

**HRM PRACTICES AND INTENTION TO STAY:
THE MODERATING EFFECT OF
TRANSFORMATIONAL LEADERSHIP**

FADZLIN ABAS

**MASTER OF HUMAN RESOURCE MANAGEMENT
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TRANSFORMATIONAL LEADERSHIP**

By

FADZLIN ABAS

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Abstract

The purpose of this study is to examine the relationship between Human Resource Management (HRM) practices and the intention to stay. The HRM practices are career development opportunities, performance appraisal and compensation. This study also examines whether transformational leadership as a moderator gives an impact to HRM practices and the intention to stay among lecturers in private college at Johor Bahru. Regression results showed performance appraisal and compensation has a significant and positive relation with intention to stay. Result also indicated transformational leadership as a moderator has a significant and negative relationship between performance appraisal and intention to stay.

Keywords: HRM Practices, Transformational Leadership, Intention to Stay, Private College in Johor Bahru.

Abstrak

Tujuan kajian ini adalah untuk mengkaji hubungan antara amalan Pengurusan Sumber Manusia (PSM) dan niat untuk kekal. Amalan-amalan PSM terdiri daripada peluang pembangunan kerjaya, penilaian prestasi dan pembayaran pampasan. Kajian ini juga mengkaji sama ada kepimpinan transformasi sebagai penyederhana terhadap hubungan antara amalan PSM dan niat untuk kekal dalam kalangan pensyarah kolej swasta di Johor Bahru. Keputusan regresi menunjukkan bahawa penilaian prestasi dan pembayaran pampasan mempunyai hubungan yang signifikan dan positif dengan niat untuk kekal. Keputusan ini juga menunjukkan kepimpinan transformasi sebagai penyederhana yang mempunyai hubungan signifikan dan negatif di antara penilaian prestasi dan niat untuk kekal.

Kata Kunci: Amalan HRM, Kepimpinan Transformasi, Niat Untuk Kekal, Kolej Swasta di Johor Bahru.

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List of Abbreviations

DV	Dependent Variable
HRM	Human Resource Management
IVs	Independent Variables
KYPJ	Kolej Yayasan Pelajaran Johor
MV	Moderating Variable
SPSS	Statistical Package of Social Science

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter is the introduction for the study and will provide an overview of the background of the study, problem statement, research questions, research objectives, significant of the study, scope of the study, definition of key terms and organizational of the study.

1.2 Background of the Study

There is not denying human resource is an important asset in an organization because human resource supports the management team to achieve organization's goals and objectives in order to produce their business functions such as managing cash flow, business transactions and dealing with customers to promote their products and services. According to Johanim, Tan, Zurina, Khulida and Muhammad (2012), without human resource, organizations will not be able to produce their business results and the management will not achieve the organization's vision and mission.

Nowadays, job-hopping or resignation is becoming a trend among employees in any organization. Many researchers have studied the topic of employee intention to leave (e.g: Nurul & Hafizal, 2010; Khairunneezam, 2011; Najaf, Keivan & Shahnaz, 2012;

Mahmoud, Muhammad, Ali, Ferial, 2013; Yin & Franz, 2013). In these studies, the researchers identified many reasons employees harbour the intention to leave the organization. Basically, employees will leave because they are unhappy or dissatisfied with many factors related to the organization.

According to Braham (2012), there are seven factors that influence employees leaving the organization such as workplace not up to their expectation, a mismatch between the job and the person, too little coaching and feedback, too few growth and advancement opportunities, employees feel they are undervalued and unrecognized, stress from overwork and work life imbalance and loss of trust in senior leaders.

Trend of employees' resign from occupation becomes a problem to the organization resulting in the loss of talented employees, loss of organization's sales and profits, loss of customers' satisfaction and loss of business opportunities (Daisy, 2013). Besides, employees' resignations also put pressures on existing employees because they have to carry extra workload, meanwhile the organization also has to bear high cost to recruit and provide training for new employees.

In Malaysia, job-hopping among employees increases from time to time. Employees' turnover is a critical issue for an organization especially in sales and profits because it cannot operate as scheduled. Kelly Services conducted a study regarding an average turnover rate for non-manufacturing companies in Malaysia from July 2010 to June 2011 (Malaysia Employers Federation, 2012).

