

**THE IMPACTS OF HUMAN RESOURCE MANAGEMENT PRACTICES ON  
EMPLOYEE RETENTION IN KULIM INDUSTRIAL ESTATE**

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## **ABSTRACT**

Employee Retention is one of the common challenges facing by most of the organization currently. The main objective of this study is to examine the relationships between human resource management (HRM) practices and employee retention. There are four dimensions of HRM practices namely compensation, benefits and rewards, performance appraisal, training and career development and work environment. A total of 200 questionnaires were distributed to all level of employees in Kulim Industrial Estate (KIE), Malaysia and 156 questionnaires were returned and used for data analysis. Pearson Correlation analysis been done to assess the relationships of all the variables. The outcome of findings showed a positive and significant correlation of all HRM practices and employee retention. Discussions explained the significance of each HRM practices in supporting employee retention in KIE. Eventually, conclusion and recommendations were mentioned.

## **ABSTRAK**

Pada masa ini, pengekalan pekerja adalah salah satu cabaran bersama yang dihadapi oleh kebanyakan organisasi. Objektif utama kajian ini adalah untuk mengenal pasti hubungan diantara Amalan Pengurusan Sumber Manusia (HRM) dan pengekalan pekerja. Terdapat empat dimensi Amalan Pengurusan Sumber Manusia iaitu pampasan, faedah dan ganjaran, prestasi pembangunan penilaian, latihan dan pembangunan kerjaya dan persekitaran kerja. Sebanyak 200 soal selidik telah diedarkan kepada semua peringkat kakitangan di Kawasan Perindustrian Kulim (KIE), Malaysia dan 156 soal selidik telah dikembalikan untuk kegunaan analisis data. Kaedah Analisis Korelasi Pearson pula telah dilakukan untuk menilai hubungan semua pembolehubah. Hasil penemuan menunjukkan hubungan yang positif dan signifikan kepada semua Amalan HRM dan pengekalan pekerja. Perbincangan menjelaskan kepentingan setiap Amalan HRM dalam menyokong pengekalan pekerja dalam KIE. Kesimpulan dan cadangan telah diberikan.

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## **CHAPTER 1**

### **1.1 Introduction And Background of The Study**

Employee Retention is one of the imperative issues within competitive organizations today as employees are the most valuable assets in any organization. Normally in a company's best interest to put its effort in retaining the talented employees that they have, and not recruiting anyone new. However, increasing employee turnover has been a trend in many organizations today and the issue of employee retention has remained to afflict most of organizations in Malaysia. Moreover on the recent announcement on the National Minimum Wage by the Prime Minister Dato Seri Najib Bin Razak on 1<sup>st</sup> May 2012, situation may be changed and it will be a challenging period for human resource management to tackle the situation and to retain employee as every employer may come out with new and competitive remuneration package.

The retention of employee with outstanding skill is equal to a competitive advantage amidst a chaotic time especially within the current era. It will take true skill and knowledge to be able to guide such a challenging and hectic environment where change is almost apparent daily as new technologies are discovered in such a short span of time. The retention of top employees will also ensure the frequent outputs through products and services.

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