuals from the whole population, it need to general to present the characteristic of the population. In this study, researcher adopted the convenience sampling technique. Convenience sampling. That is, a population is selected because it is readily available and convenient. The most popular data collection techniques include: surveys, secondary data sources or archival data, objective measures or tests, and interviews. In this study questionnaires are used. Company background information is obtained from the online web, annual report, and magazines. Questionnaire method is to collect data through the questionnaires. Researchers list the relevant questions and ask respondents to answer them according to their personal situation. Questionnaires have the comparing advantage such as: it is easy to analyze, familiar to most people, it can reduce bias and less intrusive than face-to-face surveys.
3.4 PRIMARY DATA

Primary data source is the first hand information obtained by the researcher. In this study the primary data was gathered through the questionnaires to study the relationship between the dependent variable and independent variables.

The sampling frame for this study includes employees in public companies, Malaysia. According to the sample determination table developed by Sekaran (2003), the appropriate sample size for population 120 is 92 (92 sets of questionnaire were distributed to public company employees. The sample size chosen for this study is 92 employees of public Company.

3.5 TECHNIQUE OF ANALYSIS

Various statistical methods will be used to analyze the data collected from respondents. In this study, the Statistical Package for the Social Sciences (SP 16.0) was used for the data analysis. Correlation analysis, ANOVA, and t test were administered.

4. FINDINGS

RELIABILITY TEST

The reliability tests were employed to test the initial consistency of the study. The measurement is employed to make sure the developed factors will measure consistently the items intended to be measured. As revealed, the reliability coefficient of the study variable exceeded the minimum acceptable level of 0.60 (Nunnally, 1978). As a result, Cronbach’s alpha for the intention to stay is 0.704, for compensation is 0.80, for work-life balance is 0.785, for organizational commitment is 0.789, for career opportunity is 0.829 and finally for supervisor support is 0.838.

CORRELATION ANALYSIS

The Pearson correlation is used to measure the significance of linear bivariate between the independent and dependent variables in the study (Sekaran, 2003). Perfect positive correlation (r) would be said between two variable when it is represented by 1.0 (positive 1) while perfect negative correlation if -1.0 (negative 1). Significance between two variable need to be known where if p = 0.05, it indicated that 95 times out of 100 is a significant correlation and only 5% chance that the relationship is not truly exist. Table 4.3 shows the relationship between employees’ retention intention and the 5 variables. The result indicate that there is a significant relationship between compensation and retention intention (r = 0.744, n = 92, p < 0.001). The overall variables (including compensation, work-life balance, organizational commitment, career opportunity and supervisor support) have a correlation with retention intention (r = 0.553, n = 92, p < 0.001), and is followed by career opportunity (r = 0.533, n = 92, p < 0.001). The investigation shows that there is similar correlation in terms of retention with supervisor support (r = 0.396, n = 92, p < 0.001) and work-life balance (r = 0.389, n = 92, p < 0.001). Finally, compared with other variables, there is a less strong correlation between variable organizational commitment and retention intention in public company employees (r=0.312, n=92, p < 0.00).
ANALYSIS OF DIFFERENCES

The analysis of T-test and ANOVA were used in this study. T-test was used to find the differences between male and female employees in terms of their intention to stay. While the ANOVA was used to find the differences between age, length of service, education background and position in terms of Company employees’ retention intention.

GENDER AND RETENTION INTENTION

Table shows that male employees are more willing to stay in public companies than the Female employees.

TABLE 1 : T-TEST RESULT BETWEEN MALE AND FEMALE

<table>
<thead>
<tr>
<th>gender</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>RI</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>male</td>
<td>36</td>
<td>8.56</td>
<td>1.501</td>
<td>.250</td>
</tr>
<tr>
<td>female</td>
<td>56</td>
<td>8.14</td>
<td>1.341</td>
<td>.179</td>
</tr>
</tbody>
</table>

EDUCATION BACKGROUND AND INTENTION TO STAY

In order to find the differences between employees’ education level and their intention to stay in KSDC Company, the ANOVA was carried out. From the table 4.5 we can see that there is significant difference between the employees’ education background in terms of their retention intention.

TABLE 2 : ONE WAY ANOVA OF EDUCATION BACKGROUND ON INTENTION TO STAY

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>19.360</td>
<td>3</td>
<td>6.453</td>
<td>3.503</td>
<td>.019</td>
</tr>
<tr>
<td>Within Groups</td>
<td>162.118</td>
<td>88</td>
<td>1.842</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>181.478</td>
<td>91</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

P<0.05

AGE AND RETENTION INTENTION

From table 2, we can see that there is a significant difference between different age group in terms of their intention to stay as the P < 0.05. From table 4.7 we can see, an employee who is in the age
group 45 – 55 has higher intention (means = 9.29) to stay. On the other hand, the junior employees have lower retention intention (means = 7.62).

<table>
<thead>
<tr>
<th>TABLE 3: ONE WAY ANOVA OF AGE AND INTENTION TO STAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sum of Squares                  df</td>
</tr>
<tr>
<td>Between Groups            37.517 3</td>
</tr>
<tr>
<td>Within Groups             143.961 88</td>
</tr>
<tr>
<td>Total                  181.478 91</td>
</tr>
<tr>
<td>P&lt;0.05</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TABLE 4 : MEANS DIFFERENCE BETWEEN AGE GROUP AND RETENTION INTENTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>age</td>
</tr>
<tr>
<td>less than 25</td>
</tr>
<tr>
<td>25 - 35</td>
</tr>
<tr>
<td>35 - 45</td>
</tr>
<tr>
<td>45 - 55</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

LENGTH OF SERVICE AND RETENTION INTENTION

From table 4 we can see that there is a significant difference between lengths of service in terms of their intention to stay in public Company as the P < 0.05. From table 4.9 we can find that employees who work in the public Company more than 7 years or work between 3 – 5 years, have higher retention intention (means = 9.20 & 9.14). While the fresh employees who work less than 1 years have less retention intention (means = 7.12).

