

**FACTORS RELATED TO INTENTION TO STAY AMONG GEN Y IN
MALAYSIAN MANUFACTURING COMPANIES**

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UNIVERSITI UTARA MALAYSIA

2015

**FACTORS RELATED TO INTENTION TO STAY AMONG GEN
Y IN MALAYSIAN MANUFACTURING COMPANIES**

By

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**Research Paper Submitted to
Othman Yeop Abdullah Graduate School of Business
Universiti Utara Malaysia
In Partial Fulfilment of the Requirement for the Master of Human
Resource Management**

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Abstract

This study examines the direct relationship between human resource practices such as training and development, compensation and benefits, career development and performance appraisal, perceived organizational support, leadership style such as transformational, transactional and laissez-faire and intention to stay. A total of 400 questionnaires were distributed to participants who had agreed to participate in this study. However, only 200 questionnaire were returned and usable for further analyses. Hypotheses for direct effect were tested using multiple regression analyses. Results showed that only training and development, compensation and benefits, and transformational leadership style were significantly positively associated with intention to stay. Implications of the findings, potential limitations, and directions for future research are discussed.

Keywords: Intention to stay; HR practices; Perceived organizational support; Transformational leadership style; Transactional leadership style; Laissez-faire; Gen Y

Abstrak

Kajian ini mengkaji hubungan langsung antara amalan sumber manusia seperti latihan dan pembangunan, pampasan dan faedah, pembangunan kerjaya dan penilaian prestasi; persepsi terhadap sokongan organisasi; gaya kepimpinan seperti gaya kepimpinan transformasi, gaya kepimpinan transaksi, and laissez-faire dan hasrat untuk kekal. Sebanyak 400 soal selidik telah diedarkan kepada peserta kajian yang telah bersetuju untuk terlibat dalam kajian ini. Namun begitu, hanya 200 soal selidik sahaja yang telah diterima semula dan boleh digunakan untuk analisis seterusnya. Hipotesis ke atas kesan langsung diuji menggunakan analisis regresi berganda. Dapatan kajian menunjukkan bahawa hanya latihan dan pembangunan, pembangunan kerjaya, dan gaya kepimpinan transformasi mempunyai hubungan yang positif dan signifikan dengan hasrat untuk kekal. Implikasi dapatan kajian, limitasi dan cadangan kajian pada masa hadapan turut dibincangkan.

Kata kunci: Hasrat untuk kekal; Amalan pengurusan sumber manusia; Persepsi terhadap sokongan organisasi; Gaya kepimpinan Transformasi; Gaya kepimpinan transaksi; Laissez-faire; Gen Y

Acknowledgement

Praise to the Lord that I have finished this study with success.

First, I would like to express my heartfelt gratitude to my supervisor, Dr. Siti Zubaidah Othman, who has given me with unlimited support, encouragement and guidance me to complete this research paper. Without her professional support, I may have not completed this research, and I am proud to say that you are the best supervisor.

To my loving and supporting parents, Lembang and Sema Gendang, and my closest friend, James, thank you for all your prayers, patience, support, and word of encouragement for me to keep going till the final end of this journey.

I also would like to thank my postgraduate friends for providing me with many discussions, constructive comments and suggestions in completing this research paper.

Finally, yet importantly, I would like to express my gratitude to all respondents from various manufacturing companies in Kuching, Sarawak for their involvement in this study. Without their sincere participations, this study will not be as successful as today.

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CHAPTER 1

INTRODUCTION

1.1 Background of Study

Retaining employees in the organization for as long as possible is one of the recruitment objectives. This is because turnover has a negative impact on organization especially on productivity, service and profitability. In fact, the cost of replacing and hiring new employees is high and finding skilled employees can also be difficult (Kwenin, Muathe & Nzulwa, 2013). Since employee is the most important asset to organization, finding the best strategy to retain them is very important. Therefore, organizations should know how to motivate their employees as today's business is different from before with each generation has unique expectations, experiences, generational history, lifestyles, values, and demographics (William & Page, 2010).

With many young generation or Gen Y has become the fastest growing segment of the workforce, organization must prepare on how to manage them. According to several authors, this generation demands different kind of recognitions, appreciation and support from the organization (Hussain, Yunus, Ishak & Daud, 2013). Due to this fact, managers are required to continuously find the right strategy to integrate these newcomers into the organization so that their strengths could benefits the organization (Uba et al., 2012).

1.2 Problem Statement

A study conducted by Kelly Services (2012) has showed that 90 per cent of the Malaysian workforce is below 30 years of age. Since Gen Y has accounted for over 40 per cent of the Malaysian population, they have been found to be the huge group in any sector of employment (Phoon, 2013). According to Barford and Hester (2011), Gen Y expects to change jobs often during their lifetime, especially if their talents are underutilized. Therefore, it is not surprising to see high turnover rate among these generations.

As shown by Tower Watson survey, turnover rate among young employees in any industry in Malaysia has increased from 12.3% in 2012 to 13.2% in 2013. The survey found that manufacturing, conglomerates and financial services industries were among the industries that experiencing high employee turnover in 2013 with manufacturing sector leading the turnover statistics at 24% and this followed by the financial services at 13.3%. In the manufacturing sector, Malaysian Employees Federation (MEF) reported that the highest turnover rate in manufacturing sector is in the industries involving basic and fabricated metallic products (23.88%), electrical and electronics (23.04%) and plastic/ rubber (19.92%).

The high employee attrition rate among the younger generation workforce has worried many organizations. According to a report by Aon Hewitt SIS (2011), in 2011 alone,

Malaysia had an attrition rate of 15.9% and ranks the country in the sixth position among the Asia-pacific countries. In the literature, many authors have put forward the reasons why people leave the organizations. For example, Griffeth, Hom and Gaetner (2000) found that high workload and lack of organizational support contribute to issue of turnover among employees. In other study, Khatri and Chang (2001) found that among the reasons why employees leave for other organizations is because of they are not satisfied with the compensation and benefits that they received, limited career opportunities and work-life conflict. In a more recent study, Oluwafemi (2013) found that factors like inadequate training, career opportunities and poor superior-subordinate relationship related to employee turnover.

Though in the past, factors such as perceived organizational support, human resource practices (training and development, compensation and benefit, career development and performance appraisal) and leadership style have been empirically proven to be related to intention to stay among the employees, it is still not known whether these same factor would also be able to attract Gen Y to stay with the organization.

In the literature, Gen Y has been described as the generation who prefer to be casual in the workplaces and expecting their managers to care for their well-being. They are also known as great collaborators, like to work in teams and prefer to follow directions as long as there is flexibility for them to get the work done. Gen Y employees also are more motivated by the extrinsic motivation. They are willing to leave the organization if other organization could offer better extrinsic factors such as pay and benefits (Kian & Wan

Yusoff, 2012). Therefore, this study is conducted with an intention to investigate factors that might be able to attract Gen Y employees to stay with the organization.

1.3 Research Questions

Based on the issues discussed above, the main research question is “*what factors might be related to intention to stay among the Gen Y in the organization?*” Specifically,

1. do HR practices such as training and development, compensation and benefits, career development, and performance appraisal related to intention to stay?
2. does perceived organizational support related to intention to stay?
3. do leadership style such as transformation, transactional and laissez-faire related to intention to stay?

1.4 Research Objectives

Based on the above research questions, the following research objectives are formulated:

1. to examine the relationship between HR practices such as training and development, compensation and benefits, career development, and performance appraisal and intention to stay;
2. to investigate the relationship between perceived organizational support and intention to stay; and

3. to determine the relationship between leadership style like transformation, transactional and laissez-faire and intention to stay

1.5 Scope of the Study

The current study intends to investigate factors that might relate to intention to stay among the Gen Y employees in the organization. Three independent variables were tested in this study namely, HR practices, perceived organizational support and leadership style. HR practices were measured by training and development, compensation and benefits, career development, and performance appraisal, while leadership style was measured by transformational leadership, transactional leadership and laissez-faire. The study, which was a cross-sectional study, involved a survey of 200 Gen Y manufacturing employees from 20 manufacturing companies located in Kuching, Sarawak. The respondents chosen for this study are those in the age between 19 to 32 years old and holding various positions in the manufacturing companies under study. Manufacturing companies located in Kuching are chosen for this study as Kuching is the main industrial area in Sarawak.

1.6 Significant of the Study

Acknowledging the fact that there is still limited study on intention to stay among Gen Y in Malaysian context, it is hope that the findings from this study will benefits both the scholars and practitioners. The findings will not only contribute to the body of knowledge on intention to stay, it can also make effective contribution of the best way to plan for

retaining Gen Y in the organization. Also, through the current study, management of the manufacturing industries would have some knowledge on the aspects that they should focus on in ensuring the talented and skilled Gen Y employees remain with the organization. Though the study was conducted at the manufacturing industries, the broader contribution extends beyond the Malaysian manufacturing industries.

