

**THE MEDIATING EFFECT OF JOB SATISFACTION ON THE  
RELATIONSHIP BETWEEN HR PRACTICES AND EMPLOYEE RETENTION  
AMONG GENERATION Y**

**By**

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## **ABSTRACT**

The objective of the study was to examine the relationship between HR practices and employee retention among generation Y and job satisfaction as a mediating variable. The research done by a questionnaire that distributed to 200 respondents was selected using simple random sampling technique and 160 responded to the questionnaire. Data was analysed by “Statistical Package for Social Science Version 21”.

Employee retention among generation Y is an issue which has effected organizations until today. Many organizations have tried to understand the factors that contribute to employee retention among employees. Although many research have been showed the employee retention based on variables such as HR practices (compensation and benefits, training and development and working environment) and job satisfaction, the research conducted may be relevant due to lapse of time. Contemporary studies need to be conducted in order to understand the perception of the new generation of employees particularly among generation Y. New studies need to be conducted in order to understand the new way of thinking among employees especially the new generation and what are the dominant factors that can affected the employee retention among these employees.

The study also trying to understand the mediating effect of job satisfaction on the relationship between HR practices and employee retention among generation Y. From that, the study could give more contributions in terms of how job satisfaction could be important and affect the employee retention. Some recommendations have

been offered for the organization and practitioners and future research to be more complete and comprehensive.

## **ABSTRAK**

Objektif kajian ini adalah untuk mengkaji hubungan di antara amalan pengurusan sumber manusia dan pengekalan pekerja di kalangan generasi Y dan kepuasan kerja sebagai pembolehubah pengantara . Kajian yang dilakukan oleh soal selidik yang diedarkan kepada 270 responden telah dipilih menggunakan teknik persampelan rawak mudah dan 160 maklum balas kepada soal selidik. Data dianalisis dengan " Pakej Statistik untuk Sains Sosial Versi 21" .

Pengekalan pekerja di kalangan generasi Y adalah satu isu yang dilakukan organisasi sehingga ke hari ini. Banyak organisasi telah cuba untuk memahami faktor-faktor yang menyumbang kepada pengekalan pekerja di kalangan pekerja. Walaupun banyak penyelidikan telah menunjukkan pengekalan pekerja berdasarkan pembolehubah seperti amalan sumber manusia (pampasan dan faedah, latihan dan pembangunan dan persekitaran kerja ) serta kepuasan kerja, kajian yang dijalankan mungkin berkaitan kerana masa telah luput. Kajian kontemporari perlu dijalankan untuk memahami persepsi generasi baru pekerja terutamanya di kalangan generasi Y. Kajian baru perlu dijalankan untuk memahami cara pemikiran baru di kalangan pekerja terutama generasi baru dan apakah faktor-faktor dominan yang boleh dilaksanakan pengekalan pekerja di kalangan pekerja-pekerja ini.

Kajian ini juga cuba untuk memahami kesan pengantara kepuasan kerja kepada hubungan antara amalan sumber manusia dan pengekalan pekerja di kalangan generasi Y. Dari itu, kajian itu dapat memberikan lebih banyak sumbangan dari segi bagaimana kepuasan kerja boleh menjadi penting dan melaksanakan pengekalan pekerja. Beberapa cadangan telah ditawarkan untuk organisasi dan pengamal dan penyelidikan masa depan untuk menjadi lebih lengkap dan menyeluruh.

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## **LIST OF ABBREVIATIONS**

CB	:	Compensation and Benefits
ER	:	Employee Retention
HR	:	Human Resource
JS	:	Job Satisfaction
TD	:	Training and Development
UUM	:	University Utara Malaysia
WE	:	Working Environment

## CHAPTER 1

### 1.1 Background of the Study

The Tenth Malaysian Plan (10<sup>th</sup> MP) had underlined the importance of maintaining the quality of human capital in achieving objective of the organizations and realize the vision of the country. This is because the quality of human capital is the backbone to define each country, in addition for economic growth. One of the focus of Tenth Malaysian Plan (10<sup>th</sup> MP) was to increase the number of high caliber graduates to continue their studies at a higher level in the important areas in line with the national development agenda. Thus, this will enable to develop top talent and to transform the country to become high income countries. The composition of high-skilled workers should be increased to at least 37 percent by 2015, to become a developed nation.

Employees represent a kind of valuable assets to their organizations. People who are working together and cooperating based on division labor in order to achieve a common purpose are defined as an organization (Wood *et al.* 1994). It is impossible for organization to achieve their objective or mission on their own. Retain employees will be one of the indicator to achieve competitive advantages. Organization with lower turnover could spend their money for other activities to retain valuable employees. There are several questions from the management that always discuss “why employee retention is so important” and how to retain employee and decrease turnover intention.

When the issues come, employers need to understand and find the ways to retain their employees. An employer needs to understand the employees' needs and attitudes in order to increase retention and productivity of the organization. According to Sinha & Sinha (2012), research had shown, successful organization will be those who adapt their organizational behavior with the realities of the current work environment, innovation, creativity and flexibility. In fact, the dynamic working environment should have been to reflect diverse population which comprises a sets of motivations, belief and valuable structure from previous to another one.

Due to dissatisfaction of the work encountered aroused from labor, provided employee retention strategies were not suitable, some organizations were facing a common problem of labor turnover (Gberevbie, 2010). Nowadays, employee retention among generation Y is one of the important issues at all organizations when their level of job satisfaction is low. In this research employee retention and why employees turnover give bad impact to each organizations or departments.

However, increased high turnover has been a trend in many organizations and this is why this issue arises. Things will come over for new hiring. It starts from when organization announces the vacancy till recruitment. It's very hard to retain employee among generation Y because most of generation Y have the tendency to change from one organization to another organization. The increases in turnover rate among generation Y are significant according to Trunk (2007) and Randle (2010).

But that sensibility appears to have changed. In its annual survey, SHRM found that workers' satisfaction with their jobs in 2012 was down to 81 percent, a drop of 5



percentage points from its peak in 2009. Based on those results, the research organization predicted that employee turnover is now poised to return to pre-recession levels.

In 2012, 40 percent of employers reported that they were having difficulty retaining critical-skill employees, according to an annual survey by human resource consulting firm Towers Watson. It increased from 36 percent from the previous year and 16 percent in 2009.

The Towers Watson survey also found that 32 percent of businesses saw their turnover increased in 2012 — the first year the question was asked. Another study by the American Management Association found that 33 percent of employers expect to see increased employee turnover in 2013.

There are many reasons why this situation happened. Only the best companies or organization will understand how to maintain a valuable workforce and how to keep them once they are hired. With the new technologies changing every day and it includes a challenging and chaotic environment, to retain employees which have knowledge, additional skills, and ability (KSA) in current era is not easy especially for generation Y. To retain employees among generation Y will be beneficial for any organizations and the employers can do so by making their employees feel happy and comfortable with their organizations. This is because failure of doing so may lead to the lost of talented employees. A good employer should be more aware of their employees' welfare in order to retain their employees.

Normally, generation Y will feel and think that they are more valuable and worth more than they are paid. Even though their job satisfaction is at a high level, but when it comes to the lower motivational factors such as compensation and benefits, training and development and working environment, it will also lead to turnover intention. According to Vandenberg (1999), when employees leave the organization permanently or specific jobs, they are no longer with organization it will cause turnover. Most of the employees, who have high commitment and committed to their organizations, have lower turnover intention compared to who have lower commitment towards organization.

Baek-Kyoo & Park (2010), had studied on a relationship of turnover, organizational commitment, job satisfaction and turnover intention, they believed that employee satisfaction is occurred when employer are able to provide a healthy and good working environment. Dockel (2004) has identified compensation, job characteristics, training and development opportunities, supervisor support and promotion are top five of retention factors.

## **1.2 Problem Statement**

The problem statement for this research is to examine the relationship between compensation and benefits, training and development and working environment (human resource practices) and employee retention among generation Y. It also focuses on how job satisfaction mediates the relationship between compensation and benefits, training and development and working environment (human resource

practices) and employee retention among this generation how job satisfaction mediates the relationship between compensation and benefits, training and development and working environment (human resource practices) and employee retention among this generation.

It is hard to get employees and retain them especially those who have the best package such as skilled, knowledge and ability. Most of the organizations are faced with the crucial task of retaining their employees to remain loyal and committed towards their organizations (Brown and Yoshioka, 2003; Lazarova and Calinguiuri, 2001). Without proper retention strategies, an organization will eventually lose their talented employees and will results in highly turnover intention.

There are many ways to retain employees such as by providing them the basic needs and come up with extra rewards or creating a safe work environment which will make employees feel safe and happy when they are at work. Furthermore, retaining potential employees can be a source of advantage for an organization, but there are still challenges in attempting to retain employees. All management and Human Resource Department must take responsibilities to retain employees in each organization to decrease turnover intention.

In this study, the researcher would like to highlight on the issues that involved on how management retain their talented employees in the organization by focusing on the factors of employee compensation and benefits, training and development and working environment with job satisfaction as a mediating effects which has rising into human resource issues such as high turnover.

Nowadays, many organizations are faced with the imperative task on how to retain their employees and to make sure they are loyal and committed towards their organizations. Employee retention are important to each company to make employees understands to make their loyal and retain. Organizations need to show that their management cares and looks for every opportunity that will retain their employees. In order to find out the reason for employee retention failure, it is important to identify the commonly used human resource practices towards employee retention. Mostly, researchers found that the problem faced by the companies or organizations is that they do not have a proper plan to retain potential and valuable employees. If this situation is not properly managed in the business process, all the effort from recruitment process will ultimately be ineffective.

The researcher would also highlight on the issues that involved on how managements retains their employees among generation Y in the organization that focusing on the factors of employee compensation and benefits, training and development and working environment and how job satisfaction mediates employees. Turnover and replacing the resigned employees will incur high cost and waste time.

### **1.3 Research Question**

In order to accomplish this research, research questions are necessary as a path of a research. The researcher would like to find out the relationship between human resource practices and employee retention among generation Y and mediating effect

of job satisfaction. There are five research questions that have been prepared to accomplish this research.

- i. Is there a relationship between Compensation and Benefits and employee retention among generation Y?
- ii. Is there a relationship between Training and Development and Employee Retention among generation Y?
- iii. Is there are a relationship between Working Environment and Employee Retention among generation Y?
- iv. Is there are a relationship between job satisfaction and employee retention among generation Y?
- v. Does Job Satisfaction mediate the relationship between Compensation and Benefits, Training and Development and Working Environment (Human Resource Practices) and Employee Retention among Generation Y?

#### **1.4 Research Objective**

This study is done to examine the relationship between Compensation and Benefits, Training and Development and Working Environment (HR Practices) and employee retention among generation Y with the presence of job satisfaction as a mediating variable among generation Y. Based on that, the research attempts to fulfill the following objectives:

- i. To examine the relationship between Compensation and Benefits with Employee Retention among Generation Y.
- ii. To examine the relationship between Training and Development with Employee Retention among Generation Y.
- iii. To examine the relationship between Working Environment with Employee Retention among Generation Y.
- iv. To investigate the relationship between job satisfaction and employee retention among generation Y.
- v. To examine the mediating effect of job satisfaction on the relationship between Compensation and Benefits, Training and Development and Working Environment (HR Practices) and Employee Retention among Generation Y.