As shown in Table 1.1, IT/Communication industries recorded the highest annual average turnover with 75.72% followed by Associate/ Societies at 33.00%, Hotel/ Restaurant is 32.40% and the lowest annual average turnover is in the Banking and Finance Industries with only 12.12%.

Table 1.1

Statistic for average yearly turnover rate of non-manufacturing sector in Malaysia from July 2010 to June 2011.

Non-Manufacturing	Annual average
IT/ Communication	75.72%
Associations/ Societies	33.00%
Hotel/ Restaurant	32.40%
Education	29.28%
Transport/ Warehouse Services	26.88%
Medical Services	19.80%
Wholesale/ Retail/ Trading	18.00%
Holdings & Investment/ Plantation	17.40%
Business Services	15.72%
Property/ Construction	15.60%
Banking/ Finance/ Insurance	12.12%

Source : Malaysian Employers Federation (MEF) 2012.

1.3 Problem Statement

The mushrooming of higher education institutions in Malaysia shows that higher education sector is an important sector in Malaysia because it helps the country's economic development, for it to transform into a high income nation by the year 2020. It also impacts productivity and human capital development in Malaysia.

According to Ministry of Education (2014), in Malaysia more than 900,000 students pursuing their higher education in 20 public universities, 79 private universities, 7 branch campus of foreign universities, 30 polytechnics, 80 community colleges and 341 privates colleges. Higher education institutions in Malaysia are involved in teaching as well as conducting research because these institutions also provide professional training to students to prepare them for high-level job requirements and contribute to the development of social economics (Ng'ethe, Iravo & Namusonge, 2012).

Even though higher education institutions in Malaysia are growing and the number of students increase every year, high turnover rate among lecturers still exists. According to Goh (2012), the intention to leave among private lecturers from Malaysia higher education institutions was increased from 10% to 16% in 2009 until 2010. While, Malaysia Employers Federation (2012), recorded the turnover rate in the education sector scored forth highest in turnover rate with 29.28% in 2010 until 2011. Thus, this statistic shows that the turnover rate among lecturers teaching at private higher education institutions in Malaysia increases at an alarming rate every year (Raemah & Rosli, 2011).

This circumstance poses problems to our higher education institutions in the future because lecturers play an important functions in sustaining the quality of education as they serve as the backbone of any successful achievement in higher education institutions. Unfortunately, turnover rate among lectures will affect the students' confidence to the private college or university because private higher education institutions in Malaysia play an essential role in providing quality higher education. According to Uda Nagu (2007) mentioned that private higher education institutions also help in attracting foreign students to study in Malaysia where they contribute up to RM50 million in direct earning to Malaysia annually.

In Johor Bahru, there have 30 private higher education institutions (Ministry of Education, 2014). One of the private colleges in Johor Bahru is Kolej Yayasan Pelajaran Johor (KYPJ). According to Human Resource Department in this college, turnover rate among lecturers always happen in every year. The numbers of lecturers who are resigned are 24, 19 to 17 lecturers from January 2012 until December 2014. Even though there was a decrease number of lecturers who resigned, but the management of this college still concerned with this phenomena because they realized that lecturers is the most important assets and difficult to replace in the organization. Besides, the management also understands the importance to sustain the quality of education provided by their lecturers.

Table 1.2***Reason of lecturers' resignation in year 2014***

Reasons	KYPJ
Better Offer	8
Retirement/ End of Contract	5
Further Studies	3
Health	1
Total	17

Source : KYPJ, Statistic Report Year 2014

As shown in Table 1.2, majority of lecturers with 8 or 47% lecturers are decided to resign in year 2014 because they received better offer from other organization. According to Human Resource Department, this situation happened because most experienced lecturers who stay for a long time in an organization expect that the organization will pay higher compensation for their efforts and hard work to ensure the organization achieves its goals. However, these lecturers who are resigned feels that they are not being rewarded or considered for salary increment, they decided to look for another job at a different organization offering them higher salary and better benefits.

Besides compensation, lecturers who have been continuously producing good outcomes and achieve the KPI's target, yet feel that there are no career development opportunities, will start to look for another job. Lecturers who feel that their jobs are no longer challenging, will finally suffer from boredom or burnout, or that their qualifications, knowledge and skills do not match with the jobs they are doing at that time, will be stressed out in the end. When this happened, organization will lose

talented and experienced lecturers. The management should understand the lecturer's personal objectives, ambitions and assist them to achieve it, either through monitoring, coaching, training or providing hands on experiences on soft and hard projects.