1.7 Organization of Chapters

Chapter one is the first of five chapters in this research paper. Chapter 2 presents the general review of the literature on intention to stay and past empirical findings on factors that might influence intention to stay such as HR practices like training and development, compensation and benefits, career development, and performance appraisal, perceived organizational support and leadership style such as transformation, transactional and laissez-faire. The chapter concludes with the development of the research hypotheses.

Chapter 3 describes the method for the study such as the research design and procedure. The chapter also reports the sample size and sampling technique, and the development of questionnaire. Chapter 3 ends with a brief discussion on the strategies and procedures that were used to analyze data collected from the survey.

Chapter 4 reports the results and their interpretation for the study. There are reports of the descriptive statistical analysis, bivariate correlation analysis, and regressions analysis. To facilitate the interpretation of the results reported in this chapter, the results are summarized in a number of tables.

The final chapter, Chapter 5, discusses the interpretation of the research findings presented in Chapter 4. The findings are compared to those found in the past research reviewed in Chapter 2. The chapter concludes with a discussion on the limitations of the study, their implications for both researchers and practitioners, and some suggestions for future research.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter sets out issues related to intention to stay as presented and discussed in the management literatures. These issues are reviewed to provide a theoretical foundation for the research. The chapter begins by describing the concept of intention to stay, and this followed by findings from past studies on intention to stay. The chapter then reviews how human resource practices, perceived organizational support and leadership style related to intention to stay. The chapter concludes by discussing the research framework and the development of hypotheses.

2.2 Intention to Stay

In the literature, many authors have put forward the definitions of intention to stay. For example, Johari, Yean, Adnan, Yahya and Ahmad, (2012) defined intention to stay as employees' intention to stay with the present employers on long term basis. In other writing, Ajzen and Fishbein (1980) and Igbaria and Greenhaus (1992) regard intention to stay as the employee's willingness to remain employed in the organization. Thinking along the similar line, several other authors like Hewitt (2004), Kim, Price, Mueller and Watson (1996), Lyons, (1971), Price and Mueller (1981) and Tett and Meyer (1993) are also agreed that intention to stay is the plan to remain with the organization.

However, the literature also has highlighted how authors interchangeably used the terms “intent to stay” or “propensity to leave.” Some authors argued that both terms are the important determinant of turnover (Tett & Meyer, 1993; Igharia & Greenhaus, 1992). Therefore, in some study the researcher used the construct of turnover intention though the focus of investigation was from the perspective of intention to stay.

There are also writing on turnover that differentiates between actually leaving and the intent to leave, with much of the research focusing on intent (Johnsrud & Rosser, 2002). According to Martin (1979), when a person intends to leave, he or she has the inclination to resign and it was the last step before actually leaving and is a powerful predictor of actual turnover (Bluedorn, 1982; Lee & Mowday, 1987; Vigoda-Gadot & Ben-Zion, 2004). It sometimes refer to as the propensity to leave, intent to quit, intent to stay, behavioral commitment and attachment (Halaby, 1986; Mueller et al., 1999).

2.2.1 Previous Studies on Intention to Stay

Several past studies have suggested that intention to stay is a good predictor of employee turnover (Cavanagh & Coffin, 1992; Price & Mueller, 1981; Weisman, Alexander & Chase, 1981). Whenever an employee does not intend to stay in the organization, this intention is always followed by turnover behavior (Irvine & Evans, 1995).

Based on the study conducted by Chang and Chang (2008), effective human resource practices were able to lower the intention of employees to leave the organization, and

were more willing to stay with the same organization. Nedd (2006) also argued that factors associated with employee's intention to stay are also important to the management in order to develop strategies that may facilitate the intention of employees to stay in the same organization.

According to Steel and Ovalle (1984), Carsten and Spector (1987) and Iverson (1996) intention to stay had a strong negative relationship with turnover. Intention to stay however is simply the converse of the turnover intention (Kim, Price, Mueller & Watson, 1996). According to Black and Stevens (1989) intention to stay was significantly negatively correlated with turnover. Since intention to stay is referred to as employees' willingness to stay with an organization (Tett & Meyer, 1993), it consistently demonstrated a stronger relationship with turnover than did other turnover precursors (Tett & Meyer, 1993).

2.3 Human Resource Practices

In this study, only four of the human resource practices namely training and development, compensation and benefits, career development and performance appraisal are tested against intention to stay. According to Anthony, Kacmar and Perrewe (2002), HRM practice is a set of planner's strategies and policies implemented by an organization to ensure organizations human resource can effectively contribute in achieving the objective of the organizations. In other writing, Minbaeva (2005) regards HRM practices as a set of practices which is used by organization to manage their human resource through facilitating the development of competencies that are firm specific, produce complex social relation and generate

organization knowledge to sustain competitive advantage. Meanwhile, in a study conducted by Tan and Nasurdin (2011), HRM practices was found related to specific practices, formal policies, and philosophies that are designed to attract, develop, motivate, and retain employees who ensure the effective functioning and survival of the organization.

Mathis and Jackson (2004) believed that HRM practices have been identified as a source of business revenues with compensation helps organization to offer attractive rewards to attract and retain their best and skilled employees. On the other hand, performance appraisal is useful to determine the employee's strengths and weaknesses. The function of training and development is to help organization to train their employees to undertake higher level tasks and career development provide the employee with opportunity to advance in the organization. That entire component of HR is important to ensure the organization has a group of talented employees that can have organization increasing their productivity and effectiveness.

2.3.1 Training and Development

Training is defined as a planned process which helps to provide the job experience, and modify the attitudes, skills and knowledge of employees to achieve satisfactory performances while handling their daily task or activities (Goldsmith et al., 1997). According to Mandy and Noe, (2005) training and development is the activity which is undertaken by an organization to help employees acquire the skills and experience that is needed to perform in the current and future jobs in the organization. Training and development also help employees to continue and make positive contributions in

the form of good performance in organization. It is also help employees to obtain a new knowledge, skills and abilities (Huselid, 1995).

2.3.2 Compensation and Benefits

Martochio (2013) viewed compensation as the intrinsic and extrinsic rewards that employee receive for performing their jobs. It has been every employee desire that compensation system they received is fair and commensurate with their skills, experiences and knowledge (Long, Perumal & Ajgbe, 2005). While Johari, Yean, Adnan, Yahya and Ahmad, (2012) believed that compensation system help to attract retain and motivate employees to continue contributing towards organizations.

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

2.3.3 Performance Appraisal

Performance appraisal is the process of evaluating how well employees perform their jobs as compared to a set of standards, and communicating that information to those employees (Mathis & Jackson (2003). According to Gomez-Mejia, Balkin and Cardy

(2012) performance appraisal is the identification, measurement and management of human performance in organizations. The role of performance appraisal in organizations is as the basic for a decision about the employees work condition, including promotions, termination and rewards. It is also the process of evaluating on how well employees perform their jobs, help to develop and motivate employees. Through performance appraisal processes, employees are made aware of their performance level and realize their weaknesses (Johari, Yean, Adnan, Yahya & Ahmad, 2012).

Performance appraisal can also be used to identify which employees should be retained and which should be paid for their performance and to encourage high average performers to remain with the company (Berry, 2004). The process plays a vital role in influencing the perception of employees about self and about their contribution toward organizational goals (Bernardin & Russel, 1993).

Erdogan (2002) argued that the appraisal process will be perceived as fair by the employees when they are rated accurately against the performance standards and fair actions are taken based on the evidence of the appraisal. Therefore, employees' work behavior such as intention to stay can reflect in their perception of performance appraisal. A study conducted Dailey and Kirk (1992) has shown that effective performance appraisal and planning systems contributed to employees' perceptions of fairness and these influence their decision to remain with the organization. Employees who feel that they are being fairly treated by their employers are more likely to keep their job as compared to those who feel that they are not. Based on these findings, it

can be theorized that performance appraisal has positive impact on employee performance as well as on retention in the organization.

2.3.4 Career Development

Gomez-Mejia, Balkin and Cardy (2012) define career development as an ongoing organized and formalized effort that recognizes people as a vital organization resource. It is more on the ongoing and formalized effort that will focus on developing capable workers. Career development can help employers recruit and retain the good employees. It is also viewed as a very dynamic process that attempts to meet the needs of managers, employees and the organization (Johari, Yean, Adnan, Yahya & Ahmad, 2012).

According to Zheng and Kleiner (2001), career development provides a future orientation to human resource development activities. As employees grow and change, the types of work that they may want to do may change as well. If the employers can assist their employees in making decisions about future work, they can better prepare the employees to be effective when they take on new positions. When employers understand how their employees make decisions about future work, they can do a better job of planning for their human resource needs.