### **1.5 Significance of the Study**

The study intends to identify that there is a relationship between Compensation and Benefits, Training and Development and Working Environment (HR Practices) and employee retention among generation Y and job satisfaction as a mediator. Human resource practices in this research are compensation and benefits, training and development and working condition. Researcher also wants to examine what are the factors that the key in order to retain employees at each organizations and directly reduce employees turnover. Companies must have a strategy and develop a

competitive benefit package or create a valuable work environment in order to retain employees. Usually some of the factors seem to be not important but if we analyzed and look into details it will be a major concern.

This research also focuses on the design for compensation and benefits for employees among generation Y. One of the methods used to decrease the problem surrounding the effort to retain employees is incentive compensations. Each organizations needs to focus on other ways to retain their employees especially among generation Y because if employee turnover is high it will be a costly lost to the company. The cost involved when employees turnover, include hiring cost, time spent for screening, verifying qualifications, interviewing, hiring, and training for new employees to replace employee who left. In other ways, this. In other ways, this company will help Human Resource Department to understand the reason why employee left the company and also to find solutions and ways for employees to remain loyal towards their company.

### **1.6 Scope of the Study**

This research focuses on the relationship between Compensation and Benefits, Training and Development and Working Environment (HR Practices) and employee retention among generation Y. Researcher also conduct a study on how job satisfaction works as a mediating effect between two variables of generation Y who are postgraduate students at University Utara Malaysia (UUM). Most of them are the worthy assets to their organizations because the profits of organizations depend on

their productivity. This study is limited to 270 respondents who are postgraduate students and generation Y at University Utara Malaysia (UUM). In this that effect employee retention such as compensation and benefits, training and development and working environment (human resource practices).

Generation Y (Gen Y) is a workforce that is entering by storm. It is a new wave of generation, which brings a set of distinct values, assumptions, behaviors to the workplace. Generation Y is known in many names such as the iPod generation; the internet generation; the Nintendo generation; and the echo boomer. Honore and Schofield (2009-2010), generation Y are people from 1982 till onwards.

According to Rajan (2007), Generation Y people were born from 1980 – 1999. Nowadays, in business, most of the employees in organization consist of generation Y. Researchers found that Generation Y is a generation which has grand ambitious and feeling optimistic towards their future. The arrival of this generation has forced employers or organizations to re-strategies their management to attract and retain generation Y as they are competitive advantage in market and is an asset of the organization (Saxena and Jain, 2012).

Generation Y also emerge as confident, honest, demanding and high expectation when it comes to learning. They are also environmental conscious, use trial and error approach when it comes to problem solving, and multitasking and parallel processing. Their characteristic will influence job satisfaction and thus employee retention or turnover intention. However, their characteristic of grand ambition and feeling optimistic about their future will reflect on how this generation satisfied with their job and will have a different level for a long period to retain in their current



organization. Based on this, the characteristic of each generation may lead to different perception towards their variable and employee retention to other generation.

### **1.7 Definition of Key Term**

In this section we will elaborate the some key terms that were used in this study and further explaining the meaning of these terms.

**Employee retention** – when employees are encouraged to stay in each organization for a long period or until they complete their project is process that represents employee retention. (HRM: Managing People at Work, Y.L Giri 2008).

**Compensation and Benefits** –represents both intrinsic and extrinsic rewards that employees receive for performing their jobs. Both rewards can be describing company's compensation system. Results from performing their job that reflects employee's psychological mind-sets will be intrinsic compensation while monetary and non monetary rewards are extrinsic compensation (Martocchio, 2013).

**Training and Development** – casually describe any effort that initiated by an organization to foster learning among its member. Anthony, Kacmar and Perrewe (2002) stated that training is provided to employee with skills that can be used immediately on the job.

**Working Environment** – higher job satisfaction and positive experience with working hours, working environment, sense fulfillment with their jobs will make employee stay with their current employer (Milman and Ricci, 2004).

**Job satisfaction** – is a how employees view their work towards organization that represents a set of favorable and unfavorable or positive and negative feeling that workers have. According to Newstrom and Davis (1984), rewards that the job actually provided are will expresses the amount of agreement between the employee expectations from the job.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter reviews the literature on compensation and benefits, training and development, working environment towards employee retention and job satisfaction as a mediator to support the relationship between motivational factors and employee retention.

#### **2.2 Review of Related Literatures.**

Employee retention is an important element in determining the success of each company. If the organizations are losing critical staff members, other people might be thinking of leaving this organization. Employee retention among generation Y is one of the more important for each organization because they might think to leave current organization when they feel insecure in terms of internal and external.

##### **2.2.1 Employee Retention**

Retention can be defined as the effort by an employer to keep desirable workers in order to meet business objectives or goal (Frank et. al., 2004, p.13). Typically when we ask head of department, what's employee retention means to them, they will say to stop people from leaving the organizations are keeping employees' goods. Employee retention is the one of the advantages for each organization because employees among generation Y are different compare to others generations. It is

because when they feel unhappy, disappointed and uncomfortable with current organization they might think to leave or find out better opportunity. Good employers should know how to be a magnet for their employees. There is no single receipt to ensure that employees stay because retention is a complex concept. According to Zineldin (2000), retention can be viewed as *“an obligation to continue to do business or exchange with a particular company on an ongoing basis.”*

The specific definition for the retention concept is *“customer liking, identification, commitment, trust, readiness to recommend, and repurchase intentions, with the first four being emotional-cognitive retention constructs, and last two being behavioral intentions”* (Stauss et al., 2001). Retention also indicated several key factors such as pay and benefits, organizational culture, flexible work schedule, career development systems, communications and strategy (Logan, 2000).

Nur Fauzan (2009) had found out that factors that influence employee retention in each organization can be divided into two factors. Organizational factors is one of the factors that include training and working environment at organizations while individual factor included gender, age, level of education, marital status, income and others. Govaerts et al, (2011), suggested for the next research that each organizations have to retain their talented employees that will be influenced by the learning climate. Other than that, Bhagria (2010) stated that compensation package that provide by organization will give the bad impact toward the retention rate. On the other hand, relationship between employee retention and level of education are negative (Govaerts et al. 2011).

According to Cappelli (2000) in previous research that suggested several factor which important in employee retention. The factors that considered and being affected are work life balance, working environment, career opportunities, organization image, organizational justice and existing leave policy. Employees who have sense of pride, having value added and potential to work are think to stay and loyalty towards their organizations Cole (2000). Pay package and work life balance, career development and growth, organization reward system are the reasons why employee stay on at their organizations.

Retaining employees is the most important for the organization compared to the hiring process. To find qualified candidate is essential for organization but their retention is more imperative than hiring, because from recruitment until training process involved huge amount for organizations. Researcher find out the cost of replacing new employees is estimated twice the employees annual salary. When turnover occur, organizations will lost employee knowledge, current project from employees who leave the company (Irshad, Vol., 4). According to Osteraker (1999), employee retention and satisfaction are asset for the successful each organization. Researcher also highlight the impact of human resource practices in job security, compensation and benefits, training and development, work environment, organizational justice and supervisor support culture will help to reduce absenteeism, employee retention and increased quality of work.

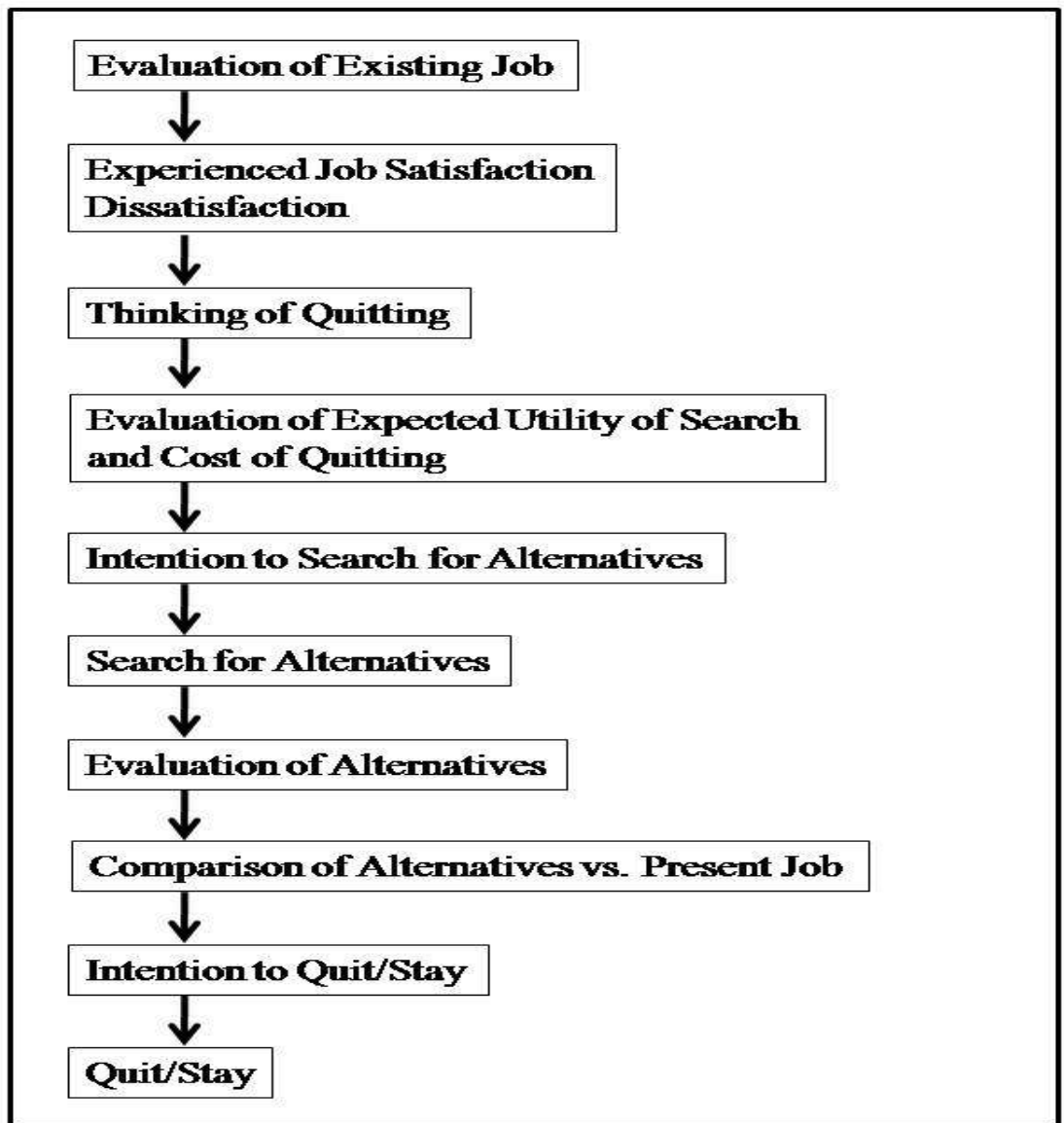
According to Hytter (2007), employee retention has significantly considerable with trust, commitment, loyalty, and identification with the organizations. She also mentioned that workplace factor that indirectly will influence such as rewards,

leadership style, training and development, working conditions, career opportunities and the balance between personal and professional life (Hytter, 2007).

Other than that, other researchers agreed that effectiveness of training will help to develop and learn enhancement employee retention (Arnold, 2005; Herman, 2005 and Hiltrop, 1999). Employee retention is important for new challenges or possibilities that involve with high integrity and the part of the empowerment, manager and responsibilities; - this had been highlighted by Bird et al. (2004). Bird et al. (2004) also found that the greatest factors that influence employee retention are perception and experience employees itself. Even though, there are many facts show that company try to bring all the factors to enhance employee retention, certain employee still choose to leave their workplace because of, for example, uncomfortable or bad management (Kaliprasad, 2006).