Other arising issue is the unfair or bias in evaluating performance appraisal. Leaders who badly evaluate their lecturers' performance due to the dissatisfaction they feel towards them. In the performance appraisal or review process, leaders annually record his/ her suggestions of the lecturers' performance on a document delivered by the Human Resource (HR) Department. Normally, the leaders evaluate the lecturers' performance based on the most current events that reflect what the leaders can remember and overlook past outstanding performance. This outcome is sometimes demotivate the lecturers.

One of the most important factors that have influence on intention to stay is the interaction transformational leadership style in the organization. Leaders must know how to implement the performance appraisal process because through the evaluation result and constructive feedback from transformational leadership, it will help existing lecturers to be promoted and salary increment. Thus, based on this relationship, existing lecturers will look they have a job secure and influence them to continue working in this college for a long period of time.

Therefore, Human Resource (HR) Department must play a pivotal role to manage HRM practices in the organization because a good practice in HRM functions and implement transformational leadership style in the organization will influence lecturers' intention to stay and also help organizations in making the right decisions when formulating future action plans to support the achievement of business outcomes while sustaining an economical or optimal level of resources.

1.4 Research Questions of the Study

The study targets to answer the following research questions:

- i) Do HRM practices (namely career development opportunities, performance appraisal and compensation) have significant relationship with intention to stay among lecturers in KYPJ?
- ii) Does transformational leadership significantly moderate the relationship between HRM practices (namely career development opportunities, performance appraisal and compensation) and intention to stay among lectures in KYPJ?

1.5 Research Objectives of the Study

The following objectives are to be accomplished:

- i) To determine the relationships between HRM Practices (namely career development opportunities, performance appraisal and compensation) and intention to stay among lectures in KYPJ.
- ii) To examine the moderating effect of transformational leadership on the relationship between HRM practices (namely career development opportunities, performance appraisal and compensation) and intention to stay among lectures in KYPJ.

1.6 Significant of the Study

The main objective of this study is to examine the moderating effect of transformational leadership on the relationship between HRM practices and the intention to stay among lecturers at KYPJ. The purpose of this study is assist readers to better understand and use as this as a guide or information to many of higher education institutions in Malaysia regarding the relationship of HRM practices and intention to stay.

This study is important to the management and HR department in the education industry because through this study, higher learning education institutions are informed of the results of HRM practices and transformational leadership style which might have an influence on the lecturers' intention to stay. Some situations such as career development opportunities, performance appraisal, compensation and intervention transformational leadership in organization may lead to lecturers' intention to stay. There are many factors influencing lecturers to stay in one organisation for example they are given the opportunity to do their best effort to complete their tasks and highly appreciated by their leaders. Some of them feel happy and satisfied when their work is recognized and being trusted to carry out a task.

This study is not only beneficial for the education industry. Leaders in other industries such as hospitality, manufacturing and food can also get a clear picture on the conditions and factor that impact the intention of lecturers and instructors to stay in one organisation. Hence, from the viewpoint of a company or institution, they will recognize the effects of HRM practices and transformational leadership style towards the lecturers' intention to stay in the current organization. Consequently, the management will try to increase the intention to stay among lecturers by paying attention to the HRM practices and transformational leadership.

1.7 Scope of the Study

This study has limitations to discover the three variables; HRM practices, namely career development opportunities, performance appraisal and compensation as independent variables, and transformational leadership as a moderating variable which may have correlation on lecturers' intention to stay at KYPJ.

1.8 Definition of Key Terms

Career Development Opportunities: The opportunities are provided by organizations through career development planning to develop and grow employees' careers (Mathis & Jackson, 2003).

Performance Appraisal: Refer to the formal assessment and rating of individuals by their leader (Armstrong, 2012).

Compensation: Refer to organization pays for the work performed and it tends to reflect the value of the work or skills (Milkovich & Newman, 1999).

Transformational Leadership: Refers to the leadership that drives the development of subordinates' full potentials, higher needs, good value systems, moralities and motivation (Bass & Avolio, 1994).

Intention to Stay: Refer to employee's intention to stay with the current employer for the long term basis (Johanim, Tan, Zurina, Khulida & Mohammad, 2012).