Previous study conducted by Miller and Wheeler (1992) has shown that intention to stay is affected by the presence of meaningful work and opportunities for promotion. For example, employees who feel that they have higher chances of promotion are more likely to stay with the organization. Johari, Yean, Adnan, Yahya and Ahmad

(2012) also argued that promotion opportunities will give employees a sense of appreciation, gratitude and influence them to stay in organization.

2.4 Perceived Organizational Support

Perceived organizational support (POS) is the global beliefs concerning the extent to which the organization values their employees' contributions and cares about their well-being (Eisenberger, Hungtington, Hutchison & Sowa, 1986). If managers are concerned with their employee's commitment to the organization, employees will also focus on the organization's commitment to them. The organization may recognize and value their employee contribution through intangible resources such as pay, rank, job enrichment, rewards or other forms of compensations and benefits (Eisenberger, et al., 1986; Rhoades & Eisenberger, 2002; Worley, Fuqua & Hellman, 2009).

In many studies, employees have shown a consistent pattern of agreement with various statements concerning the extent to which the organization appreciated their contributions and would treat them favorably or unfavorably in differing circumstances (Eisenberger, Fasolo & Davis-LaMastro, 1990; Eisenberger et al., 1986; Shore & Tetrick, 1991; Shore & Wayne, 1993). Employees evidently believe that the organization has a general positive or negative orientation toward them that encompasses both recognition of their contributions and concern for their welfare.

Previous studies also empirically shown how supervisor who is acting as an agent for the organization and is responsible for directing and evaluating subordinates' performance, would be viewed by their subordinate as favorable or unfavorable which

reflecting the organization's support (Eisenberger et al., 1986; Levinson, 1965). POS also holds the view of meeting the socio emotional needs and assessing the benefits of increased work effort which provide the employees with a form of general perception concerning the extent to which the organization values their contributions and cares about their well-being (Eisenberger et al., 1986).

Perryer, Jordan, Firms, and Travaglione, (2010) believed that employees are more committed and likely to stay with the organization if they feel that the organization acted positively towards them and less likely to remain with the organization if they do not feel the positive act of the organization. Cho, Johanson, and Guchait (2009) in their studies on the non-managerial employees of restaurants and hotels in the U.S found that the increase of POS will increase the employees' intention to stay. In fact, they discovered that the effect of POS on intention to stay is twice higher than the effect of POS on intention to leave.

2.5 Leadership Style

According to Mat (2008), the leadership definitions are still evolving as scholars try to simplify the definition to make it easy for people to understand the concept and be more practical in daily business usage. For years, leadership studies have attracted many scholars to identify the characteristics of an effective leader. Though it is difficult to give a single definition on leadership, people keep exploring this area of study.

According to Okumbe (1998), leadership is a process of encouraging and helping others to do things in their own desire and not because it is required or because of fear of consequences of non-compliance. Leadership is thus, the process of encouraging and helping others to work enthusiastically towards objectives. It is the human factor that binds a group together and motivates it towards goals of transforming the group's potentials into reality.

Leaders use their influence to draw people towards achieving goals and to maximize the results in the organization. The influence does not mean the leader has the power over the followers and control or direct them to the goals the leaders want to achieve. It is rather the leaders' own actions that affect the follower's behavior and actions. Generally, followers will emulate the leader's acts and behaviors thus leading to the achievement of the desired goals (Mat, 2008).

Many agree that leader plays an important role in employee retention. As argued by Harvey, Stoner, Hochwarter and Kacmar (2007), many employees leave the organization because of their employers or their bosses and not because of the job. Therefore, the responsibility and accountability for retaining talent need to move out to the front lines and into the hands of leaders. This is because leaders have the skill in building a climate of retention that encourages employees to stay. Since leader have the skill to keep the valued talent longer, leaders should adopt a style that would establish and confirm their leadership authority by appearing competent and trustworthy. Logically, employees are more likely to stay with an organization when they strongly feel that their immediate boss shows interest and concern for them. The

quality of relationship an employee has with his or her immediate managers will indirectly motivates employee to stay in an organization (Ferreira, 2007).

2.5.1 Transformational Leadership

Transformational leader is a leader who is capable to stimulate, inspire and transform their employees to strive harder in order to achieve extraordinary outcomes (Martin & Epitropaki, 2001). Sarros and Santora, (2001) argued that transformational leadership is the type of leadership that increases employee awareness about their job outcomes, activate employee's needs and well-being to act in the interest of their organization. Their vision and personality will not only give strength to the followers but also give better inspiration, perception and anticipation to perform well for the organizations benefits. Transformational leaders are more preferred due to their personality in showing better honorable exemplar in achieving the common goals. According to Antonakis, Avolio and Sivasubramaniam (2003), transformational leader possesses five behavioral components and these include:

- i. Idealized influence (attribute) – *“the socialized charisma of the leader, whether the leader is perceived as being confident and powerful and whether the leader is viewed as focusing on higher order ideals and ethics”*
- ii. Idealized influence (behavior) – *“the charismatic actions of the leader that are centered on values, beliefs and sense of mission”*
- iii. Inspirational motivation – *“the way the leader energize their followers by viewing the future with optimism, stressing ambitious goals, projecting and idealized vision and communicating to followers that the vision is achievable”*

iv. Intellectual stimulation – *“a leader action that appeal to follower’s sense of logic and analysis by challenging followers to think creatively and find solutions to difficult problem”*

v. Individualized consideration – *“a leader behavior that contributes to follower satisfaction by advising, supporting and paying attention to the individual needs and thus, allowing them to develop and self-actualize”*

Sun (2004) argued that transformational leadership styles that provide individual support and encouragement, intellectual simulation and role models can change the values and beliefs of the followers and further increase the level of their commitment. In other writing, Mullin (2005) argued that transformational leadership produces motivation and commitment, create a vision that can transform organizational performance, and enhance their ideas and values as well as provide a feeling of justice, loyalty and trust. This leadership style will influence follower to remain in organization because they can meet the need of their employee (Nguni et al., 2006).

2.5.2 Transactional Leadership

Transactional leaders are the kind of leader who identifies organizational goals to be met and provide contingent reward to employees according to their performance in meeting the goals and acting only when things go wrong (Molly, 2009). This kind of leaders always provide their followers with clear rules, closely monitored and correct followers’ mistake in ensuring the short-term objectives are met (Bass, 1985; Bass & Avolio, 1995; Hoouse, 1971; Yukl, 1998). Transactional leadership involves an exchange process based on fulfillment of contractual obligations and is typically

represented by setting objectives and monitoring and controlling outcomes (Antonakis, Avolio & Sivasubramaniam, 2003).

Transactional leader possess three behavior components and these include:

i. Contingent reward leadership – It is a positive exchange where followers are rewarded or recognized for accomplishing agreed upon objectives (Howell & Avolio, 1993). This kind of leader will clarify the kind work that employees need to accomplish and the kind of incentives that will be awarded once the outcome met the expectations. Also, this kind of leader focuses on clarifying role and task requirements and provides the followers with material or psychological rewards contingent on the fulfillment of contractual obligations.

ii. Management by exception (passive) – According to Hater and Bass (1988), the leader of management by exception continuously monitoring the followers' performance to anticipate the mistake before it turns to be a problem and the leader takes corrective action when required. This form of leadership uses corrective methods to ensure that the work is completed and meet the standards. In other words, leader only intervene when problem arise.

iii. Management by exception (active) – Leaders who fall under management by exception active category are those who uses correction or punishment as a response to the unacceptable performance that failed to met the accepted standards. They only intervene after mistake is made and standards are not met. Thus, they will actively monitoring the work of their employees or followers to ensure that standards set are met (Howell and Avolio, 1993).

Transactional leadership gives followers the clarity about rules and standards to protect the status quo and closely monitoring and correcting followers' errors to ensure short-term success (Bass, 1985; Bass & Avolio, 1995; House, 1971; Yukl, 1998). In short, transactional leader may be seen as a kind of leader who encourages his or her followers to carry out work in a prevention-focused manner, and may accordingly elicit fit for those who prefer to use prevention as a mean of self-regulation.

2.5.3 Laissez-Faire

Laissez faire leaders are the kind of leader who do not intervene in the work affairs of their subordinates, avoid responsibilities as a superior and unlikely to put in effort to build a relationship with their followers (Antonakis, Avolio & Sivasubramaniam, 2003; Deluga, 1992). Compared to transformational and transactional leaders, laissez-faire is a passive kind of leadership style. This type of leader generally gives his or her followers or employees a complete freedom to make decisions or to complete a task in whichever way they deems fit and appropriate (Robbins et al., 2010). It also being interpreted as a non-transactional kind of leadership style in which prompt decisions are not made with delay in action taken, coupled with ignoring of leadership responsibilities and non-exercise of authority. Hamidifar (2010) argued that leaders who are practicing this style of leadership are normally being characterized as not caring and taking no consideration and concern on the issues that arises in the organization.