According to Denton (2005), in literature on employee retention explained employees who are satisfied and happy with their job are more devoted and look forward to improve their organizational customer satisfaction. Employees that have higher intension of continuous with current organizations will decrease turnover rate (Mobley et al., 1979).

Figure 2.1: Mobley's Turnover Intention Model



Based on Mobley (1979) turnover decision process, there is a process that related to the intentions of employees to quit from job. The process of quitting or intention to quit from job mostly based on the job satisfaction or dissatisfaction. However, dissatisfaction factor is the main reason or quitting the jobs. When employees are

able to find the better offer or alternative job they might think to tender resignation. Before that, employee should compare and evaluate their current job with future jobs to avoid any mistake in making decision. The last stages in Mobley model are to quit or to stay with the organization.

In this study, researcher found that the linkage of these factors would lead employees to turnover intention for an example if the cost of quitting is high, employees will not think about quitting their current job. Studies by Dreher (1982), in turnover intention have a consistent and negative relationship between performance reward contingency and employee will have a high level in turnover intention. Other than that, older employees tend to be more satisfied with their job compared to employer among younger generation which will lead to higher in retention (Greenberger and Steinberg, 1986).

### **2.2.2 Compensation and Benefits**

The most notable among organizational retention are compensation and benefit. According to Dessler (1991), all types of pay or rewards going to employees and arising from their employment is compensation. Several study found that the impact of employee compensation, rewards and recognitions on retention and turnover a study by Hira (p. 24, 2011) as cited in (Becker and Huselid, 1999; Cho et al., 2006; Guthrie, 2001; Huselid, 1995; Milman, 2003; Milman and Ricci, 2004; Shaw et al., 1998; US Department of Labor, 1993; Walsh and Taylor, 2007; Youndt et al., 1996). Compensation and benefits will influence employee to give their effort in assigned



work. According to Mathis and Jackson (2003), most of the managers trust that money and higher compensation is the one of the retention factor that makes employees jump from one organizations to another organizations.

Hence, employees must be provided based on pay and benefits that competitive to what they should receive. Compensations are significant role in attracting and retaining employee especially among generation Y those come with unique skills to the organization because of employer's investment in training and orientation towards employees. Other than that, money can bring worker to the organizations but not necessary to keep them (Smith, 2001). According to Ashley and Pell, employees may be satisfied with the money but it's not sufficient to retain them. Based on Brannick (1999), we cannot consider money as a primary for retention factor.

According to Harris and Brannick (1999), pay is considered as an important factor to retain their valuable employee performance. Wages is one of the key factors that influence in to attract and employee retention (Williams and Dreher, 1992). Meanwhile, Highhouse et, al., (1999), suggest that pay is not sufficient to employee retention. He also argued even though high pay package not as a promise to keep the employees in organization but low pay package will drive employees out from the organizations. Sometimes, employees stay in each company due to other factor that influences their retention such as work environment, supervisor support and others.

In this literature, it is considered that compensation and benefits one of the largest factors for employee retention. Compensation as a significant role in attracting and retaining employees in each organization for employee who give high performance,

unique skill that give the profit to organization because company invest more in training and development.

According to Bergmann and Scarpello (2001), traditionally, compensation system has been designed to attract and retain employees in organization in order to motivate them to increase their productivity towards achievement and goal of the organizations. Some researcher argues in term of organization, when competitive compensation package is only the way to build strong commitment on the employees. The amount of the compensation offered by other organization will influence turnover intention when employees look at the better offer of compensation package.

Therefore, high compensation package offer will create better culture and competitive environment among organizations and employees. The organization will have a trouble in retention the employees when their compensation policies are below market level because organization and employer not provide employees compensation needs. Organization will make a mistake when their stopping their effort in retention (McKeown, 2002). Organizations that established compensation level and program also support their successful in succession plan. Studies have proven it when highly competitive wage system will results in employee retention and attract them to join.

Compensation is one of the important factors for employees because this is the one of the reason why people work. The subjective of the compensation are recognition, loyalty and satisfaction. According to Harvey & Bowin (1996), employee receives in arrival for organizational performance also defined the system of the rewards. In

order to create employees motivation in their positive behavior in future, reward is the item should offer by organizations in any form or response of employee's contribution due to recognize their work.

Compensation and benefits is considered one of the most important factors that influence employee to retain in organization (Willis, 2000). Organization offer other benefit such as high pay package i.e. retention pay, performance base pay, and bonus for attract employee to stay for a long period in each organization.

### **2.2.3 Training and Development**

According to Waleed et, al., (2013), training is designed to planned intervention and enhancing the determinants of individual job performance. Training and Development is a one of the factor that can be considered for employee retention. United States Department of Labor (2009) indicated that critical factor for personal professional development is job training. In order for facilitating organizational growth, the availability for all employees to have access in training and development are the critical part in performance and technological improvements (Authority, 2009).

According to Eisen (2005), 70 percent increase in employee retention rates when training program available to all employee. Based on Eisen (2005) studies, career challenges, work incentives, competitive wages/benefits, supportive work environment and advancement opportunities are training method that engages workers and effective strategies for employees at any ages. Higher level of

consistency, competency, independence, adaptability, and employee's loyalty at any ages will correlate with training benefits in term of tangible and intangible.

Every worker at organizations has the incentive for training and development, where organizations expect return and give output on its investment (Messmer, 2000). According to Clark (2001), organizations are growth development for talented employee, based on proficiency analysis, input on employee interest, required development and multisource appraisal to formulate plans for action. Suggestion from Wetland (2003), firm and individual made on the investment in term of training. With training and development will enhance the skill of employees at organization. Goldstein (1991), organization needs to start the training once they hired new employees to enhance their skill.

According to Black & Lynch (1996), the larger companies with high performance establishment and which organizations spend more physical resources were probably high to retain their talent. Training is the sign of organization commitment to employees that recommended by Storey and Sisson (1993). Based on value added strategy training, also reflect organizational compare to cost lowering. Research also show it that organization always delay training program will impact personal value good matches with organization, therefore to evade the employee turnover (Lauri, Benson & Cheney, 1996).

Several organization found out one of the characteristics that help to retain employee are offering them opportunities to improve their learning (Logan, 2000). According to Rosenwald (2000), there is strong relationship between employee training and development towards employee retention and it has been confirmed. Garger (1999),

stated that to retain experienced employee which is important assets, companies should realize and suffer from challenging for retaining them. Meanwhile, which company that provides training and development program to their employees is considered getting success in retaining them. Organizations are getting success with retaining employees when they offering employees development program. Increasing retention among employees is based on effective design employee training program.

Bashir et al., (2009), on his study, he found that employees are the most important asset for organization because they are the person who are produce and deliver the product to make profit. It will be benefit to organizations if they not changed rapidly their employees. The most vital thing is an organization must do and know how to keep their employees. Generally, employees will work devotedly if they feel responsible to their workload and the reason which can effect employee decision to retain are working environment, rewards, and work life balance.

With training and development, employees will become more efficient and that can be added to their skill and ability. To know whether employees need training, employer must conduct the analysis and assessment, from that organization will know if their employees needs trainings or not. Based on that, organization which areas that employees need trains and is it this training suitable to their employees. Training is one of the important things for HRM practices to retain and development their employees due to different types of training such as on the job training, general or specific training and vocational training. Lack of training opportunities will be the main reason for the increasing of employees leaving the organization.

Villegas (2006) described that training has a direct relationship with employee retention. Training also helps organization to decrease turn over intention and increased employee retention. Employees will feel valuable when organization sends them for training and from that they will develop their career at organization. Samganakkan (2010), identified how HRM practices affect the employee retention and intention to stay because based on the research in training is important to determine employee motivation and retention. To become a good employer each organization have to keep their turnover rate low for his proposed used compensation as a important things to keep and retain employees.

It is also conducted as a conclusion from the literature review that employee turnover ratio inversely related with training, turnover rate will higher if volume of training are lower. This statement based on the opinion, the longer employees stay in organization, they will obtain higher amount of training. Frazis *et al.*(1998), found that lower turnover rate from employee working in organization normally on 59 percent time on formal training from total training period compared to organization have high turnover rate will spent 18 percent from total training. Training will increased productivity if it consists of skills that related to organization based on employee's perception. Wetland (2003), stated short training considered as important factor that help to decreased lower turnover rate in employee retention.

#### **2.2.4 Working Environment**

Studies have shown that a number of factors which conducted explanations the work environment with different aspects such as job satisfaction (Laffaldano and Muchinsky, 1985) and employee retention (Martin, 1979), organizational commitment, employee turnover and job involvement. (Sjoberg and Sverke 2000). Working environment is defined as higher job satisfaction and positive experience with working hours, working environment, sense fulfillment with their jobs will make employee stay with their current employer (Milman and Ricci, 2004).

One of the most important factors for employee retention factor that be considered working environment (Zeytinoglu and Denton, 2005). Working environment generally discussed in term of industrial perspective, more focusing on aspect i.e. noise, toxic substance exposure and heavy lifts (Hyttter, 2008). Characteristic in work environment in services sector is different from industrial or production sector, because services sector more to deal with consumers or client (Normann, 1986). The interactions depends on the job scope and what kind of the business, may be more or less. Physical to psychological dimension are interaction between employees and client to consumer movement. Work environment in psychological involves of work load, decision making, support and latitude. This situation is important to keep employees needs and provide good environment with organizations.

According to Ramlall (2003), organization that provides good and positive environment will have opportunity to keeps their employees when they feel valuable. Talented employees will push organization forward and beyond boundary. Physical and work environment play essential role in employees decision where to leave or

stay at the organizations and one of the major factors in employee retention. Sometimes, noise disturbs the working environment and will affect employee's productivity and physiological environment. Earle (2003) classifies in term of economy; difference generation will evaluate risk in different way and analyze their work environment with differently situations.

### **2.2.5 Job Satisfaction**

According to Aziri (2008), a feeling that appears as a result from the perception that job enables the psychological needs and material represents are job satisfaction. People who have collection of feeling and belief towards their current jobs are called job satisfaction. Level of degree people towards job satisfaction can be range from satisfaction to extreme dissatisfaction. Job satisfaction is one of the factors to be considered when it comes to efficiency and efficacy of business organizations.

According to Clark (1993), job satisfaction between men and women are different, based on finding that women level of satisfaction is high compare to men. However, this finding was rejected, because the explanation that women have their freedom to work or not to work if they are not satisfied, they might leave the organizations. Instead of that, the conclusion have been made that women are happier in their job than men.

The importance of the finding when studying job satisfaction, firstly; increasing in productivity and organizational commitment, lower absenteeism and turnover intension, and the result increasing organizational effectiveness (Jassem, Ramdane



and Kamel, 2011). Then, the benefits which employees receive from their organization will influence the effort, creativity, skills, and productivity as a return. The last important finding is if low job satisfaction will give the bad impact such as decreasing productivity and profits, increasing costs, and also impact to customer dissatisfaction (Jasem et. al, 2011).

According to Robbins et. al, (2009), the concept of job satisfaction described as a general attitude towards differences in term of rewards received and what they should receive. According to Lam (1994), job satisfaction is not static state but a subject to influence individual own personal characteristic and working environment. Therefore, consistency should be more than job satisfaction and takes longer time after satisfied with their jobs.