<table>
<thead>
<tr>
<th>TABLE 5: ONE WAY ANOVA OF LENGTH OF SERVICE AND INTENTION TO STAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sum of Squares                  df</td>
</tr>
<tr>
<td>Between Groups            75.506 4</td>
</tr>
<tr>
<td>Within Groups             105.972 87</td>
</tr>
</tbody>
</table>
Position and Retention Intention

As shown in table 6 there is significant difference between different management levels in terms of intention to stay in public company as p < 0.05.

**TABLE 6: MEANS DIFFERENCE BETWEEN WORKING YEARS AND INTENTION TO STAY**

<table>
<thead>
<tr>
<th>work years</th>
<th>Mean</th>
<th>N</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 1 year</td>
<td>7.12</td>
<td>33</td>
<td>1.166</td>
</tr>
<tr>
<td>1 - 3 year</td>
<td>8.67</td>
<td>12</td>
<td>1.303</td>
</tr>
<tr>
<td>3 - 5 year</td>
<td>9.14</td>
<td>7</td>
<td>1.069</td>
</tr>
<tr>
<td>5 - 7 year</td>
<td>8.73</td>
<td>15</td>
<td>.961</td>
</tr>
<tr>
<td>more than 7 year</td>
<td>9.20</td>
<td>25</td>
<td>1.000</td>
</tr>
<tr>
<td>Total</td>
<td>8.30</td>
<td>92</td>
<td>1.412</td>
</tr>
</tbody>
</table>

**TABLE 7: ONE WAY ANOVA OF POSITION AND INTENTION TO STAY**

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>26.478</td>
<td>4</td>
<td>6.620</td>
<td>3.715</td>
<td>.008</td>
</tr>
<tr>
<td>Within Groups</td>
<td>155.000</td>
<td>87</td>
<td>1.782</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>181.478</td>
<td>91</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

DISCUSSION AND CONCLUSION

The compensation is found as the most significant positive factor to influence employees’ intention to stay in the public company. As a government company, it can provide their employees with competitive compensation package, and the related bonus. At the same time, the information regarding how employees are paid is clear to the employees together with the consistent compensation policy. Compensation plays as a basic role in the employees’ satisfaction. It directly relates to employees’ satisfaction and organizational commitment and indirectly influences other areas, such as work pressure perceived equitation and employee productivity.
According to the results, work-life balance is positive correlated with employees’ intention to stay in the public company. In government sector, work are more stable and there are less competition than in the private sector, the company can make positive policy to improve help employees in balancing their work and family issues. But in public company employees do not troubled by the work-life conflict, they are provided with reasonable work assignment and pleasant working schedule, by such way they can balance the work and family issue.

Organizational commitment is found to have positive correlation to the employees’ retention intention. It is same with the finding by Elangovan (2001) that lower employees’ organization commitment will result higher turnover rate. People have commitment will is easily to develop the feeling of belongingness to the organization. They will think of and work hard for the organization. It showed that public company employees are willingly to stay in the company because they have developed the commitment to the organization. The longer service year is the higher organization commitment will be.

Career opportunity is positively related to employees’ intention to stay in public company. The company gives more opportunity to the internal employees than the outsiders. Most employees are agreed that their career opportunity in public company is good and the organization value employees’ career development, which can provide them with clear career path. But there was less half employees (43.6%) regard it is easy to find job in other department. The majority think the chance to apply job in other department was difficult. It may due to the characteristic of the job itself. Career opportunity is more important to young employees, because they need to think about their future, for they still have long time to run their career. This can explain why some private industries such as retailer industry, transport industry and food industry have higher turnover rate. Employees have limited career opportunity will consider to switch their job easily, because they will face the bottleneck easily.

Supervisor support shows a positive correlation to employees’ intention to stay in public company. Supervisors act as the communicator between top management and administration staff. The effective supervisors can convey management decision to employees, and the same time, if the employees have any problems, their voice can also be heard by the management through supervisor. Employees in the public company value the commendation from their supervisor, especially their immediate supervisors. In employees can have positive and timely information feedback, they are encouraged much in the work.

RECOMMENDATION

This study was carried out in order to find the relationship between several retention factors and employees intention to stay in the public company. However the future study, it is suggest that employees from variable sectors and more companies are encouraged to be involved. More employees should be analyzed to investigate their intention to stay (or to leave) in the organization. More variable should be considered to explain the retention intention, such as job itself, working environment, employees’ relationship with coworkers. The result conducted from the private sector cannot predict the private sector well, so the inter-industry research is suggested, and whether there is difference or similarity in the different sectors.
CONCLUSION

In conclusion, this study is conducted to find the relationship between retention factors and employees’ intention to stay in public companies. It has been revealed that all the retention factors have positive relationship with employees’ intention to stay. They are supported by most of the previous studies. From the analysis compensation has the greatest influence employees’ retention intention. So other companies can improve their employee retention effectiveness by provide employees’ with effective compensation package.

REFERENCE