2.6 Research Framework

The research framework shown in Figure 2.1 is developed based on the discussion of literature on intention to stay. The research framework for this study shows the relationship between human resource practices such as training and development, compensation and benefits, career development and performance appraisal; perceived organizational support, leadership style such as transformational leader, transactional leader and laissez-faire and intention to stay. In this study, human resource practices, perceived organizational support and leadership style are the independent variables, while intention to stay is the dependent variable.

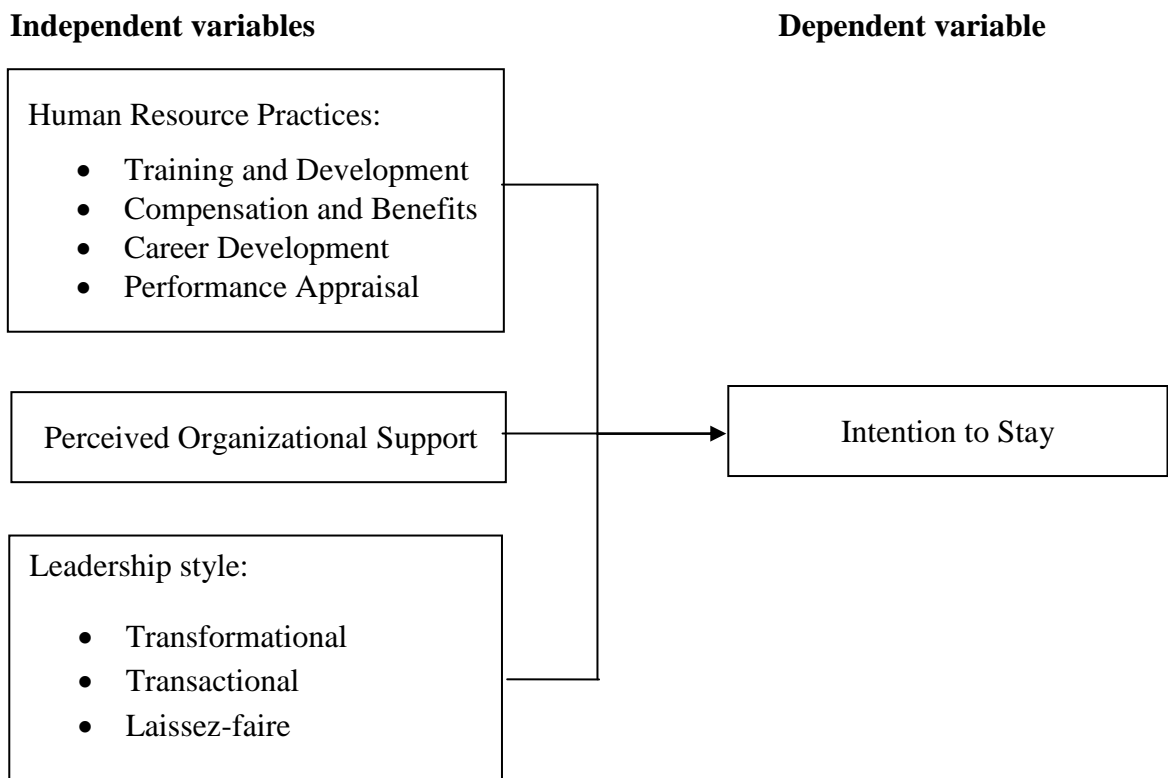


Figure 2.1. Research framework

2.7 Development of Hypotheses

2.7.1 Relationship between HR Practices and Intention to Stay

Thangthong, Trimetsoontorn and Rajniruntikul, (2014) argue that organizations used human resources practices to achieve performance and this include employee retention. Boella and Turner (2005) believed that knowledge, skills and attitudes is the three elements which are individual must have in order to effectively carry out their duties. Through effective training, various benefits can be obtained such as organizational productivity, employee retention and satisfaction and organizational commitment (Lashley, 2002). In a study conducted by Chiang, Back and Canter (2005), training quality was found positively related to job satisfaction and intention to stay. Therefore, the following hypothesis is proposed:

H1a: There is a positive relationship between training and development and intention to stay

In terms of the relationship between compensation and benefits and intention to stay, past studies have shown that sufficient compensation and benefits are the best strategy to retain effective workforce (Becker & Huselid, 1999; Cho et al., 2006; Guthrie, 2001; Huselid, 1995; Milman, 2003; Milman & Ricci, 2004; Shaw et al., 1998; Walsh & Taylor, 2007). These studies show that effective compensation and benefits can promote employees commitment to organization, improve productivity and employees willing to stay in organization.

Most of HR professionals like to believe that factors such as career development, training, rewards and recognition make people to stay and those factors must

companied with the sufficient pay to retain key talent. If the employees are not given an attractive pay, they will leave the organization. As indicate by many studies, employees who are satisfied with the compensation and benefits are more willing to stay with the organization (Bergmann & Scarpello, 2002; Heneman & Judge, 2000; Williams et al., 2006). If employees think they are underpaid, their satisfaction with pay will be reduced, and may seek for other organization which can provide them with better pay (Karen, 2000). In a study conducted by Noe, Pasand Asil, Akhlagh and Maafi (2013) at manufacturing and industrial companies in the city of Rasht, found that compensation and benefits have the strongest relation with the intention to stay. Based on the above discussions, the following hypothesis is proposed:

H1b: There is positive relationship between compensation and benefits and intention to stay.

In a study conducted by Brown and Heywood (2005) have shown how performance appraisal improved the employee commitment, productivity and intention to stay. They further argued that performance appraisal can be enhanced through the complementary of human resource management practices like formal training and incentive pay and performance appraisal leads to greater influence of employee's intention to stay. In other study, Dailey and Kirk (1992) found that effective performance appraisal and planning systems contributed to employee's perceptions of fairness and this influence the employees to consider staying at the organization. Employees who feel that they are being treated fairly by their employers are more likely to keep their job as compared to those who are not. So performance appraisal is not only can increase employee performance but also effect employee intention to stay in organization. Thus, the following hypothesis is proposed:

H1c: There is positive relationship between performance appraisal and intention to stay

According to Johari, Yean, Adnan, Yahya and Ahmad, (2012), employees who feel that they are contributing to the organization will be more engaged with their job and thus, will be less likely to leave the organization. Furthermore, employees who feel that they have a higher chance of promotion are more likely to stay with organization rather than leave the organization. Additionally, the promotion opportunities will give the employees a sense of appreciation, gratitude and also will influence their decision on retention or leave the organization. Gamage and Herath (2013) on their study indicate that there are positive relationship between career development and intention to stay. They believe that employees decision whether to stay or to leave is depending on whether the work is challenging, or they gain a support at work and personal growth in organization. Therefore, the following hypothesis is proposed:

H1d: There is positive relationship between career development and intention to stay

2.7.2 Relationship between Perceived Organizational Support and Intention to Stay

Esienberger, Hungtington, Hutchison and Sowa (1986) argued that perceived organizational support has a positive relationship with intention to stay. Their argument is based on organizational support theory where when employees perceived more support from the organization, employees are more likely to develop positive attitudes towards the organization. They also found that perception of support from the organization can help reduced absenteeism and increased organization citizenship

behavior and employee performance. In other writing, Tumwesigye (2010) argued that since employees often reciprocate to their organizations, it is reasonable to expect that POS will induce a strong desire to stay with the organization.

Eisenberger, Pasola, and Davis-LaMastro (1990) also agreed that individuals with high POS would have less intention to seek others employment and will stay with their previous organization. While, Allen, Shore and Griffeth (2003), also found that POS was negatively correlated with turnover intention. They concluded that employees who feel that their organization does not value their contribution or care about their well-being, would be expected to develop withdrawal feelings and exhibit negative attitudes such as intention to leave the organization.

Moreover, Lavelle, McMahan and Harris (2009) found that POS was positively predicted organizational citizenship behavior which means employee who feels that an organization does not value their contribution will be more likely to leave the organization. While employee who feels that an organization offers them a support by caring of their well- being will be motivated to stay with the organization. Therefore, the following hypothesis is proposed:

H2: There are positive relationship between perceived organizational support and intention to stay

2.7.3 Relationship between Leadership Style and Intention to Stay

Ng'ethe, Namusange and Iravo (2012) argued that leaders and their skill in building a climate of retention encourages them to stay. Therefore, employees are more likely to

remain with an organization if they believe that their managers show interest and concern for them. If they know what is expected of them, if they are given a role that fits their capabilities and if they receive regular positive feedback and recognition. Chew (2004) also argued that leadership behavior has a positive influence on employee retention. While Gwavuya (2011), affirms that incompetent leadership will lead to poor employee performance, high stress, low job commitment, low job satisfaction and turnover intent.