Other than that, Spector (1997) have listed three important features in job satisfaction. Firstly, organizations are guided by human values. It stated that organizations have to treats their employees fairly and with respects. Assessment of job satisfaction may serve as an indicator on employee's effectiveness in certain cases. If job satisfaction level is high, it shows a good sign for employees mental and physical. Second, employee's behavior depends on their level of job satisfaction and will affected function and activities of the organizations. From that, conclusion has been made that job satisfaction will come with positive behavior and vice versa, if negative will give bad impact towards employees and employers. And the last important features in job satisfaction are job satisfaction as indicator of organizational activities. Evaluation through job satisfaction in different level of

satisfaction and different unit of organizational can be serving as a good indicator to organizational unit change and performance should be made.

However, according to Eliason (2006) understanding what job satisfaction is more important, when employees or individuals feels dissatisfied with their jobs it will be a negative outcome at the workplace as a results such as reduced productivity, turnover intention and low morale. Therefore, measuring job satisfaction must have a feedback to diagnosis the problem and productivity issues. So, this is important to reduce dissatisfaction and increasing satisfaction towards employee in order to improve employee's performance and productivity.

## **2.3 Theory**

### **2.3.1 Social Exchange Theory**

Developed by George Homan (1910-1989), the theory focuses on the dynamics of interpersonal relationships and reasons underlying individuals' choices; Homan suggested the best way to understand society role is by examining human interaction, specifically the pattern of rewards and costs that occurs within these relationship (Stockard, 2000).

According to exchange theory, social action is an ongoing interchange, or exchange, of activity between coherent individuals who decide whether they will perform a given action based on its relative rewards or costs. Blau (1964), also mentioned that reward and cost will yield continuing mutual trust and attractions.

In working environment, employee among generation Y will expect some rewards like recognition and promotion for their hard work; Jawahar and Hemmasi (2006) indicated that when one party does an indulgence to another, there is an expectation of some future return. Central to both social exchange theory and the norm of mutuality is the concept of unspecified obligation this is, obligation may be enacted in the form of increased commitment to the relationship and over time, a pattern of reciprocity evolves, resulting in perceive balance in exchange relationship (Blau, 1964; Gouldner, 1960; Rousseau, 1989).

Exchange relationship among generation Y with the organization is of great significance to the employees' through perception of organizational support (POS) employees feel that their works are been valued and recognized by their employer.

Nonetheless, dissatisfaction might happen over unfair treatment which then affects productivity of the organization. When employees perceive lack of support, they are likely to display taking away behaviors including intentions to leave the organization (Guzzo et al., 1994; Wayne et al., 1997).

We weight the rewards and we measure up to them with the costs of developing an affiliation and take part in those that make the most of our benefits. For example; there are times when we may not want to go someplace with somebody but we know we have to get on their good side in order to get what we want in the future so then we will end up going with them. A different example of this is being really nice to someone that we may not like or care for but we put on a front because they have somewhat that we want to get a hold of. At work you might have to go out to get a drink with your boss if you know that you want a pay move up.

## **2.4 Conclusion**

This chapter focuses on the review of literatures that focused on the effect of job satisfaction on the relationship between human resources practices and employee retention as dependent variable. Based on the literature review, the highest level of satisfaction of Maslow's hierarchy is self-actualizing where people are self-aware, concerned about personal growth, and interested to fulfill their potential, will have low turnover intention. Study by Masri (2009) and Ganesan (2010), indicated that there is negative relationship between job satisfaction and turnover intention when employees satisfied with their current job and will increased retention among

employees. As conclusion, this chapter also discusses the main and related theories that have been used or have connection with this research.

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## CHAPTER 3

### METHODOLOGY

#### 3.1 Introduction

This chapter will present the research design and method that the researcher used employed in this study. The discussion begin with the research framework, research design, measurement and instruments, data collection, data analysis and chapter summary.

#### 3.2 Theoretical Framework

##### Independent Variable

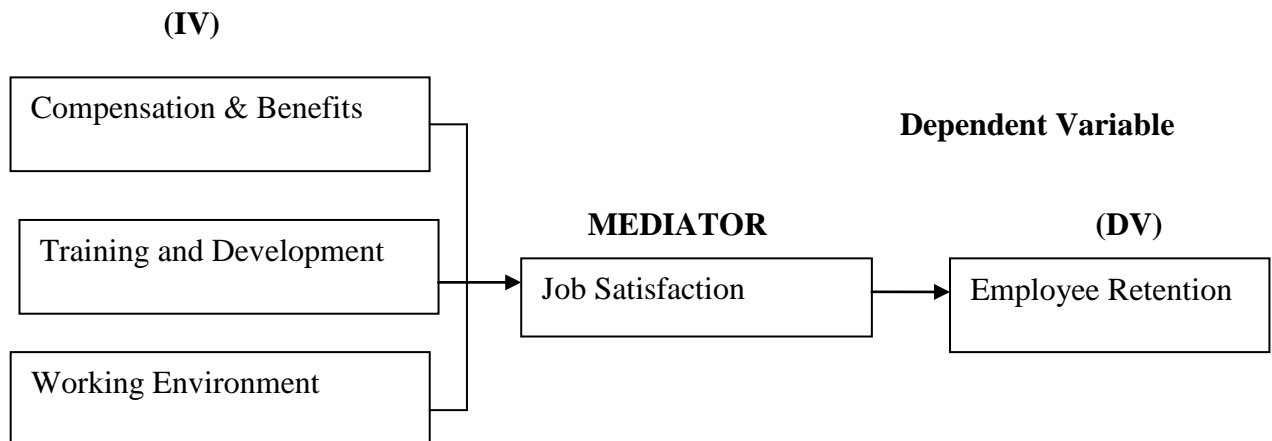


Figure 3.1: Theoretical Framework

Figure 3.1 depicts the theoretical framework of this study. The independent variable (IV) of this study is human resource practices consist of three dimension; compensation and benefits, training and development and working environment. While, job satisfaction as a mediating and dependent variable (DV) is employee retention.

### **3.3 Hypotheses Development**

Based on the literature review and discussion, the proceeding section this study are proposed hypotheses of these studies as follows:

H<sub>1</sub>: There is positive relationship between Compensation and Benefits (HR Practices) and Employee retention among Generation Y.

H<sub>2</sub>: There is positive relationship between Training and Development (HR Practices) and Employee Retention among Generation Y.

H<sub>3</sub>: There is positive relationship between Working Environment (HR Practices) and Employee Retention among Generation Y.

H<sub>4</sub>: There is positive relationship between Job Satisfaction and employee retention among Generation Y.

H<sub>5</sub>: Job satisfaction will mediate the relationship between compensation and benefits, training and development and working environment (HR Practices) and employee retention among Generation Y.

### **3.4 Research Design**

According to Malhotra (2007), primary and secondary data that used to accumulate data needed which explained the direction and method from an overall framework of research is called research design. The purpose of this study is to investigate the mediating effects of job satisfaction on the relationship between Compensation and Benefits, Training and Development and Working Environment (HR Practices) and employee retention among generation Y. The HR Practices consist of three dimensions, which are compensation and benefits, training and development and working environment.

This study also examine did job satisfaction mediate the relationship between motivational factors and employee retention. All the factors will analyzed to identify significance of the Independent Variable towards Mediating and Dependent Variable. Factor that used is multiple regressions to test the direct relationship between Compensation and Benefits, Training and Development and Working Environment (HR Practices) and employee retention. For the test of mediation, regression analysis by following Baron and Kenny's (1986) procedure. According to Sekaran (2003), the survey study to be conducted through questionnaire because questionnaire is one of the efficient collection data.

### **3.5 Unit of Analysis**

The unit analysis is individual employees who is also part time student at Othman Yeop Abdullah Graduates School (OYAGSB). For this study, researcher used simple



random sampling. Simple random sampling provides biases and most generalizability. Data are collected randomly from postgraduate students at University Utara Malaysia (UUM) which involved graduate school Othman Yeop Abdullah Graduate School of Business (OYAGSB).

### **3.6 Data Collection**

#### **3.6.1 Primary Data**

In this research, primary data gathered using questionnaires to the respondent's postgraduate students in University Utara Malaysia (UUM) which involved from graduate schools Othman Yeop Abdullah Graduate School of Business (OYAGSB). All the information for the specific purpose study that obtained firsthand by the researcher on the variable of interest will called primary data.

The data was collected by the questionnaire which consists of four parts (A, B, C, and D). Most of the questions were distributed by researcher based on simple random sampling. The collection data was started on August until October 2013. The copy of questionnaire as per attach in Appendix. The entire questionnaires are strictly private and confidential and for study purpose only

### **3.7 Research Site, Population and Sampling Technique**

This research has been conducted in University Utara Malaysia among postgraduate students at Othman Yeop Abdullah Graduate School of Business (OYAGSB). The

population of this study is 1109, and 270 questionnaires have been distributed randomly to postgraduate student who full filled the criteria of gen Y. The statistic and name list of working adults among generation Y was given by administrative staff in Othman Yeop Abdullah Graduate School of Business (OYAGSB).

For this study, simple random sampling had chosen from researcher. Simple random sampling was chosen because least biases and offers the most generalizability (Sekaran, 2003). According to Zikmund *et, al.* (2010), sampling procedure that each element in the population will have a chance to be a respondent is called simple random sampling. A simple random sampling technique was showed assure each element in the population of an equal chance of being included in the sample from this survey.

Based on information given, the table of random number for the serial number is first assigned to the each element of the population. Based on this table, the numbers may be selected from the table of random number merely by reading the numbers in any column or row. Participants represented a variety of job level, types and generation such as from non-executive and executive level or management level. Based on the data collection from 160 questionnaires that collected, researcher found that there is a probability in high returns rates all the questionnaires from respondents. Other than that, the respondents were chosen based on personal judgments as information given. Data collections almost take around three month to complete from respondents.

### **3.8 Research Instrument**

In this study, researchers were used questionnaire method for collecting data. This questionnaire is divided into four sections which the entire question were conducted in English. Section A in this questionnaire asked about respondent background. Gender, ethnicity, educational level, age, marital status, length of services, job category and income (per monthly) were asked. Meanwhile, the question from Part B, C and D are the part of the instrument that tested for this study. The measurement scale for all the section are based on the Likert Scale of 1 to 5, where 1 = strongly disagreed, 2= disagreed, 3 = neutral, 4 = agreed and 5 = strongly agreed. Samples of questionnaire used in this study are presented in Appendix.

### 3.8.1 Measurement of Variable

**Table 3.2**

<b>Variable</b>	<b>Part</b>	<b>Total Number of Items</b>	<b>Scale</b>	<b>Sources</b>
Compensation and Benefits	A	5	Likert Scale  1 – 5	(Moncarz, Zhao, and Kay, 2009)
Training and Development	B	5	Likert Scale  1 – 5	Broadfoot and Ashkanasy, (1994) and Seashore, Lawler, Mirvis, Lawler and Cammnn (1982)
Working Environment	C	7	Likert Scale  1 – 5	(Moncarz, Zhao, and Kay, 2009)
Job Satisfaction &	D	6	Likert Scale  1- 5	(Smith, Kentlall Hullin, 1969)
Employee Retention	E	4	Likert Scale  1- 5	(Cammann, Fishman, Jenkins, and Klesh, (1983)

### **3.9 Data Analysis Techniques**

Data were analyzed by IBM Statistic Package for Social Science (SPSS) version 21 in order to conduct descriptive and correlational analysis such as regression and multiple regressions to test the relationship between variable, mediating and independent variable. The data has been computed and recorded into this software. By using SPSS software, all the research question are tested and analyze.