1.9 Organizational of the Study

Chapter 1

This chapter consists of the introduction of the study, problem statement, research objectives, research questions and significance of the study, scope of the study, definition of key terms and organizational of the study.

Chapter 2

In chapter 2, the literature review of the summary from relevant secondary sources of the data. A review of the available literature on intention to stay (dependent variable), HRM practice (independent variables), which includes career development opportunities, performance appraisal, compensation and transformational leadership (moderating variable) are presented. This part focuses on the three variables and linkages between each variable.

Chapter 3

Chapter 3 shows the theoretical framework and also explains the research methodology, research design, measurement, data collection procedures and data analysis techniques, which is the most important subjects in the research project.

Chapter 4

This chapter will discuss the statistical analysis result of the research. It starts with the profile of the respondents, followed by SPSS tests for independent variables, moderating variables and dependent variable.

Chapter 5

This chapter will summarize the research project based on the findings and results on the data analysis via SPSS methodology. It also contains the implication and limitations in completing this research project on the intention to stay among lecturers at KYPJ.

1.10 Conclusion

This chapter has presented the background of the company being studied, identifies the problem statement, research questions, research objectives, the significant of the study and the scope of the study. The study also explains an illustration of the objectives of the study focussing on the relationship between HRM practices, transformational leadership and intention to stay. To fill the gap of the problem statement, the literature review will be discussed in the Chapter 2.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter is devoted to the literature on three variables, which are HRM practices as independent variables, transformational leadership as moderating variable and intention to stay as dependent variable. HRM practices consist of career development opportunities, performance appraisal and compensation. This chapter begins with a review on the intention to stay, HRM practices, career development opportunities, performance appraisal, compensation and transformational leadership.

2.2 Review of the Relevant Literature

This section will discuss the definition of intention to stay, HRM practices, career development opportunities, performance appraisal, compensation and transformational leadership.

2.2.1 Intention to Stay

Intentions refer to the most determinations people will hold before actual actions. There are many definitions of intention to stay. According to Johanim et. al., (2012), intention to stay refers to employees' intention to stay with current employer on long

term basis. While, Coombs (2009) mentioned that intention to stay as the willingness of an employee to work with current employer. Price and Mueller (1981), stated that intention to stay talks about the continue membership in the current organization.

This concept is the opposite of the intention to leave. Whenever an employee does not intention to stay in the current organization, this intention is always followed by turnover behavior (Irvine & Evans, 1995). While, Nurul and Hafizal (2010) mentioned that intention to leave refers to when an employee who harbors the intention to leave the organization, to look for other jobs while giving time estimate before they leave the current organization. Thus, organization should take immediate actions especially to improve their HRM practices before that employee decides to leave the organization.

Most researchers conduct studies on the intention to leave instead of the intention to stay (e.g: Nurul & Hafizal, 2010; Khairunneezam, 2011; Najaf, Keivan & Shahnaz, 2012; Mahmoud, Muhammad, Ali, Ferial, 2013; Yin & Franz, 2013). In the previous studies, researchers not only study the reasons why employees leave the organization but also investigating the factors to successfully influencing employees to stay and the benefit organizations gain with successful employee sustain in the organization.

According to Coombs (2009), previous studies have used the concept of intention to stay as a replacement to describe employee retaining. While, Md Lazim, Siti, & Faizuniah, (2012), mentioned that the concept of the intention to stay is more appropriate in the present study because of the difficulties management faces to sustain their employees in the organization. Therefore, in this study, the researcher

will study intention to stay as a dependent variable and it refers to the desire of lecturers to stay in the organization.

2.2.2 Human Resource Management (HRM) Practices

There are many explanations about HRM practices. According to Mondy and Noe (2005), HRM practices are a set of strategic planning and policies implemented by the management to ensure their talented and experienced employees are effectively and efficiently contributing to the accomplishment of organizational objectives. Jeet and Sayeeduzzar (2014) also mentioned that HRM practices play a vital role in accomplishing the organization's goals and maintain competitiveness.

On the other hand, Appelbaum (2001) mentioned that HRM practices refer to the organizing of people within the internal environment of organization, which involves the activities, policies and practices such as in planning, obtaining, developing, utilizing, evaluating, maintaining and retaining the appropriate numbers of talented employees to achieve the organization's objectives.

There are many functions in HRM such as staffing (recruitment and selection), training and development, employee relations, safety and health, performance management and compensation (Gomez-Mejia, 2012). All these functions can be considered as basic strategies to ensure an organization has a group of talented employees who can support and increase productivity and to achieve the organization's goals.