Transformational leadership can influence employees to stay in an organization through exchange values and gives personal advice, attention and opportunity (Bass, 1985). Mohammad and Alam (2009) argued that transformational leaders are able to give a higher level of commitment, satisfaction and performance to the employees. Moreover, employee commitment and satisfaction has been established to have a negative correlation with employee intention to quit, so transformational leadership style also has a positive relationship with employees' intention to stay in their organization. Thus, the following hypothesis is proposed:

H3a: There is a positive relationship between transformational leadership styles and intention to stay.

Since transactional leaders use reward and punishment to encourage better performance, the relationship between leader and follower becomes an economic exchange transaction (Robin, 2008). Riaz and Haider (2010) argued that transactional leadership style provides high satisfaction and organizational identification as compared to transformational leadership style, despite the reason transactional leaders have a substantial influence on the followers. Chen, Beck and Amos (2005), in their

study found that followers were satisfied with the contingent reward dimension of transactional leader. As a conclusion, employee was motivated by transactional leader and will stay with the organizations. Therefore, the following hypothesis is proposed:

H3b: There is positive relationship between transactional leadership and intention to stay

Most of literature review describe that laissez-faire as the kind of leadership that avoids in making a decision, disregards problems, does not follow-up, and refuses to intervene (Gill, 2006; Yukl, 2010). Sadler (2003) argued that laissez-faire leader plays a passive role in group affairs and has no initiative to interact with their groups. Yahaya, Tamby Chek and Samsudin (2013) conclude that this leadership styles avoid making decision, do not involve with the subordinate development, do not contribute to the growth of the follower and ignore problems and their follower. They also state that feedback, rewards, and leader involvement are totally absent in this type of leadership. In other study, Chaudhry and Javed (2012) found positive relationship between laissez-faire leadership and employee turnover. Therefore, the following hypothesis is proposed:

H3c: There is negative relationship between laissez-faire leadership styles and intention to stay

2.8 Conclusions

This chapter is presented a review of literature that focused on the relationship between human resource practices, perceived organizational support and leadership style with intention to stay. Most previous study has demonstrated a relationship

between human resource practices, perceived organizational support and leadership style with intention to stay. Moreover this chapter also elaborates about independent and dependent variables. This chapter also provides the hypothesis development and research framework about this study. Having reviewed the past studies, the next task is to describe research methodology used in this study. Research method involves research framework, measurement of variables, data collection and data analysis procedures. These were discussed in the next chapter, Chapter 3.

CHAPTER 3

METHOD

3.1 Introduction

Chapter 3 presents the method for the study. In this chapter, the research design, population and sampling, development of research measures, pilot testing and data collection procedure are presented. The chapter ends with strategies for data analyses.

3.2 Research Design

Since the main objective of this study is to examine the relationship between HR practices (training and development, compensation and benefits, career development, and performance appraisal), perceived organizational support, leadership style (transformational, transactional and laissez-faire) and intention to stay, quantitative research design is considered to be more suitable for this study. Quantitative research design allows the researcher to test the relationship between variables using statistical method (Given, 2008). It also helps researcher to collect numerical data to explain a particular phenomenon. Apart from that, quantitative research design also allows the analysis to be carried out on a large sample using a standard and formal set of questionnaire that can be generalized to the whole population.

Since the primary data for this study was collected through distribution of questionnaire where respondents' perceptions about the HR practices, perceived organizational support

and leadership style is important to understand their influence on intention to stay, taking individual as a unit of analysis is more suitable in testing all the variables shown in the research framework. Finally, the study is cross-sectional, where the data was collected at one point of time. A cross-sectional design is simple, inexpensive and allows for the collection of data in a relatively short period.

3.3 Population and Sampling

The study population includes all employees aged between 19 to 32 years old (Gen Y employees) who are currently employed in the manufacturing companies in Kuching, Sarawak. In this study, purposive sampling method was utilized as the target respondents were Gen Y employees. According to Patton (1990), purposive sampling is represents a group of different non-probability sampling technique. It is relies on the judgment of the researcher to select the units that are to be studied. The purpose of purposive sampling is not to randomly select unit from a population to create a sample, but with the intention of making generalization from that sample to the population of interest.

Since the total number of Gen Y employees was not known to the researcher, the total number of questionnaire distributed to each company contacted was based on the number that the company's representative willing to distribute. Out of 104 companies contacted, only 20 manufacturing companies were willing to participate in the study. Throughout the actual data collection process, a total of 400 questionnaires were distributed, with each of the company received between 20 to 60 questionnaires.

3.4 Operational Definitions and Measurements

3.4.1 Intention to Stay

Intention to stay is operationalized as employee's willingness to remain employed in the organization (Azjen & Fishbein, 1980). To measure participants' intention to stay, 3 items Lambert, Hogan & Borton (2001) was adapted. Based on a five-point scale whereby, 1 = strongly disagree, and 5 = strongly agree, participants rated their degree of agreement with the intention to stay statements. Table 3.1 shows the intention to stay items used in this study.

Table 3.1
Intention to stay items

Variable	Operational definition	Items	Authors
Intention to stay	Employee's willingness to remain employed in the organization	<ol style="list-style-type: none">1. I plan to work at my present job for as long as possible.2. I am proud to tell others that I am part of this organization.3. I plan to stay in this job for at least two or three years.	Lambert, Hogan & Barton (2001)

3.4.2 HR Practices

In this study, HR practices were measured by training and development, compensation and benefit, performance appraisal and career development. Training and development is operationalized as opportunity to study and develop knowledge and new skills needed to

carry out the present job or future assignment (Desimone, Werner & Harris, 2002).. Training and development was measured by 5 items adapted from Desimone, Werner and Harris (2002). Compensation and benefit is operationalized as the financial gains and real benefits that employees receive as part of an employment relationship (Milkovich, Gerhart & Newman, 2011). The 7 items used to measure compensation and benefits were adapted from Mueller and Watson (1996). Performance appraisal is operationalized as the identification, measurement, and management of human performance in organization (Lansbury, 1988) and was measured by 8 items adapted from Amutha (2011). Lastly, career development is operationalized as an ongoing organized and formalized effort that recognizes people as a vital organization resource and was measured using 6 items adapted from Hirsh, Jackson and Jackson (1985).

In this study, participants rated their degree of agreement with training and development, compensation and benefit, performance appraisal and career development statements based on five-point scale whereby, 1 = strongly disagree, and 5 = strongly agree. Table 3.2 shows the training and development, compensation and benefit, performance appraisal and career development items used in this study.

Table 3.2
HR practices items

Variable	Operational definition	Items	Authors
Training and Development	Opportunity to study and develop knowledge and new skills needed to carry out the	<ol style="list-style-type: none"> 1. I am encouraged to attend the training and development program available. 2. My superior decides on the training and development I need. 3. I am given the opportunity to 	Desimone, Werner & Harris (2002)

	present job or future assignment.	<p>upgrade my knowledge and skills to improve my performance through continuance training.</p> <ol style="list-style-type: none"> 4. I received the training I need in order to perform my job assignment well. 5. I am given the opportunity to be involved in the activity that is able to help raise the level of my expertise/skills. 	
Compensation and Benefit	The financial gains and real benefits that employees receive as part of an employment relationship.	<ol style="list-style-type: none"> 1. I received recognition for my achievement. 2. The salary I receive encouraged me to do a better job. 3. Incentives such as bonuses motivate me to do more than that is required. 4. I received a total salary that commensurate the job that I am doing. 5. In general, my salary is the same/similar as the salary of my colleague holding equivalent position as I am. 6. In general, my salary is the same/similar as the salary paid for the same job by other company's within the same industry. 7. The fringe benefits offered by this organization attractive. 	Mueller & Watson (1996)
Performance Appraisal	The identification, measurement, and management of human performance in organization.	<ol style="list-style-type: none"> 1. I understand the performance appraisal (PA) system being used in this organization. 2. I understand the objectives of the present performance management system. 3. I have a real understanding on how the PA system works. 4. I do understand how my last PA rating was determined. 5. I know the criteria used by my organization to evaluate my performance. 6. I understand the standards of performance my organization expects. 7. My employer clearly communicates to me the objectives of my PA system. 8. I would benefit from additional training in the process of the PA system. 	Amutha (2011)
Career	An ongoing	<ol style="list-style-type: none"> 1. I am able to retrieve information for the purpose of planning my 	Hirsh, Jackson

Development	organized and formalized effort that recognizes people as a vital organization resource.	<p>career.</p> <p>2. I am called to dicuss on my career opportunity by my superior.</p> <p>3. I am given reasonable opportunity for my career development.</p> <p>4. I am satisfied with the method use in the promotion exercise implemented by the organization.</p> <p>5. Promotion is decided according to merit based on job performance.</p> <p>6. In this organization, promotion is decided in a fair manner.</p>	& Jackson (1995)
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3.4.3 Perceived Organizational Support

Perceived organizational support is operationalized as employee’s perception concerning to extent to which the organization values their contribution and cares about their well-being (Eisenberger, Hungtington, Hutchinson & Sowa, 1986). In this study, perceived organizational support is measured by 8 items adapted from Eisenberger, Hungtington, Hutchison and Sowa (1986). Participants rated their degree of agreement with perceived organizational support statements based on five-point scale whereby, 1 = strongly disagree, and 5 = strongly agree. Table 3.3 shows the perceived organizational support items used in this study.