#### **3.9.1 Descriptive Statistic**

Descriptive Statistic was used to describe respondent characteristics such as frequency, mean and standard deviation. It will used to describe the demographic of respondent such as, gender, age, and marital status, level of education, salary, job category, ethnicity and length of services.

#### **3.9.2 Correlational Statistic**

To achieve the objective of the research, a correlational statistic that have been used were Cronbach's Alpha, Pearson correlational analysis and multiple regression. In this study, the level of significant should be less than 0.05.

The data analysis should be tested with a reliability through Cronbach's Alpha to check for the consistency data. After that, Pearson Correlation Analysis will used to

examine the relationship between independent variable and dependent variable. The interpretations of the strength of correlation are shown in Table 3.3 below:

No	Correlation value, r	Interpretation of Strength of Relationship
1	$\pm 0.70$ higher	Very High
2	$\pm 0.50 \pm 0.60$	High
3	$\pm 0.30 \pm 0.49$	Moderate
4	$\pm 0.10 \pm 0.29$	Low
5	$\pm 0.10 \pm 0.09$	Very Low
6	$\pm 0.0$	No relationship

**Table 3.3: Interpretation of Strength of Correlation**

### 3.9.3 Multiple Regressions

Multiple regressions is one of the technique that can be used to explore the relationship between dependent variable and a number of and independent variable. Multiple regressions were used to identify the relation between HR practices that have stronger relation with employee retention. In this study, it will used in order to define the relationship between HR practices and employee retention with the job

satisfaction as a mediating. In this study, researcher used Baron and Kenny (1986) to test the mediating effect of variable towards relationship.

## **CHAPTER 4**

### **FINDINGS**

#### **4.1 Introduction**

This chapter presents the analysis of this research from the survey of questionnaires distributed to the respondents. The data were analyzed using the Statistical Package for the Social Sciences (SPSS) Version 21 to perform the statistical analysis.

#### **4.2 Descriptive Statistic of demographic factor of the respondent background**

The total numbers of respondent in the sample are 270 and only 160 questionnaires were returned. This made up the return rate to be 59.26 percent.



## Demographic Variable of Participants

**Table 4.1**

<b>Demographic Characteristic</b>	<b>Number of Respondent Percentage (%)</b>	
<b>Gender</b>	Male	58 (36.3%)
	Female	102 (63.8%)
<b>Ethnicity</b>	Malay	97 (60.6%)
	Chinese	29 (18.1%)
	Indian	29 (18.1%)
	Others	5 (3.1%)
<b>Educational Level</b>	Diploma	7 (4.4%)
	Degree	74 (46.3%)
	Master	66 (41.3%)
	Others	13 (8.1%)
<b>Age</b>	19 - 22	14 (8.8%)
	23 - 26	45 (28.1%)
	27 - 30	74 (46.3%)
	31 - 34	27 (16.9%)
<b>Marital Status</b>	Single	61 (38.1%)
	Married	98 (61.3%)
	Divorced	1 (0.06%)
<b>Length of Service</b>	< 1 years	46 (28.8%)
	1 – 5 years	56 (35.0%)
	> 5years	58 (36.3%)
<b>Job Category</b>	Non-executive	25 (15.6%)
	Executive	77 (48.1%)
	Management	58 (36%)
<b>Income (Monthly)</b>	< RM 1000	2 (1.3%)
	RM 1000 – RM 2000	36 (22.5%)
	RM 2000 – RM 3000	68 (42.5%)

RM 3000 – RM 4000	42 (26.3%)
> RM 4000	12 (7.5%)

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#### **4.2.1 Gender**

Out of 160 respondents, 36.3 percent respondents are male equal to 58 respondent, and the rest are female with 63.8 percent or 102 respondents.

#### **4.2.2 Ethnicity**

There were 97 respondents are Malay that equal to 60.6 percent, 29 respondents are Chinese and Indian with 18.1 percent, and 5 respondents are others with percentage 3.1 percent.

#### **4.2.3 Educational Level**

The questionnaire also asked educational level of respondent and 4.4 percent (n=7) with diploma holder, 46.3 percent (n=74) with degree holder. Besides, 41.3 percent (n=66) represented Masters, and lastly for respondent with others certificate which suitable are 8.1 percent (n=13).

#### **4.2.4 Age**

The result of age distribution in Table 4.4 below shown that the greatest number of the respondents are in range 19 – 22 (8.8 percent, n=14), followed by 23-26 (28.1 percent, n=45), around 27 – 30 with highest percentages and respondent (46.3 percent, n=74) and 31 - 34 (16.9 percent, n=27).

#### **4.2.5 Marital Status**

The result of marital status distribution in Table 4.5 shown 98 respondents with 61.3 percent were married and 61 respondents is single with 38.1 percentage. Only 1 respondent with 0.06 percent are divorced.

#### **4.2.6 Length of Service**

Table 4.6 shown that the highest numbers of respondents were with working experience more than 5 years with 58 percent, this is followed by 56 percent of respondents were working from 1 to 5 years, and 46 percent respondents were working less than 1 years.

#### **4.2.7 Job Category**

Table 4.7 denotes, respondents with executive level were the highest percentage with 48.1 percent followed by management level with 36.3 percent and finally with non-executive 15.6 percent.

#### **4.2.8 Income (Monthly)**

The result of income distribution in Table 4.8 below shown the greatest number of respondents are in range RM 2000 – RM 3000 (68 respondents or 42.5 percent) an income per monthly, 26.3 percent or 42 respondents receive RM 3000 – RM 4000 per monthly. Then 22.5 percent or 36 respondents have received monthly salary for RM 1000 – RM 2000, while around 7.5 percent have received monthly salary more than RM 4000.

### 4.3 Reliability Analysis

**Table 4.2**

---

<b>Variable</b>	<b>No. of item</b>	<b>Cronbach's Alpha</b>
Compensation & Benefits	5	.884
Training and Development	5	.635
Working and Environment	7	.930
Job Satisfaction	6	.897
Employee Retention	4	.673

---

According to Sekaran (2003), the reliability coefficient gets 1.0, the better it is, value over 0.8 are considered as good while 0.7 is considered acceptable and the value which is less than 0.60 are considered to be poor. Table 4.9 shows the value of Cronbach's Alpha for Dependent, Independent Variable and Mediating. The reliability values for Compensation & Benefits are 0.884, Training and Development 0.635, Working Environment 0.930, Job satisfaction 0.897 and Employee Retention reliability test are 0.673.

#### 4.4 Descriptive Analysis

Descriptive analysis in this test was using mean and standard deviation for the independent and dependent variables were shown below in Table 4.10.

**Table 4.3**

Variable	N	Mean	Std. Deviation	Min	Max
Compensation & Benefits	160	3.9013	.65243	1.40	5.00
Training and Development	160	3.6350	.54046	1.40	5.00
Working and Environment	160	3.8813	.61934	1.43	5.00
Job Satisfaction	160	3.8719	.62451	2.00	5.00
Employee Retention	160	3.2656	.62046	1.00	4.25

Based on Table 4.10, mean represents the overall level of how satisfied the respondents are towards the items being asked in the survey distributed. From above table, researcher can conclude all the mean is above 3.00, meaning that the respondents in general satisfied with the current situation.

Table 4.10 shows that the mean for compensation and benefits 3.9013 which indicates that overall respondents is satisfied with their compensation and benefits

systems. In term of training and development, the mean is 3.6350 which could assume that overall respondent satisfied with their chances to attend training and development courses.

For working environment shows ( $m = 3.8813$ ), meaning that overall of the respondents feel their working environment are offering safe and healthy environment. In term of job satisfaction, overall respondents are satisfied with their current job with a mean 3.8719.

The mean for employee retention among the respondent are 3.2656, shows that respondents still have high level of retention towards their current organizations.

#### **4.5 Testing the Hypotheses**

This research has develop four hypotheses which focus on the relationship between compensation and benefits, training and development, and working environment with employee retention among generation Y. Pearson's Correlation and Multiple Regression tests were used in this study in order to determine the direct relationship between all the HR practices and employee retention. In addition, Multiple Regression will used to be tested the mediating variable which is to determine the relationship of HR practices between the motivational factors and employee retention. The outputs of correlations are shown below in table 4.4.

**4.5.1: Relationship between Compensation and Benefits, Training and Development and working Environment (HR practices), Job Satisfaction and Employee Retention using Pearson Correlation**

**Table 4.4**

*Results of Correlation Analysis (n=160)*

Variable	1	2	3	4	5
1) ER	1.000				
2) CB	.534	1.000			
3) TD	.393**	.590**	1.000		
4) WE	.637**	.785**	.692**	1.000	
5) JS	.676**	.745**	.657**	.849**	1.000

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

Researcher has conducted Pearson correlation in order to observe the relationship between the variables. Based on Table 4.4, the mediating effects to employee retention, the highly significant correlation to the job satisfaction ( $r=0.676$ ,  $p < 0.05$ ). Working environment (human resource practices) with employee retention have significant correlation ( $r=0.637$ ,  $p < 0.05$ ), followed by compensation and benefits



( $r=0.534$ ,  $p < 0.05$ ), and training and development with moderate rate ( $r=0.393$ ,  $p < 0.05$ ).

Overall, all the independent variable (compensation and benefits, training and development and working environment) has significant relationship with job satisfaction and employee retention.

**4.5.2 Hypotheses 1: There is relationship between Compensation and Benefits (HR practices) and Employee Retention among generation Y.**

**Table 4.5**

*Multiple Regression Analysis (n=160)*

Coefficient (a)					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.286	.253		5.081	.000
CB	.507	.064	.534	7.931	.000

Dependent Variable: ER

F = 62.906

R<sup>2</sup> = 0.285      \*\*p < 0.05

Based on coefficient Table 4.5 above, the model indicates the R square value of 0.285 which means that 28.5 percent of employee retention is predicted by compensation and benefits among generation Y. Based on coefficients Table, the result show there is positive significant correlation ( $\beta = 0.534, p < 0.05$ ) between job satisfaction ad employee retention among generation Y. Based on test that used, the Hypotheses 1 (H1) indicates there is relationship between compensation and benefits and Employee Retention among Generation Y is supported.

**4.5.3 Hypotheses 2: There is relationship between Training and Development (HR practices) and Employee Retention among generation Y.**

**Table 4.6**

*Multiple Regression Analysis (n=160)*

Model	Coefficient (a)			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
1 (Constant)	1.625	.309		5.266	.000
TD	.451	.084	.393	5.375	.000

Dependent Variable: ER

F = 28.887

R<sup>2</sup> = 0.155      \*\*p < 0.05

Coefficient Table 4.6 above, the model indicates the R square value of 0.155 which means that 15.5 percent of employee retention is predicted by training and development among generation Y. Based on coefficients Table, the result show there is positive significant correlation ( $\beta = 0.393$ ,  $p < 0.05$ ) between training and development and employee retention among generation Y. Based on test that used, the Hypotheses 2 (H2) indicates there is relationship between training and development and Employee Retention among Generation Y is supported.

**4.5.4 Hypotheses 3: There is relationship between Working Environment (HR practices) and Employee Retention among generation Y.**

**Table 4.7**

*Multiple Regression Analysis (n=160)*

Coefficient (a)					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.788	.241		3.263	.000
ER	.638	.061	.637	10.396	.000

Dependent Variable: ER

F = 108.069

R<sup>2</sup> = 0.406      \*\*p < 0.05

Table 4.7 shown, the model indicates the R square value of 0.406 which means that 40.6 percent of employee retention is predicted by working environment among generation Y. Based on coefficients Table, the result show there is positive significant correlation ( $\beta = 0.637, p < 0.05$ ) between training and development and employee retention among generation Y. Based on test that used, the Hypotheses 3 (H3) indicates there is relationship between working environment and Employee Retention among Generation Y is supported.