There are a few researchers have studies the topic of HRM practices (namely, career development opportunities, performance appraisal and compensation) and intention to stay (e.g: Sanjeekumar, 2012; Johanim et. al., 2012; Md Lazim et. al., 2012; Gamage & Herath 2013; Sayyed et. al., 2013). In their studies, the results are not consistent. Some of the results get positive, negative, significant and non-significant relationship between HRM practices and intention to stay.

Therefore, in this study seeks to explore three of the HRM practices (namely career development opportunities, performance appraisal and compensation) as independent variables because researcher want to confirm what is the outcomes of the relationship between HRM practices and intention to stay among the lecturers in KYPJ.

2.2.2.1 Career Development Opportunities

There are various opinions about the term ‘career’. Mathis and Jackson (2003) mentioned the word ‘career’ can be seen from several different perspectives, namely objective and subjective. From a subjective perspective, career is a succession positions held by an individual during his life. While, career from the objective perspective is to change in value, attitude and motivations that happen because a person grows old.

The objective perspective focuses on the individual and assumes that every individual has some level of control over his fate until the individual is able to manipulate the opportunities to maximize success and satisfaction from his or her

career. The opportunities are provided by organizations through career development planning to develop employees' careers (Mathis & Jackson, 2003).

According to Super (1957), there are four career stages, namely establishment, advancement, maintenance and withdrawal. Employees can develop their career through these stages. Career development is the process based on continually assessing, exploring, setting goals and acting (Ginzberg, 1951). Zheng and Kleiner (2001) also mentioned that career development is a lifelong process of becoming aware of exploring and experiencing factors that influence various aspects of a person's life.

The knowledge, skills and attitudes that progress through this path of discovery enable planning and decision making, not only about work exploration and related employment and vocational choices but also about personal management and life or work skills (Johanim et. al., 2012). Career development is part of lifelong learning, in that personal and vocational skills constantly change and expand during a lifetime in response to career changes and emerging opportunities. According to Zheng and Kleiner (2001), career development is a formal approach taken by an organization to ensure that people with proper qualifications and experience are available when needed.

Career development helps organizations avoid the dangers of an obsolescent, unacceptable workforce. Zheng and Kleiner (2001) also asserted that career development provides a future orientation to human resource development activities. As the employees of an organization grow and change, the kinds of work they may

want to do many also change as well. If employers can assist their employees in making decisions about future career, they can better prepare employees to be effective when they take on new positions. When employers understand how their employees make decisions about future carrier, they can do a better job of planning for their human resource needs (Zheng & Kleiner, 2001).

2.2.2.2 Performance Appraisal

Performance management can be defined as a systematic process for improving organizational performance by developing the performance of individuals and teams (Armstrong, 2012). According to Deb (2009), performance management is a process involving performance planning, performance managing, performance appraisal, performance rewarding and performance development.

Performance appraisal is synonymous with performance review, performance evaluation, performance assessment, performance measurement, employee evaluation, personal review and staff assessment (Aggarwal & Thakur, 2013). Notwithstanding the call for performance appraisal, it can be considered as a key for HRM practices with many purposes within organization such as to provide employees with feedback, to monitor employees and to determine individual merit (Gabrics & Ihrke, 2001).

According to Armstrong (2012), performance appraisal can be defined as the formal assessment and rating of individuals by their leader. Similarly, Abdul Aziz (2001) mentioned that performance appraisal is a formal system used by organization to

review and evaluate employees' performance. Usually, in organization performance appraisal will be conducted at least once a year to evaluate how well employees perform their tasks compared with a set of organization's expectations.

Performance appraisal has two forms; formal and informal. According to Dedina and Cejthamr (2005), informal appraisal means continuous evaluation of an employee by his or her superior during the work process. Webb (2004) also mentioned that to be more effective, leaders should incorporate performance review and feedback as part of their daily routine communications with employees.

According to Giangreco, Carugati, Sebastiano & Tamimi (2012), formal employee appraisal is a formal organizational process conducted on a systematic basis in order to enable a comparison between the expected real performances. Formal appraisal also can be defined as a tool or a mode that evaluates the work performance of an employees and an interview in the course of which employees' work performance is evaluated and the employee is given feedback (Kondrasuk, 2011). The performance appraisal's form should have an objective, free from bias and custom-designed to fit the organization needs.