Table 3.3
Perceived organizational support items

Variable	Operational definition	Items	Authors
Perceived Organizational	Employee’s perception	1. The organizations value my contribution to its well-being.	Eisenberger, Hungtington,

Support	concerning to extent to which the organization values their contribution and cares about their well-being.	<ol style="list-style-type: none"> 2. The organization fails to appreciate any extra effort from me. 3. The organization would ignore any complaint from me. 4. The organization really cares about my well-being. 5. Even if I did the best job possible, the organization would fail to notice. 6. The organization cares about my general satisfaction at work. 7. The organization shows very little concern with me. 8. The organization takes pride in my accomplishment at work. 	Hutchison & Sowa (1986)
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3.4.4 Leadership Style

In this study, leadership style is measured by transformational leadership, transactional leadership and laissez-faire. Transformational leadership is operationalized as the type leader who stimulates an idealistic, optimistic, outlook on the future, communicates high expectations, focuses on followers, attention on an abstract, long term vision, facilitates change and encourages new ways of working (Bass & Avolio, 1995). Transactional leadership is operationalized as a leader who gives their followers clarity about rules and standards to protect status quo and entails closely monitoring and correcting their followers mistakes to ensure the short term success (Bass and Avolio, 1995). Laissez-faire is operationalized as the leader who avoids the decision making, disregards problem, does not follow-up, and refuses to intervene (Yulk, 1998). In this study, transformational leadership, transactional leadership and laissez-faire were measured by items developed by Bass and Avolio (1985). Participants rated their degree of agreement with leadership style statements based on five-point scale whereby, 1 = strongly disagree, and 5 = strongly agree. Table 3.4 shows the leadership style items used in this study.

Table 3.4
Leadership style items

Variable	Dimensions	Operational definition	Items	Authors
Leadership Style	Transformational Leadership	Leadership style which is estimulates on idealistic, optimistic, out look on the future, communicates high expectations, focuses on followers, attention on an abstract, long term vision, facilites change and encourages new ways of working	<ol style="list-style-type: none"> 1. My leader provides me with assistance in return for my efforts. 2. My leader always provide me with alternatives solution in doing my job. 3. My leader has developed my strengths. 4. My leader always have new ideas. 5. My leader increases my moral ethics. 6. My leader has inspired me. 7. My leader has fully supported me in doing my job. 8. My leader has always motivated me in doing my job. 9. My leader has a primary mission of change. 10. My leader must facilitate events. 	Bass & Avolio (1995)
	Transactional Leadership	A leader who gives their followers clarity about rules and standards to protect status quo and entails closely monitoring and correcting their followers mistakes to ensure the short term success.	<ol style="list-style-type: none"> 11. My leader concerned what the workers want and need in life. 12. My leader preference is to think short range. 13. My leader lead as though he/she is facilitator. 14. My leader concerned that the morality must be higher. 15. My leader like rewarding workers for a job well done. 	Bass and Avolio (1995)
	Laissez- Faire Leadership	The leader who avoids the decision making, disregards problem, does not follow-up,	<ol style="list-style-type: none"> 16. Leadership should be inspirational. 17. My leader has power to influence workers and that is comes from his status and position. 	Bass and Avolio (1995)

		and refuses to intervene. (Yulk, 1998)	18. My leader make vague explanations of what is expected from subordinates. 19. My leader ask subordinates for suggestion on what assignments to be made.	
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3.5 Layout of Questionnaire

All survey materials were prepared in both Bahasa Malaysia and English. Participants were given the choice between the two versions so that they could express their ideas freely. The Bahasa Malaysia version was translated using back translation. First, the English version was translated to Bahasa Malaysia. Then, the Bahasa Malaysia versions were given to two bilingual native speakers who then translated them back into English (working independently). The final translated version was consistent with the original. Both versions of the questionnaire are shown in Appendix A-1 and A-2. All participants in this study chose the Bahasa Malaysia version.

The eight-page questionnaire consisted of five main sections. Section 1 asked about the intention to stay and there are 3 items. Section 2 asked about HR practices and there are 26 items. In Section 3 of the questionnaire, there are 19 items asking the respondents on the leadership style, while Section 4 consists of 8 items on perceived organizational support. In the final section of the questionnaire, Section 5, there are questions on the demographic characteristics of the participating staff, and their respective organizations.

3.6 Pilot Test

According to Zikmund (2010), pilot test is a study from small-scale research project, where the data are collected from the respondents similarly with those to be used later in the full study. The purpose of pilot test is to ensure that the questionnaire is fully understood by the respondents. At the same time, it also identifies problems that may arise as well as to test its reliability and validity. Pilot testing acts as a tool to help researcher in identifying problems and makes necessary adjustment and amendment.

In this study, a pilot test was conducted before the actual survey and the questionnaire was distributed to 40 manufacturing employee in Kuching area. There were no changes required to the questionnaire. The internal consistency reliabilities (Cronbach's Alpha) of the research measures from the pilot study are reported in Table 3.6. As shown in Table 3.5, all variables have satisfactory reliability values ranging from .92 to .94.

Table 3.5
The Cronbach's Alpha for each research measures from the pilot study (n = 40)

Variable	No. of items	Cronbach's Alpha
Intention to Stay	3	0.94
HR practices (overall)	26	0.92
Training and development	5	0.92
Compensation and benefits	6	0.93
Performance appraisal	8	0.93
Career development	6	0.92
Perceived organizational support	8	0.94

Variable	No. of items	Cronbach's Alpha
Leadership style (overall)	19	0.92
Transformational leadership	10	0.92
Transactional leadership	5	0.93
Laissez-faire	4	0.94

3.7 Data Collection Procedure

The actual data collection began after the pilot test was conducted and permission was granted by the respective companies. A written permission to conduct the study was obtained from the respective manufacturing companies through emails. A follow up telephone call was then made. Once the permission was granted, the process of distributing the questionnaire began. The actual data collection process began on 1st June and ended on 1st July 2014. During that time, the questionnaire was distributed to respondents through a representative appointed by the researcher for each of the manufacturing companies under study. Each respondent was given a week to complete the questionnaire. Completed questionnaire were then collected by the researcher from each of the manufacturing companies' representatives.

3.8 Technique of Analysis

Analysis of the data obtained from the self-administered questionnaire will be done using Statistical Package for Social Sciences (SPSS). To validate the collected data descriptive statistic was used as the data was presented in percentages. Pearson correlation was used

to examine the correlation of the human resource practices, leadership style and perceived organizational support and intention to stay. Multiple regressions were used to test the prediction and contribution of independent variables on the dependent variables. The following subsections discuss on the statistical tools that were conducted to analyze the data and to test the hypotheses.

3.8.1 Descriptive Analysis

The descriptive analysis is conducted as the analysis will provide the researcher with the demographic characteristics of respondents. The process is crucial to ensure that the respondents obtain in this study represent all the demographic characteristic of the population. In this study, the demographic characteristics of respondent such as age, gender, academic qualifications, marital status, and length of services in respective department were described by using frequency and percentage.

3.8.2 Correlation Analysis

Correlation analysis is utilized to better describe how the model suits the data. In this study, correlation analysis was used to test the inter correlation between the variable. It is important to determine the significant correlation and how solid independent variables (human resource practices, perceived organizational support and leadership style) influence dependent variables (intention to stay).

The Pearson correlation used to measure the significance of linear bivariate between the independent and dependent variables thereby achieving the objectives of this study (Hair et al., 2006). While Sekaran (2003), state the Pearson correlation is used to measure between two or more variables to test whether it have significant relationship and either positive or negative correlations of relationship. The symbol of a correlation coefficient is r , and its range is from -1.00 to + 1.00. In this study, researcher indicates the scale which is outlined by Hair, Money, Samuel and Page (2007) to interpret the relationship between variables as follows:

Table 3.6
The Coefficient Scale and Relationship Strength of Correlation

Coefficient Scale	Relationship Strength
± 0.91 to ± 1.00	Very Strong
± 0.71 to ± 0.90	Strong
± 0.41 to ± 0.70	Moderate
± 0.21 to ± 0.40	Weak
0.00 to ± 0.20	Very Weak

Source: Hair, Money, Samuel and Page (2007)

3.8.3 Regression Analysis

Regression analysis is a set of statistical procedures used to predict and explain the value of dependent variable based on the value of one or more independent variables (Fah and Hoon, 009). Multiple regression analysis is used in this study to analyze the relationship between dependent variable and independent variables. Regression analysis will help to find out the strength of the relationship that exists between dependent variable and

independent variables, if there is a significant relationship between two variables that know through correlation test.