**4.5.5 Hypotheses 4: There is positive relationship between Job Satisfaction and Employee Retention.**

**Table 4.8**

*Multiple Regression Analysis (n=160)*

**Coefficients (a)**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.665	.228		2.911	.004
JS	.672	.058	.676	11.534	.000

Dependent Variable: ER

F = 133.023

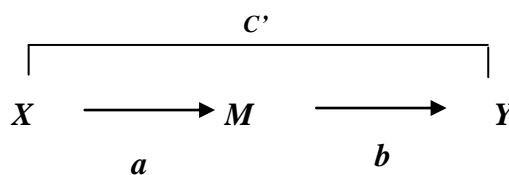
R<sup>2</sup> = 0.457      \*\*p < 0.05

Based on coefficient Table 4.8 above, the model indicates the R square value of 0.457 which means that 45.7percent of employee retention is predicted by job satisfaction among generation Y. Based on coefficients Table, the result show there is positive significant correlation ( $\beta = 0.676, p < 0.05$ ) between job satisfaction ad employee retention among generation Y. Based on test that used, the Hypotheses 4

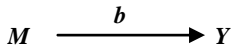
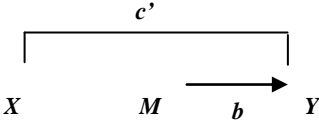
(H4) indicates there is relationship between Job Satisfaction and Employee Retention among Generation Y is supported

**4.5.6 Hypotheses 5: Job satisfaction will mediate the relationship between Compensation and Benefits, Training and Development and Working Environment (HR Practices) and Employee Retention among Generation Y.**

In this research, the mediation effect was tested specifically to know the relationship for each variable. According to Baron and Kenny (1986), there are four step to examine that effect of a specific variable. Figure 4.1 will show the step for testing mediating effects of a variable towards relationship.



	<b>Analysis</b>	<b>Visual Depiction</b>
<b>Step 1</b>	Conduct a simple regression analysis with X predicting Y to test for path <i>c</i> alone $Y = B_0 + B_1X + e$	
<b>Step 2</b>	Conduct a simple regression analysis with X predicting M to test for path <i>a</i> $M = B_0 + B_1X + e$	

<b>Step 3</b>	Conduct a simple regression analysis with M predicting Y to test the significance of path <i>b</i> alone,  $Y = B_0 + B_1M + e$	
<b>Step 4</b>	Conduct a multiple regression analysis with X and M predicting Y, $Y = B_0 + B_1X + B_2M + e$	

**Figure 4.1: Baron & Kenny (1986)**

According to Baron & Kenny (1986), the purpose of Steps 1-3 is to establish that zero order relationship among the variable. If there are significant relationship in Step 1 until 3, researcher will proceeds to Steps 4. In this step, Hypotheses 6 (H6) has been constructed in order to test there is significant relationship between HRM practices and employee retention with job satisfaction as a mediator among generation Y.

**Table 4.9 Relationship between Compensation and Benefits, Training and Development and Working Environment (Human Resource Practices) and Employee Retention among Generation Y with job satisfaction as a mediating variable.**

<b>Coefficient (a)</b>					
<b>Model</b>	<b>Unstandardized</b>		<b>Standardized</b>		<b>Sig.</b>
	<b>Coefficients</b>		<b>Coefficients</b>		
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>	<b>t</b>	
(Constant)	.742	.262		2.830	.005
CB	-.001	.091	-.001	-.006	.995
1 TD	-.186	.093	-.162	-1.989	.048
WE	.305	.126	.305	2.416	.017
JS	.521	.113	.524	4.601	.000

a. Dependent Variable : ER

b. F = 36.446

c. R<sup>2</sup> = 0.485

d. \*\*p < 0.05

Table 4.10 above shows job satisfaction as a mediating when the relationship between compensation and benefits, training and development and working environment (HR practices) and employee retention. Based on this result, training and development has negative, strong and significant co-relations ( $\beta = -0.162$ ,  $p < 0.05$ ) between employee retention when mediating with job satisfaction. However,



working environment has strong and significant correlations ( $\beta = 0.305, p < 0.05$ ). Training and development and working environment was still significant as such the conclusion that was can draw is that a full mediation has taken places. Meanwhile, compensation and benefits not has a unique significant relationship ( $\beta = -0.001, p < 0.05$ ) with employee retention when mediating with the job satisfaction among generation Y employees.

Thus, based on the result, job satisfaction has partial mediation effect on the relationship between compensation and benefits, training and development and working environment (HR Practices) and employee retention. Other than that, job satisfaction have strong, positive relationship ( $\beta = .0524, p < 0.05$ ).

Hence, the hypothesis 6 (H6) indicates that job satisfaction will mediate the relationship between HRM practices and employee retention among generation Y is supported. The result shows that there is positive and strong significant co-relations between compensation and benefits, training and development and working environment (HR practices) and job satisfaction among generation Y. An additional, job satisfaction is dominant factor that influence the employee retention among generation Y.

## 4.7 SUMMARY OF HYPOTHESIS TESTING

**Table 4.10**

	<b>Hypothesis</b>	<b>Result</b>	<b>Decision</b>
H1	There is positive relationship between compensation and benefits and employee retention among generation Y.	$(\beta=0.534, p<0.05)$	Accept
H2	There is positive relationship between training and development and employee retention among generation Y.	$(\beta=0.393, p<0.05)$	Accept
H3	There is relationship between working environment and employee retention among generation Y.	$(\beta=0.637, p<0.05)$	Accept
H4	There is relationship between jobs satisfaction and employee retention generation Y.	$(\beta=0.676, p<0.05)$	Accept
H5	Job satisfaction will mediate the relationship between HRM practices and employee retention among generation Y	$(\beta = -0.001, p < 0.05)$ $(\beta = -0.162, p < 0.05)$ $(\beta = 0.305, p < 0.05)$ $(\beta = 0.524, p < 0.05)$	Accept

Based on the results in Table 4.6, it might be conclude that H1, H2, H3, and H4, is supported based on the analysis using multiple regression. However, H5 with regression analysis using Baron and Kenny's (1986), procedure not supported with training and development, the mediating factor job satisfaction and employee retention among generation Y.

#### **4.8 CONCLUSION**

This chapter is devoted to test the hypothesis which is constructed and presented in chapter 3. Based on the test conducted with SPSS version 21, results has been found using specific method such as ANOVA, multiple regression and regression analysis. The finding will discuss in chapter 5.

## **CHAPTER 5**

### **DISCUSSION AND CONCLUSION**

#### **5.1 Introduction**

This chapter will be discussed on the findings of the research, and will answer the research question on this study. Furthermore, there are some recommendations for the purpose of the future research.

#### **5.2 Discussion**

Based on findings, the study is to investigate do compensation and benefits, training and development and working environment with mediating job satisfaction influenced employee retention among generation Y. this study also shown there are significant relationship between HR practices (compensation and benefits, training and development and working environment) and employee retention. However, HR practices (training and development) not supported with mediating job satisfaction and employee retention among generation Y. Though, studied revealed that HR practices and employee commitment will decreased absenteeism, improve employee retention and better productivity (Visithira, 2012).

### **Research Question 1**

Is there a relationship between compensation and benefits and employee retention among generation Y?

Based on the analysis in this study conducted by multiple regression, H1 is supported and there is significant between compensation and benefits and employee retention among generation Y ( $\beta = 0.534, p < 0.05$ ). According to Highhouse et al, (1999) suggests that only pay is not sufficient to retain the employees. He also debate that low pay will intent employee to out the organization but not necessarily high pay will retain the employee in each organization. Meanwhile, other factors such as training and development, working environment and etc. which make employee to retain in the organization. In addition, organization reward system will affect the performance of the employee and their intension to remain employed. (Bamberger & Meshoulam, 2000 Mac Duffie, 1995). According to Pfeffer (1998), in term of rewards, there is a great deal inter-individual difference in understanding the significance of reward towards employee retention.

### **Research Question 2**

Is there a relationship between training and development and employee retention among generation Y?

According to analysis conducted by multiple regression in this study, the H2 is supported whereby there is a significant relationship between training and development and employee retention among generation Y ( $\beta = 0.393, p < 0.05$ ).

According to Smit and Cronje (2002) and Hay (1999), found that training and development is one of the major strategies being used by managers to retain their talented employees. Employee will continue serve and remain in the organization for a long period because training and development indicates that employee can grow if they attend more training.

### **Research Question 3**

Is there are relationship between working environment and employee retention among generation Y?

In this research reported there is significant relationship between working environment and employee retention among generation Y ( $\beta = 0.637, p < 0.05$ ). It means that, to remain employee, organization have to represent caring culture, safety, comfortable and harmonious, a lot of security and work life balance towards employee among generation Y. According to Ramlall (2003), organization that provides good and positive environment will have opportunity to keeps their employees when they feel valuable. It will be positive impact on employee in organization.

#### **Research Question 4**

Is there are a relationship between job satisfaction and employee retention among generation Y?

Based on the test using Statistic Package for Social Science (SPSS) version 21, hypothesis 4 is supported with strong and positive relationship between job satisfaction and employee retention among generation Y. Finding in chapter 4 shows the result there is positive significant correlation ( $\beta = 0.676, p < 0.05$ ) between job satisfaction ad employee retention among generation Y. Based on test that used, the Hypotheses 4 (H4) indicates there is relationship between Job Satisfaction and Employee Retention among Generation Y is supported.

#### **Research Question 5**

Does job satisfaction mediate the relationship between Compensation and Benefits, Training and Development and Working Environment (Human Resource Practices) and employee retention among generation Y?

In this study, H5 is supported with job satisfaction as a full mediating for HR practices. Finding from chapter 4 shows that, when job satisfaction act as a mediating for HR practices towards employee retention, the results shows positive with strong and significant relationship. At the same time followed by working environment and training and development with low, but strong and positive relationship. Training and development and working environment was still significant as such the conclusion that was can draw is that a partial mediation has taken places

However, compensation and benefits not has a unique significant relationship with employee retention among generation Y when mediating with job satisfaction. The result still significant as such the conclusion that was can draw is that a full mediation has taken places

As a result, the hypothesis 5 (H5) which designates that job satisfaction will mediate the relationship between HR practices and employee retention among generation Y is supported. The result shows that there is positive and strong significant co-relations between HR practices and job satisfaction among generation Y. An additional, job satisfaction is dominant factor that influence the employee retention among generation Y.

### **5.3 Limitation of the Study**

At the same time, there are many limitations during this research such as lack of information and researcher only had been given a short timing to complete this study. Furthermore, data collection also may not be complete by the respondents as some of the questionnaires distributed are not returned; some of them are not giving cooperation and some with incomplete data. When do the research, cooperation of the respondents is very important in answering the questionnaire with sincerity due to the accuracy of the answer are very important to defend the results.



#### **5.4 Recommendation for Future Research**

For future research, other mediating factor should be tested in order to understand what other factor that could mediate the relationship between motivational factors and employee retention among generation Y. This can be a contribution and knowledge for managers and employees to widen understanding of relationship between motivational factor and employee retention among generation Y.

Meanwhile, other motivational factor can be used such as promotion and recognition, performance appraisal and etc. to tested and understand more about the relationship of motivational factor and employee retention among generation Y for future research. In order to retain employee for a long period, every organization has to discuss about or share their respective organization HR practices they practiced.