According to Fryer and Haynes (2000), the systematic procedure in performance appraisal can be considered as one of the best methods of evaluating employees. Performance appraisal also can be used to develop and motivate employees (Anthony, Kaemar & Perrewew, 2002). Through performance appraisal practice, employees may be aware of their performance level and realize their weaknesses

through valuable response or feedback from their leaders to take essential steps for improving their performance.

The results of performance appraisal may assist leaders and the management team to decide about increment, bonus, promotions, terminations, transfers, recognition awards and training chances that can influence employees' satisfaction and opportunities for career development (Suhaimi, 2011).

2.2.2.3 Compensation

Generally, compensation can be defined as the payment provided by the organization to employees in a fixed period. According to Mondy and Noe (2005), compensation is a cumulative financial and non-financial rewards payable by organizations as a return for their employees' services. Hasibuan (2006) mentioned compensation as something that is received by the employees as the reward to pay their services in terms of money, either directly or indirectly.

According to Milkovich and Newman (1999), direct financial payments are salaries, wages, incentive bonus and commissions that an organization pays for the work performed and it tends to reflect the value of the work or skills; and indirect financial payment such as insurance to protect the employees during his/ her tenure with the organization.

Besides that, compensation can also be divided into financial rewards and benefit packages. Rewards can be classified into intrinsic or extrinsic. Kreitner and Kinicki (2004) identified that intrinsic reward as self-granted and internally experienced payoffs such as sense of accomplishment, self-esteem and self-actualization.

While, extrinsic rewards are payoffs provided to the individual by other people which include money, promotions, employee benefits, recognition, status symbols and praise. Extrinsic rewards can be categorized into remunerative compensation and relational rewards. Relational rewards are related with the non-money aspects of rewards.

Therefore, it is clear why compensation is an important tool in the organization. It is because compensation can attract talented people to join the organization and to motivate existing employees to enhance their commitment to complete their tasks and reduce their intention of looking for other jobs (Sayyed, Esmaeel & Sahar, 2013).

2.2.3 Transformational Leadership

Transformational leadership refers to the leadership that drives the development of subordinates' full potentials, higher needs, good value systems, moralities and motivation (Bass & Avolio, 1994). Consequently, it brings subordinates to be strong in their unity, goals orientation and beliefs and look forward beyond their self-interests in order to achieve organizational interests (Bycio, Hackett & Allen, 1995).

According to Bartram and Casimir (2007), for the organization which has dynamic working environment, transformation leadership is more appropriate because it leads to the empowered subordinates who are able to make good decision and take immediate actions to achieve the organizational goals. Based on the characteristics and behaviors of transformational leadership, it will be able to foster excellent attitude, personality and character among the subordinates which in turn contribute to the top performance of employees and eventually transform the organizations as a whole.

Basically, the behaviors of transformational leadership are conceptualized by four characteristics which are intellectual stimulation, individualized consideration, idealized influence and inspirational motivation (Bass & Avolio, 1994). First, intellectual stimulation can be understood when the leader stimulates followers to question their own ways of doing things, use of reasons before taking actions and encourages them to try creative and innovative approaches such as interesting and challenging tasks (Bass & Avolio, 1994). In other words, the leader encourages followers' intellectuality. Necessarily, this leader would support followers when they apply creative approaches and identify innovative and proactive methods of facing with issues in the organization. Intellectual stimulation develops in followers of thinking out by themselves and practicing in professional problem solving (Kreitner & Kinicki, 2004).

Second is individualized consideration. According to Kark & Shamir (2002), individualized consideration refers to the role of leader as a mentor by giving special concerns and being as a good listener on individual follower's needs for achievement and growth while encouraging them to take on increasingly more responsibilities especially through the tasks delegation in order to develop their full potential and become really actualized. Practically, leader with individualized consideration performs mentoring programs as a mechanism to assist followers to grow through personal challenges (Kreitner & Kinicki, 2004).

Third is idealized influence. According to Awamleh, Evans and Mahate (2005), idealized influence is also known as charisma, where the leader is admired, respected, and trusted by the followers who are able to accept the challenging goals. Thus, the leader is able to transform followers through the changes of followers' goals, values, needs, beliefs and aspirations (Yukl, 2002). At the same time, this leader openly shows confidence in the capability of followers to meet high performance targets. This is important because subordinates are more likely to be motivated to perform effective and efficient tasks when they are sure they can attain what are being asked of them.