3.9 Conclusions

This chapter has explained the research method for the study. It described how the sample of respondents was obtained, development of the research materials, and the data collection procedure. This chapter also briefly explains the adoption of several analyses such as correlation and regression analysis to test the research hypotheses. The results of the study are reported in Chapter 4.

CHAPTER 4

FINDINGS

4.1 Introduction

Chapter 4 reports results of the study. The chapter begins by reporting the response rate and the demographic characteristics of the participants. It then presents the data screening process. The discussions continue with a report on correlation analysis. The chapter concludes with a discussion on regression analysis.

4.2 Response Rate

A total of 400 questionnaires were distributed between 1st June and 1st July 2014. Respondents were given a week to complete the questionnaire. At the end of the survey period, a total of 200 were returned, yielding a return rate of 50%. Data from 200 participants are usable for further analysis.

4.3 Demographic Characteristics of the Participants

Table 4.1 presents the detailed descriptive statistics of the participants' demographic characteristics. It is noted that 51.5% of the 200 participants in this survey were females. On average, the respondents were 27 years old. Out of 200 participants, 66.5% were single. With regards to highest academic qualification, majority of the respondents

(54.5%) were holding a degree. Majority of the participants (84%) received a salary of RM1500 and above. Out of 200 participants, 55.5% had been with the organization between 1 to 3 years. Most of the participants (20.5%) in this study are working as an administrative assistant and majority of the participants (56.5%) had been with their current positions for 1 to 3 years.

Table 4.1
Demographic characteristics of the participants (n=200)

Descriptive	Frequencies	(%)	Mean	Std. Deviation	Median	Min.	Max.
Gender							
Male	97	48.5					
Female	103	51.5					
Age							
Total	200	100.0	27.01	2.357	27.00	20	30
Marital Status							
Single	133	66.5					
Married	67	33.5					
Divorce/ Separated	0	0					
Qualification							
PMR	0	0					
SPM	36	18.0					
STPM	12	6.0					
Certificate	0	0					
Diploma	43	21.5					
Degree	109	54.5					

Salary		
Below RM900	0	0
RM901- RM 1500	32	16.0
RM1500 - Above	168	84.0
Years With Current Organization		
Less than a year	62	31.0
1-3 Years	111	55.5
4-7 Years	26	13.0
More than 7 Years	1	.5
Current Position		
Operator	37	18.5
Clerk	21	10.5
Marketing	27	13.5
Accountant	16	8.0
Storekeeper	3	1.5
Manager	9	4.5
Supervisor	25	12.5
Administrative assistant	41	20.5
Secretary	21	10.5
Years with current position		
Less than a year	64	32.0
1-3 Years	113	56.5
4-7 Years	22	11.0
More than 7 Years	1	.5

4.4 Data Screening

Prior to the primary analyses, the data were examined for data entry accuracy, outliers, and distributional properties. In this study, data screening was conducted by examining basic descriptive statistics and frequency distributions to identify missing data, outliers, normality, linearity and homoscedasticity.

Descriptive data results showed that there was no missing data found from the 200 returned questionnaires. Twenty-one cases were found to be outlier (1, 13, 30, 31, 32, 47, 60, 77, 84, 108, 113, 114, 125, 130, 131, 133, 148, 152, 198, 200). However, all the cases were retained as the mean values of these cases were similar, and the values were not too different to the remaining distribution.

Normality test is conducted using histograms, skewness and kurtosis. The data appeared to have a normal distribution as the results show none of the variables had skewness greater than .511 or a kurtosis index greater than .659. Besides, all histograms used to check for normality showed that the scores have reasonably normally distributed, implying that data was approximated for all variables at a normal curve.

Lastly, the scatter plot diagrams indicates no evidence of nonlinear patterns for all variables tested in this study and a visual inspection of the distribution of residuals suggested an absence of heteroscedasticity for the variables.

4.5 Correlations Analysis

Table 4.2 presents the means, standard deviations, and Pearson correlations of variables for the 200 participants who participated in the study. The internal consistency reliabilities (Cronbach's Alpha) of the research measures are reported in parenthesis along the diagonal of the correlation table. As shown in Table 4.3, the Cronbach's alpha for the overall HR practices is .97 and the four components of HR practices have satisfactory reliability values ranging from .84 to .99. It is also noted that Cronbach's alpha for perceived organizational support was .97. Overall, the leadership style has Cronbach's alpha of .93. For the three leadership style components, the Cronbach's alpha has satisfactory reliability values ranging from .57 to .96. Finally, intention to stay also has high reliability value of .90.

Overall, the HR practices were positively related to intention to stay ($r = .532, p < .05$). There were also significant positive relationships between all of the HR practices components and intention to stay, with correlation coefficients between .540 and .668. These results imply that the more the employees received training and development, career development, compensation and benefits and performance appraisal, the more they will stay with their organization.

In terms of leadership style, overall there were a significant positive relationship with intention to stay ($r = .572, p < .05$). Table 4.2 also revealed significant positive relationship between all the leadership components and intention to stay, with correlation

coefficients between .611 and .740. These results imply that the higher the leader adopting transformational, transactional and laissez-faire style of leadership, the higher the intention to stay.

The correlation results in Table 4.2 also shows significant positive relationship between perceived organizational support and intention to stay ($r = .591, p < .05$). These findings imply that the higher the employees perceived of the organizational support, the higher the intention to stay with the organization.

Table 4.2
Descriptive statistics, scale reliabilities and correlations of variables

Variables	N	Mean	Std Dev	1	2	3	4	5	6	7	8	9	10	11
1. HR practices - overall	200	4.07	.66	(.97)										
2. Training & Dev	200	4.17	.70	.636**	(.96)									
3. Comp & Ben	200	4.29	.68	.640**	.858**	(.84)								
4. PA	200	4.00	.77	.450**	.824**	.672**	(.99)							
5. Career Dev	200	3.84	.83	.564**	.922**	.736**	.612**	(.95)						
6. Leadership Style - overall	200	3.99	.62	.614**	.918**	.703**	.658**	.843**	(.93)					
7. Transformational	200	4.08	.78	.579**	.760**	.672**	.707**	.629**	.696**	(.96)				
8. Transactional	200	3.62	.55	.577**	.727**	.616**	.672**	.605**	.684**	.971**	(.62)			
9. Laissez-faire	200	4.21	.61	.411**	.641**	.596**	.630**	.508**	.564**	.853**	.747**	(.57)		
10. POS	200	4.37	.74	.511**	.652**	.630**	.584**	.552**	.564**	.803**	.685**	.635**	(.97)	
11. Intention to stay	200	3.32	.75	.532**	.663**	.582**	.668**	.540**	.572**	.740**	.726**	.611**	.591**	(.90)

Note: **Correlation is significant at the 0.05 level (2-tailed); *Correlation is significant at the 0.01 level (2-tailed)

4.6 Multiple Regression Analysis

To test hypotheses 1a, 1b, 1c, 1d, 2, 3a, 4b and 3c, regression analysis was conducted. Results in Table 4.3 showed that 52.5% ($R^2 = 0.525$, $F = 26.3$ $p < .01$) of the variance in intention to stay was significantly explained by training and development, compensation and benefits, career development, and performance appraisal, perceived organizational support, transformational leadership, transactional leadership and laissez-faire. In the model, training and development, career development, transformational leadership and perceived organizational support were found positively associated with intention to stay with training and development ($\beta = .426$, $p < .001$) be the most significant predictor of intention to stay. Therefore, hypotheses H1a, H1d, H2 and H3a were supported. The results demonstrate that Gen Y will stay with the organization if they are given the opportunity for training and development, career development, received support from the organization and have a transformational leader. Thus, these variables were proved to be significantly affecting the intention to stay.

The results also revealed that compensation and benefits and transactional leadership also contribute to intention to stay but in the opposite direction. It has been hypothesized that both compensation and benefits and transactional leadership would positively related to intention to stay among the Gen Y, but both of these variables have been significantly negatively related to intention to stay.

Table 4.3

Regression results of training and development, compensation and benefits, career development, and performance appraisal, perceived organizational support, transformational leadership, transactional leadership and laissez-faire on intention to stay

Independent variables	Dependent variable (Intention to Stay) (Standardized Beta)	Significant (p)	Tolerance	VIF
Training and development	.426	.000**	.338	2.96
Compensation and benefits	-.197	.015*	.382	2.62
Performance appraisal	-.072	.477	.246	4.06
Career development	.300	.004**	.233	4.30
Perceived organizational support	.172	.030*	.404	1.47
Transformational leadership	.254	.010*	.263	3.80
Transactional leadership	-.194	.017*	.386	2.59
Laissez-faire	.075	.319	.441	1.27
F value		26.3		
R ²		.525		
Adjusted R ²		.505		

Note. *p <0.05, **p <0.01

In conclusion, the analysis techniques used in this study such as multiple regressions has able to answer the research objectives and test the proposed hypotheses. Table 4.4 presents the summary of the hypotheses testing.