Lastly recommendation for future research, this study could be conducted with other initial generation such as generation Z and can be expanded to other students in other colleges to with number of respondents should be increased. Nowadays, there is a change in the workforce in term of generation, continuous studies of the relationship that effects the employee retention need to conduct to more understanding the attitudes of the employees. The implications of this studies will give a great affects not only in organizational behavior and human resource, but also in others fields such as marketing, psychology and etc. This knowledge will give an advantages and value added for organization as well.

## **5.5 Conclusion**

As a conclusion, this research investigate the mediating effect of job satisfaction on the relationship between motivational factors and employee retention among generation Y. Employee retention is one of the most important in each organization need to focus. Organization without a good retention and management plan will lose their talented employees and this will give bad impact to productivity organization itself. At this stage, management from human resource should find the right practices and know what are others factor to retain their employees and decreased turnover rates.

Other than that, the purposes of this study have been fulfilled and research question and research objective have been answered and achieved. The entire constructed question in this study has been presented and researcher also gives some recommendations for future research in order to improve the knowledge of the employee among generation Y. In addition, the organization itself should be concern to their employees' welfare and benefits. This is because the employees maybe take the chance to find the other organization once they are not comfortable and satisfied with their current organization.

Meanwhile, the result on the research that have been conducted in this study also shows that job satisfaction will provide higher impact towards employee retention among generation Y. From that, employees feeling towards their work are very important that employer should take as a priority due to avoid turnover intention

especially among generation Y, in order to make organization with higher rate in retention and decreased in turnover intention.

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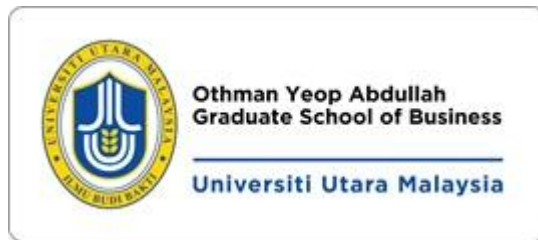
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## QUESTIONNAIRE

Dear Participant,

I am a student Master of Human Resources Management at University Utara Malaysia conducting a study on “The Mediating Effect of Job Satisfaction on the Relationship Between Human Resource Practices and Employee Retention among Generation Y”. Hence, I would appreciate if you could spare 10 minutes of your time to answer this questionnaire. All information given will be kept **CONFIDENTIAL** and will only be used for academic purposes.

Your participation in this study is completely voluntary. The completion and return of the enclosed questionnaire is taken to constitute your consent to participate in the study. Instructions for completing the survey questions are provided at appropriate points throughout the survey.

Kindly complete ALL questions in the survey and thanks you for your support.

Yours sincerely

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## Part A : Respondent Background

**Instruction:** Please tick [] in the box provided. **CHOOSE ONLY ONE OPTION.**

**1. Gender**

Male

Female

**2. Ethnicity**

Malay

Chinese

India

Other; please specify \_\_\_\_\_

**3. Educational Level**

Diploma

Degree

Master

Other; please specify \_\_\_\_\_

**4. Age**

19 - 22

23 - 26

27 - 30

31 - 34

**5. Marital Status**

Single

Married

Divorced

Others

**6. Length of services**

< 1 year

1 – 5 years

> 5 years



**7. Job Category**

Non executive

Executive

Management

**8. Income (Monthly)**

< RM 1000

RM 1000 to RM 2000

RM 2000 to RM 3000

RM 3000 to RM 4000

> RM 4000

**Part B** : Please respond to the following questions on your commitment to the organization. Use the scale provided below each statement to reflect your view.

**Instruction:** Please circle your choice for this part. **CHOOSE ONLY ONE OPTION.**

<b>A. COMPENSATION AND BENEFITS</b>		Strongly Disagreed	Disagreed	Neutral	Agreed	Strongly Agreed
i.	Your establishment have a compensation and benefits system that is communicated to employees.	1	2	3	4	5
ii.	Your establishment offer compensation and benefits better then minimal requirement by Employment Act.	1	2	3	4	5
iii.	Your establishment offers an attractive compensation and benefits package compare to other establishments nearby.	1	2	3	4	5
iv.	Your establishment have a health and related benefits that is communicated to employees.	1	2	3	4	5
v.	Employees are rewarded / recognized for meeting their goals / objectives.	1	2	3	4	5

<b>B. TRAINING AND DEVELOPMENT</b>		Strongly Disagreed	Disagreed	Neutral	Agreed	Strongly Agreed
i.	Your establishment provide proper induction and training upon commencement.	1	2	3	4	5
ii.	There are possibilities of promotion due to trainings and development given.	1	2	3	4	5
iii.	Innovation and creativity are encouraged here.	1	2	3	4	5

iv.	Your establishment provide job development / career path guidance to help employee identify / improve abilities, goals, strenghts & weaknesses.	1	2	3	4	5
i.	You have minimal future within this organization.	1	2	3	4	5
<b>C. WORKING ENVIRONMENT</b>		Strongly Disagreed	Disagreed	Neutral	Agreed	Strongly Agreed
i.	Your establishment represent a caring culture environment for employees.	1	2	3	4	5
ii.	Your establishment create a fun work environment for employees.	1	2	3	4	5
iii.	Your establishment provide a comfortable working environment.	1	2	3	4	5
iv.	Workers and management get along well in this establishment.	1	2	3	4	5
v.	Your establishment provides a lot of security measures.	1	2	3	4	5
vi.	Overall, this establishment is a harmonious place to work.	1	2	3	4	5
vii.	Your establishment offer a work life balance environment for employees.	1	2	3	4	5

### Part C : Job Satisfaction

**Instruction :** The following are statements about your satisfaction level at your workplace. Read the following statement and rate the statement by circling the number given. **CHOOSE ONLY ONE OPTION**

<b>JOB SATISFACTION</b>		Strongly Disagreed	Disagreed	Neutral	Agreed	Strongly Agreed
i.	That I receive appropriate recognition for my contribution.	1	2	3	4	5
ii.	That my works gives me a sense of personal.	1	2	3	4	5
iii.	I am proud to be a member of this organization.	1	2	3	4	5
iv.	I am happy with the working environment in this organization.	1	2	3	4	5
v.	I would recommend this organization as a workplace.	1	2	3	4	5
vi.	I am very satisfied with my current job as a whole.	1	2	3	4	5

**Part D : Employee Retention**

**Instruction:** The following are statements about employee retention at your workplace. Read the following statement and rate the statement by circling the number given. ***CHOOSE ONLY ONE OPTION***

<b>EMPLOYEE RETENTION</b>		Strongly Disagreed	Disagreed	Neutral	Agreed	Strongly Agreed
i.	I intend to remain working in this company.	1	2	3	4	5
ii.	I will return to work here in the future if I have to quit my job due to unforeseen circumstances.	1	2	3	4	5
iii.	If I were given choice, I would prefer to continue working in this company as long as possible.	1	2	3	4	5
iv.	I often think of leaving the organization.	1	2	3	4	5

**THANK YOU FOR YOUR COOPERATION**

## APPENDIX 2

### A. Reliability (Cronbach Alpha)

#### i. Compensation and Benefit

**Case Processing Summary**

		N	%
Valid		160	100.0
Cases Excluded <sup>a</sup>		0	.0
Total		160	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.884	5

**Item Statistics**

	Mean	Std. Deviation	N
Your establishment have a compensation and benefits system that is communicated to employees.	3.99	.700	160
Your establishment offer compensation and benefits better then minimal requirement by Employment Act.	3.91	.730	160
Your establishment offers an attractive compensation and benefits package compare to other establishments nearby.	3.80	.845	160
Your establishment have a health and related benefits that is communicated to employees.	3.96	.780	160
Employees are rewarded / recognized for meeting their goals / objectives.	3.85	.877	160

## ii. Training and Development

**Case Processing Summary**

		N	%
Cases	Valid	160	100.0
	Excluded <sup>a</sup>	0	.0
	Total	160	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.635	5

**Item Statistics**

	Mean	Std. Deviation	N
Your establishment provide proper induction and training upon commencement.	3.89	.766	160
There are possibilities of promotion due to trainings and development given.	3.67	.956	160
Innovation and creativity are encouraged here.	3.99	.682	160
Your establishment provide job development / career path guidance to help employee identify / improve abilities, goals, strenghts & weaknesses.	3.95	.799	160
You have minimal future within this organization.	2.68	.994	160

### iii. Working Environment

**Case Processing Summary**

		N	%
Cases	Valid	160	100.0
	Excluded <sup>a</sup>	0	.0
	Total	160	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.930	7

**Item Statistics**

	Mean	Std. Deviation	N
Your establishment represent a caring culture environment for employees.	3.88	.730	160
Your establishment create a fun work environment for employees.	3.89	.757	160
Your establishment provide a comfortable working environment.	3.96	.717	160
Workers and management get along well in this establishment.	3.81	.805	160
Your establishment provides a lot of security measures.	3.83	.740	160
Overall, this establishment is a harmonious place to work.	3.94	.656	160
Your establishment offer a work life balance environment for employees.	3.86	.751	160



#### iv. Job Satisfaction

**Case Processing Summary**

		N	%
Cases	Valid	160	100.0
	Excluded <sup>a</sup>	0	.0
	Total	160	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.897	6

**Item Statistics**

	Mean	Std. Deviation	N
That I receive appropriate recognition for my contribution.	3.78	.798	160
That my works gives me a sense of personal.	3.85	.626	160
I am proud to be a member of this organization.	4.04	.667	160
I am happy with the working environment in this organization.	3.91	.767	160
I would recommend this organization as a workplace.	3.79	.810	160
I am very satisfied with my current job as a whole.	3.86	.910	160

**v. Employee Retention**

**Case Processing Summary**

		N	%
Cases	Valid	160	100.0
	Excluded <sup>a</sup>	0	.0
	Total	160	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.673	4

**Item Statistics**

	Mean	Std. Deviation	N
I intend to remain working in this company.	3.76	.930	160
I will return to work here in the future if I have to quit my job due to unforeseen circumstances.	3.53	.977	160
If I were given choice, I would prefer to continue working in this company as long as possible.	3.75	.932	160
I often think of leaving the organization.	2.03	.603	160

## B. Multiple Regression

- i. **H1: Relationship between Compensation and Benefits (HR Practices) and Employee retention among Generation Y.**

**Descriptive Statistics**

	Mean	Std. Deviation	N
MEANER	3.2656	.62046	160
MEANCB	3.9013	.65243	160

**Correlations**

		MEANER	MEANCB
Pearson Correlation	MEANER	1.000	.534
	MEANCB	.534	1.000
Sig. (1-tailed)	MEANER	.	.000
	MEANCB	.000	.
N	MEANER	160	160
	MEANCB	160	160

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	MEANCB <sup>b</sup>	.	Enter

a. Dependent Variable: MEANER

b. All requested variables entered.