Fourth is inspirational motivation. Inspirational motivation refers to the degree to which leaders articulate visions that are attracting the followers (Bass & Avolio, 1994). A vision states the meaningful needs of the followers which are not only on material rewards but their personal growth as well. By means of inspirational motivation, transformational leader communicates clear expectations to followers

that are instilled in them and makes them desirable to become committed in any action and effort to mutually realize the shared vision in the organization.

Those four characteristics of transformational leadership have been utilized in the form of dimensions in the previous study by Boerner, Eisenbeiss and Griesser (2007), who conducted a study on the direct effect of transformational leadership on organizational performance and follower behavior. Besides, Adnan and Mubarak (2010) study focused on the role of transformational leadership on job and career satisfaction.

Thus, it is obvious that transformational leadership plays an important role to predict various positive outcomes in organizations. According to Mohd, Zulkiflee and Khulidah (2014), some of them like commitment, effectiveness, efficiency, integrity and innovation are known as good characteristics and have been employed as the main construct of outcomes in past studies.

2.3 Relationship between Variables and Intention to Stay

This section will discuss on the relationship among variables.

2.3.1 Relationship between Career Development Opportunities and Intention to Stay

Employees, who feel that they have an opportunity to develop their career, will normally enjoy their job and perform well. However, if their position does not come with career development, the chance for them to find other jobs is high. A career without the possibility to advance in the four stages, namely establishment, advancement, maintenance and withdrawal has a major influence on the employee's intention to leave the organization (Super, 1957).

Usually, in organizations there are limited positions and not everyone can get promoted. When employees have different career opportunities to develop their career, they will have different solutions. For example, an employee who is comfortable with the position may tolerate this kind of situation and continues to work in the organization. But, an employee who is ambitious may not have the intention to stay for a long time in the organization and may leave this job as soon as possible. Hence, everyone will look for other jobs that are close to his or her career development opportunities and it will affect one's decision to stay or leave the job.

According to Zhoutao, Jinxi and Yixiao (2013), employees will stay in the organization when the organization provides the opportunity to develop their career. While, Gamage and Herath (2013) also mentioned that high opportunity for

promotion can encourage employees career development in the organization, and it can ensure the security of the work and long-term future earning such as income and also influences employees to remain in the organization.

Thus, organizations should prepare good career opportunities to employees because they feel that they are contributing to the organization. This will make them be more engaged with their job and will be less likely to leave the organization. Likewise, employees who feel that they have higher chances of promotion are more likely to stay with the organization, rather than leave the organization. Importantly, career development opportunities not only give the employees a sense of appreciation and gratitude, but also will influence their decision on remaining in or leaving the organization.

2.3.2 Relationship between Performance Appraisal and Intention to Stay

Performance appraisal clearly has an effect on employees' performance. Through the fair process in performance appraisal, employees can be more productive and committed to perform their tasks. According to Erdogan (2002), employees are likely to perceive the appraisal process as fair, if they are accurately rated against the performance standards and fair actions are taken in accordance with the evidences of appraisal. Therefore, employees' work behavior such as intention to stay can reflect in their perception of performance appraisal. Dailey and Kirk (1992) found that effective performance appraisal and planning systems contributed to employee's perceptions of fairness and they were more likely to consider staying at the organization.

Employees who feel that they are being treated fairly by the employers are more likely to stay with their job, compared to those who feel that they have been unfairly treated by their employers (Afshaenejad & Maleki, 2013). Based on the abovementioned findings, it can be summarized that performance appraisal and achievement have an impact on employees' performance as well as their intention to remain in the organization.

2.3.3 Relationship between Compensation and Intention to Stay

Past studies have shown the positive relationship between compensation and intention to stay (Sanjeekumar, 2012; Md Lazim, Siti & Faizuniah, 2013; Gamage & Herath, 2013). Employees who are satisfied with the total of compensation are more important and more closely related with overall satisfaction (Lovett, Coyle & Adam, 2004). Thus, it is not surprising if compensation becomes a major reason why employees remain in the organization.

According to Tzeng (2002), employees who are not satisfied with the compensation they receive are significantly related to incidence of organizational stress and depression, productivity loss and high intention to leave. Thus, it is very important for organizations to provide equitable compensation systems because it will influence employees' positive attitude towards the organization such as performing well in their tasks and willing to remain in the organization.