Table 4.4
Summary of hypotheses testing

Hypotheses	Statement	Findings
H1a	There is a positive relationship between training and development and intention to stay	Supported
H1b	There is a positive relationship between compensation and benefits and intention to stay	Not supported
H1c	There is a positive relationship between performance appraisal and intention to stay	Not supported
H1d	There is a positive relationship between career development and intention to stay	Supported
H2	There is a positive relationship between perceived organizational support and intention to stay	Supported
H3a	There is a positive relationship between transformational leadership and intention to stay	Supported
H3b	There is a positive relationship between transactional leadership and intention to stay	Not supported
H3c	There is a positive relationship between laissez-faire and intention to stay	Not supported

4.7 Conclusions

This chapter described the demographic characteristics of the 200 participants and the results of correlation and regression analyses. The results indicate that only training and development, career development, transformational leadership and perceived organizational support are significantly positively related to intention to stay. The research implications, limitations and direction for future research are discussed in the next chapter, Chapter 5.

CHAPTER 5

DISCUSSIONS, RECOMMENDATIONS AND CONCLUSIONS

5.1 Introduction

In this chapter, findings of the study are discussed in light of the literature reviewed on intention to stay and the hypotheses developed in Chapter 2. The findings, as presented in Chapter 4, are discussed in the sections below. The discussion that follows is organized around the hypotheses presented in Chapter 2.

5.2 Summary of Research

The study was conducted with the aim to investigate the relationship between HR practices such as training and development, compensation and benefits, career development, and performance appraisal, perceived organizational support, leadership style such as transformational leadership, transactional leadership and laissez-faire and intention to stay. To test the research hypotheses, multiple regressions were conducted. Multiple regressions analysis were conducted to test hypotheses 1a, 1b, 1c, 1d, 2, 3a, 3b and 3c which is to test the direct relationship between four components of HR practices namely training and development, compensation and benefits, career development, and performance appraisal, perceived organizational support and three components of leadership style namely transformational leadership, transactional leadership and laissez-faire and intention to stay. The findings revealed that two components of HR practices,

namely training and development and career development were positively related to intention to stay, whereas compensation and benefits were negatively related to intention to stay. Positive relationship was also found between perceived organizational support and intention to stay. As for leadership style, transformational leadership was positively related to intention to stay. But, transactional leadership was negatively related

5.3 Relationship between HR Practices and Intention to Stay

HR practices were measured by training and development, compensation and benefits, performance appraisal and career development. The current research findings indicate that only training and development and career development were positively related to intention to stay. These results were consistent with previous studies conducted by Chiang, Back and Canter (2005), Costen and Salazar (2011) and Chew and Chan (2007). One possible explanation for these results is that Gen Y might regards training and development as way to upgrade their skills and knowledge. Since this group of generation prone to jump from one job to the other, the skills and knowledge that they received through training helps to build their credential when applying for new job.

In terms of career development, Gen Y who participated in this study regards it as motivating factor for them to stay with the organization. This might due to the fact that Gen Y is known to be ambitious and achievement oriented. They have high expectation of their employers and always seek for new challenges. Therefore, by providing them with this career opportunity might motivate them to stay with the organization.

In this study, compensation and benefits was hypothesized to positively related to intention to stay. Surprisingly, the results indicate otherwise. One possible reason for this result might be because Gen Y relates higher pay to higher work responsibility and more work. Gen Y is known for family oriented where they willing to trade high pay for fewer hours so that they can balance their family and work. Another reason might be because the Gen Y regard the position to be more important that high pay. In other words, they are willing to leave the organization if the position that they desired are not offered in the organization. Thus, this might explain the reasons why compensation and benefits failed to attract the attention of the Gen Y in this study to stay with the organization.

5.4 Relationship between Perceived Organizational Support and Intention to Stay

In this study, perceived organization support was found positively related to intention to stay. The current findings support past studies conducted by Tumwesigye (2010); Eisenberger, Pasola, and Davis-LaMastro, (1990); Allen, Shore and Griffeth, (2003); Lavelle, McMahan and Harris (2009); Hussain and Asif (2012). According to Martin (2005), Gen Y always needs to be pampered and nurtured in order to achieve high work performance. They always refer to as emotionally needy and hoping for a constant praise, approval and feedback from their employer and organization. Thus, it is not surprising to find organizational support be one of the motivating factors that had the potential to attract Gen Y to stay with the organization.

5.5 Relationship between Leadership Style and Intention to Stay

In this study, leadership style was measured by transformational leadership, transactional leadership and laissez-faire. The current research findings indicate that only transformational leadership was associated with intention to stay. These findings support previous studies conducted by Gill, Falscher, Shah and Bhutani (2010) and Mohd Zin, Othman and Pangil (2012) where they also found that transformational has influence intention to stay among employees in organization.

One of the reasons why the Gen Y preferred transformational leadership style is that this style of leadership help produces motivation and commitment, create a vision that can transform organizational performance, and enhance ideas and values as well as provide a feeling of justice, loyalty and trust among this generation. As argued by Nguni, Slegers and Denessen (2006) this style of leadership has the potential to influence followers to remain in the organization because it can meet the need of its employee and increase the level of requirements.

In this study, it was hypothesized that transactional leadership would positively related to intention to stay among the Gen Y. However, the current findings indicate the opposite where transactional leadership was negatively related to intention to stay. One possible explanation for this might be due to Gen Y style of working where they prefer more freedom in conducting the work without continuously monitored by the leader. Besides, Gen Y preferred to be pampered and nurtured rather than to be punished in order to

perform in their task. Thus, this type of leadership style might not be suitable to retain many young talents.

5.6 Implications for Practice

The present findings have several implications for management of the organizations. The research results revealed that human resource practices such as training and development and career development contribute to the intention to stay among the Gen Y who participated in this study. Therefore, in order to retain Gen Y in the organization, the management should provide more training and development and the opportunity for career advancement in the organization.

Apart from that, the current findings also demonstrate that transformational style of leadership is more preferred by the Gen Y than transactional and laissez-faire. In this study, transactional leadership was negatively related to intention to stay. Thus, the management of organization are suggested to employ this kind of leadership style when leading the Gen Y in the organization. This is because Gen Y is often been described as a generation that is open-minded and receptive to new ideas and ways of living.

Lastly, the results also imply that organizational support has been regarded to be one of the factors that motivate Gen Y to stay with the organization. Based on this empirical evidence, organization should be focusing more on providing appropriate support to this generation such as feedback and guidance, facilities related to work, and opportunity to enhance knowledge and skills.

5.7 Limitations and Direction for Future Study

There are limitations in the design of this study that might influence the interpretations and generalizations of the findings. These issues are discussed next.

The study was aimed at understanding the influence of HR practices, perceived organizational support and leadership style on intention to stay among the Gen Y, but the study was conducted on manufacturing companies located in Kuching, Sarawak only. The study does not include Gen Y from manufacturing companies in other geographical areas and from other sectors. Thus, the findings only captured perceptions of Gen Y in manufacturing sectors from one geographical area regarding factors that might influence their intention to stay with the organization. Thus, future research needs to extend the exploration of the influence of HR practices, perceived organizational support, and leadership style on other sectors and in other locations which might offers greater understanding on the issues of intention to stay among the Gen Y. Conducting the study in different sectors with different sizes might lead to different results as issues relating to HR practices, perceived organizational support and leadership style might be different in these settings.

Another limitation is that the study only tested three independent variables, namely HR practices (training and development, compensation and benefits, career development, and performance appraisal), perceived organizational support and leadership style (transformational, transactional and laissez-faire) in an effort to understand their relation to intention to stay. Other situational factors that beyond the scope of this study such as

individual factors and working environment were not included in this study. This provides another direction for future research.

In conclusions, despite the limitations in the approach used here and given the exploratory nature of the study, the results provide useful findings that should be of interest both researchers and practitioners.

5.8 Conclusions

This study was conducted with intention to investigate factors that might influence intention to stay among the Gen Y in the organization. The main interest is on the role of HR practices such as training and development, compensation and benefits, career development, and performance appraisal, perceived organizational support and leadership style such transformational, transactional and laissez-faire on intention to stay. The results indicate that factors such as training and development, career development, transformational leadership and perceived organizational support are all related with intention to stay. By examining all these factors, it is hoped that both scholars and management of the organization can have a more complete understanding of factors that might influence intention to stay among the Gen Y.

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