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.534 <sup>a</sup>	.285	.280	.52639

a. Predictors: (Constant), MEANCB

b. Dependent Variable: MEANER

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
(Constant)	1.286	.253		5.081	.000	.786	1.786					
1 MEAN CB	.507	.064	.534	7.931	.000	.381	.634	.534	.534	.534	1.000	1.000

a. Dependent Variable: MEANER

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.431	1	17.431	62.906	.000 <sup>b</sup>
	Residual	43.780	158	.277		
	Total	61.211	159			

a. Dependent Variable: MEANER

b. Predictors: (Constant), MEANCB

**Collinearity Diagnostics<sup>a</sup>**

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	MEANCB
1	1	1.986	1.000	.01	.01
	2	.014	12.080	.99	.99

a. Dependent Variable: MEANER

**Residuals Statistics<sup>a</sup>**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.9963	3.8232	3.2656	.33110	160
Std. Predicted Value	-3.834	1.684	.000	1.000	160
Standard Error of Predicted Value	.042	.165	.056	.019	160
Adjusted Predicted Value	2.1053	3.8497	3.2664	.32959	160
Residual	-1.90975	.93426	.00000	.52474	160
Std. Residual	-3.628	1.775	.000	.997	160
Stud. Residual	-3.653	1.781	-.001	1.004	160
Deleted Residual	-1.93591	.94027	-.00082	.53209	160
Stud. Deleted Residual	-3.805	1.793	-.004	1.015	160
Mahal. Distance	.023	14.698	.994	1.696	160
Cook's Distance	.000	.218	.007	.020	160
Centered Leverage Value	.000	.092	.006	.011	160

a. Dependent Variable: MEANER

**ii. H2: Relationship between Training and Development (HR Practices) and Employee Retention among Generation Y.**

**Descriptive Statistics**

	Mean	Std. Deviation	N
MEANER	3.2656	.62046	160
MEANTD	3.6350	.54046	160

**Correlations**

		MEANER	MEANTD
Pearson Correlation	MEANER	1.000	.393
	MEANTD	.393	1.000
Sig. (1-tailed)	MEANER	.	.000
	MEANTD	.000	.
N	MEANER	160	160
	MEANTD	160	160

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	MEANTD <sup>b</sup>	.	Enter

a. Dependent Variable: MEANER

b. All requested variables entered.

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.393 <sup>a</sup>	.155	.149	.57230

a. Predictors: (Constant), MEANTD

b. Dependent Variable: MEANER

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
(Constant)	1.625	.309		5.266	.000	1.015	2.234					
MEANTD	.451	.084	.393	5.375	.000	.285	.617	.393	.393	.393	1.000	1.000

a. Dependent Variable: MEANER

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.461	1	9.461	28.887	.000 <sup>b</sup>
	Residual	51.750	158	.328		
	Total	61.211	159			

a. Dependent Variable: MEANER

b. Predictors: (Constant), MEANTD

**Collinearity Diagnostics<sup>a</sup>**

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	MEANTD
1	1	1.989	1.000	.01	.01
	2	.011	13.567	.99	.99

a. Dependent Variable: MEANER

**Residuals Statistics<sup>a</sup>**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.2569	3.8817	3.2656	.24394	160
Std. Predicted Value	-4.135	2.526	.000	1.000	160
Standard Error of Predicted Value	.045	.193	.061	.021	160
Adjusted Predicted Value	2.4183	3.8881	3.2672	.24208	160
Residual	-1.88875	1.00017	.00000	.57050	160
Std. Residual	-3.300	1.748	.000	.997	160
Stud. Residual	-3.336	1.753	-.001	1.005	160
Deleted Residual	-1.92978	1.00649	-.00159	.58004	160
Stud. Deleted Residual	-3.449	1.765	-.004	1.013	160
Mahal. Distance	.004	17.101	.994	1.802	160
Cook's Distance	.000	.349	.009	.031	160
Centered Leverage Value	.000	.108	.006	.011	160

a. Dependent Variable: MEANER



**iii. H3: Relationship between Working Environment (HR Practices) and Employee Retention among Generation Y.**

**Descriptive Statistics**

	Mean	Std. Deviation	N
MEANER	3.2656	.62046	160
MEANWE	3.8813	.61934	160

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	MEANWE <sup>b</sup>	.	Enter

a. Dependent Variable: MEANER

b. All requested variables entered.

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.637 <sup>a</sup>	.406	.402	.47964

a. Predictors: (Constant), MEANWE

b. Dependent Variable: MEANER

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.862	1	24.862	108.069	.000 <sup>b</sup>
	Residual	36.349	158	.230		
	Total	61.211	159			

a. Dependent Variable: MEANER

b. Predictors: (Constant), MEANWE

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error				Beta	Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance
(Constant)	.788	.241		3.263	.001	.311	1.264					
1 MEANWE	.638	.061	.637	10.396	.000	.517	.760	.637	.637	.637	1.000	1.000

a. Dependent Variable: MEANER

**Collinearity Diagnostics<sup>a</sup>**

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	MEANWE
1	1	1.988	1.000	.01	.01
	2	.012	12.652	.99	.99

a. Dependent Variable: MEANER

**Residuals Statistics<sup>a</sup>**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.6997	3.9799	3.2656	.39543	160
Std. Predicted Value	-3.960	1.806	.000	1.000	160
Standard Error of Predicted Value	.038	.155	.051	.018	160
Adjusted Predicted Value	1.7816	4.0069	3.2661	.39371	160
Residual	-1.34144	.90856	.00000	.47813	160
Std. Residual	-2.797	1.894	.000	.997	160
Stud. Residual	-2.806	1.900	.000	1.004	160
Deleted Residual	-1.35019	.91448	-.00047	.48508	160
Stud. Deleted Residual	-2.869	1.916	-.003	1.013	160
Mahal. Distance	.002	15.683	.994	1.819	160
Cook's Distance	.000	.182	.007	.020	160
Centered Leverage Value	.000	.099	.006	.011	160

a. Dependent Variable: MEANER

**iv. H4: Relationship between Job Satisfaction and employee retention among Generation Y.**

**Descriptive Statistics**

	Mean	Std. Deviation	N
MEANER	3.2656	.62046	160
MEANJS	3.8719	.62451	160

**Correlations**

		MEANER	MEANJS
Pearson Correlation	MEANER	1.000	.676
	MEANJS	.676	1.000
Sig. (1-tailed)	MEANER	.	.000
	MEANJS	.000	.
N	MEANER	160	160
	MEANJS	160	160

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	MEANJS <sup>b</sup>	.	Enter

a. Dependent Variable: MEANER

b. All requested variables entered.

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.676 <sup>a</sup>	.457	.454	.45862

a. Predictors: (Constant), MEANJS

b. Dependent Variable: MEANER

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.979	1	27.979	133.023	.000 <sup>b</sup>
	Residual	33.232	158	.210		
	Total	61.211	159			

a. Dependent Variable: MEANER

b. Predictors: (Constant), MEANJS

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics		
	B	Std. Error				Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF	
1	(Constant)	.665	.228		2.911	.004	.214	1.116					
	MEANJS	.672	.058	.676	11.534	.000	.557	.787	.676	.676	.676	1.000	1.000

a. Dependent Variable: MEANER

**Collinearity Diagnostics<sup>a</sup>**

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	MEANJS
1	1	1.987	1.000	.01	.01
	2	.013	12.519	.99	.99

a. Dependent Variable: MEANER

**Residuals Statistics<sup>a</sup>**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.0083	4.0234	3.2656	.41948	160
Std. Predicted Value	-2.997	1.806	.000	1.000	160
Standard Error of Predicted Value	.036	.115	.049	.016	160
Adjusted Predicted Value	2.0256	4.0378	3.2664	.41837	160
Residual	-1.34414	.89831	.00000	.45717	160
Std. Residual	-2.931	1.959	.000	.997	160
Stud. Residual	-2.986	1.965	-.001	1.004	160
Deleted Residual	-1.39520	.90420	-.00079	.46365	160
Stud. Deleted Residual	-3.064	1.983	-.004	1.012	160
Mahal. Distance	.004	8.984	.994	1.579	160
Cook's Distance	.000	.173	.007	.020	160
Centered Leverage Value	.000	.057	.006	.010	160

a. Dependent Variable: MEANER

- v. **H6: There is relationship between compensation and benefits, training and development and working environment (HR practices) and employee retention with the presents of Job Satisfaction as mediator**

**Descriptive Statistics**

	Mean	Std. Deviation	N
MEANER	3.2656	.62046	160
MEANCB	3.9013	.65243	160
MEANTD	3.6350	.54046	160
MEANWE	3.8813	.61934	160
MEANJS	3.8719	.62451	160

**Correlations**

		MEANER	MEANCB	MEANTD	MEANWE	MEANJS
Pearson Correlation	MEANER	1.000	.534	.393	.637	.676
	MEANCB	.534	1.000	.590	.785	.745
	MEANTD	.393	.590	1.000	.692	.657
	MEANWE	.637	.785	.692	1.000	.849
	MEANJS	.676	.745	.657	.849	1.000
Sig. (1-tailed)	MEANER	.	.000	.000	.000	.000
	MEANCB	.000	.	.000	.000	.000
	MEANTD	.000	.000	.	.000	.000
	MEANWE	.000	.000	.000	.	.000
	MEANJS	.000	.000	.000	.000	.
N	MEANER	160	160	160	160	160
	MEANCB	160	160	160	160	160
	MEANTD	160	160	160	160	160
	MEANWE	160	160	160	160	160
	MEANJS	160	160	160	160	160

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	MEANJS, MEANTD, MEANCB, MEANWE <sup>b</sup>	.	Enter

a. Dependent Variable: MEANER

b. All requested variables entered.

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.696 <sup>a</sup>	.485	.471	.45112

a. Predictors: (Constant), MEANJS, MEANTD, MEANCB, MEANWE

b. Dependent Variable: MEANER

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.668	4	7.417	36.446	.000 <sup>b</sup>
	Residual	31.543	155	.204		
	Total	61.211	159			

a. Dependent Variable: MEANER

b. Predictors: (Constant), MEANJS, MEANTD, MEANCB, MEANWE

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error				Beta	Lower Bound	Upper Bound	Zero-order	Partial	Partial	Tolerance
1 (Constant)	.742	.262		2.830	.005	.224	1.260					
MEANCB	-.001	.091	-.001	-.006	.995	-.181	.180	.534	-.001	.000	.360	2.774
MEANTD	-.186	.093	-.162	-1.989	.048	-.370	-.001	.393	-.158	-.115	.502	1.992
MEANWE	.305	.126	.305	2.416	.017	.056	.555	.637	.191	.139	.209	4.779
MEANJS	.521	.113	.524	4.601	.000	.297	.745	.676	.347	.265	.256	3.908

a. Dependent Variable: MEANER

**Collinearity Diagnostics<sup>a</sup>**

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions				
				(Constant)	MEANCB	MEANTD	MEANWE	MEANJS
1	1	4.964	1.000	.00	.00	.00	.00	.00
1	2	.017	17.171	.75	.07	.01	.03	.03
1	3	.009	23.072	.21	.26	.74	.00	.00
1	4	.007	27.497	.03	.60	.21	.06	.37
1	5	.004	37.203	.01	.07	.03	.91	.59

a. Dependent Variable: MEANER



**Residuals Statistics<sup>a</sup>**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.9589	4.2012	3.2656	.43196	160
Std. Predicted Value	-3.025	2.166	.000	1.000	160
Standard Error of Predicted Value	.037	.172	.075	.027	160
Adjusted Predicted Value	2.0100	4.1970	3.2694	.42918	160
Residual	-1.25093	.94929	.00000	.44540	160
Std. Residual	-2.773	2.104	.000	.987	160
Stud. Residual	-2.795	2.115	-.004	1.007	160
Deleted Residual	-1.27491	.95896	-.00380	.46323	160
Stud. Deleted Residual	-2.859	2.139	-.007	1.016	160
Mahal. Distance	.096	22.111	3.975	3.798	160
Cook's Distance	.000	.180	.008	.020	160
Centered Leverage Value	.001	.139	.025	.024	160

a. Dependent Variable: MEANER