2.3.4 Relationship between Transformational Leadership and Intention to Stay

The behavior of transformational leadership is positively related with the employees' intention to stay (Avolio, Zhu, Koh & Bhati, 2004). Transformational leadership highlights to empower followers, the change process of followers and they motivate and focus on employee's needs (Rothfelder, Ottenbacher & Harrington, 2013). According to Gill, Flaschner, Shah and Bhutani (2010), transformational leadership increases the employees' job satisfaction by clarifying their roles and empowering them. Therefore, to increase employees' intention to stay, level of transformational leadership plays an important role as compared to other leadership styles (Chih & Lin, 2009).

There is only a handful research which studies the relationships between transformational leadership and intention to stay among lecturers. However, Md Lazim et al., (2012) mentioned in their study that managerial consideration for the employees' needs, motivation and well-being can encourage employees to stay in the organization. Thinking along the same line, Bass and Avolio (1994) also believed that transformational leadership increases employee motivation to stay through exchange values and gives personal advice, attention and opportunity.

2.4 Transformational Leadership as a Moderator

Transformational leader focuses on enhancing the follower's performance and development because they realized with four characteristics in transformational leadership, namely, idealized influence or charisma, inspirational motivation, intellectual stimulation and individual consideration (Bass & Avolio, 1994). In order to unravel a conceptual model that is powerful and has an explanatory ability, such as functional and mechanistic explanations which clearly state how and why the relationship between HRM practices and employees' intention to stay exist, this study needs to explore transformational leadership as a moderator to look whether intervention transformational leadership between HRM practices and intention to stay can influence employees to stay or leave the organization.

According to Zeeshan and Sarwar (2014), analysis to test transformational leadership as a moderator is to examine either strengthen or weaken the relationship between two variables. This study attempts to identify the variable that will enhance the relationship between HRM practices and employees' intention to stay. Hence, the important variable that can potentially influence this relationship is transformational leadership. For example, the study of Bizhan, Saeid and Vahid (2013), showed transformational leadership style significantly enhances the employees' satisfaction which means employee's performances also improves and also influence their intention to stay in the current organization.

According to Given (2008), transformational leadership creates a learning environment and motivates followers to enhance their knowledge, skills and abilities through formal programs. Training programs not only enhance knowledge, skills and abilities (KSA's) of employees but also provide them the opportunity to get promoted in the organization (Zeeshan and Sarwar, 2014). Hence, transformational leader promotes the concept of internal career opportunities for employees, such as growth and promotion opportunities that put them in competition to learn and enhance their work performance (Sosik, Godshalk & Yammarino, 2004). Transformational leader defines the clear career path for employees. Career development opportunities also ensure a long-term future for employees, who wish to stay longer in the organization.

Transformational leader ensure to employees for long term association with organization. And transformational leader guarantee job security even if company is facing financial problems. This economic security motivates employees to perform beyond what is expected. Transformational leadership clearly explains to employees how they will rewarded on achievement of objectives (Rothfelder et. at., 2013). According to Md. Lazim et. al., (2013) the transformational leadership style effect the employees' intention to stay through intervening role and transformational style create a sense of meaning among employees after sharing vision and aligning the tasks of employees that in turn improves the job satisfaction level of employees.

2.5 Conclusion

This chapter has reviewed past literature on factors that influence employees' intention to stay with the organization. The chapter has discussed the definition of intention to stay, HRM practices, compensation, career development opportunities, performance appraisal and transformational leadership. Besides, relationship between HRM practices, compensation, career development opportunities, performance appraisal and transformational leadership to intention to stay are also discussed in this chapter. The following chapter, Chapter 3 describes the research framework and method for this study.

CHAPTER 3

METHODOLOGY

3.1 Introduction

This chapter presents a description of the research design and methodology used in this study. It also provides an overview of the research, an explanation of the instrument selected for data gathering, the population and sample and also the survey procedure used.

3.2 Research Framework

Based on the literature reviewed, the research framework is indicated as Figure 3.1. There are three groups of the variables; independent variables, moderating variable and dependent variable. The independent variables are HRM practices, namely career development opportunities, performance appraisal and compensation. The moderating variable is transformational leadership and dependent variable is intention to stay.

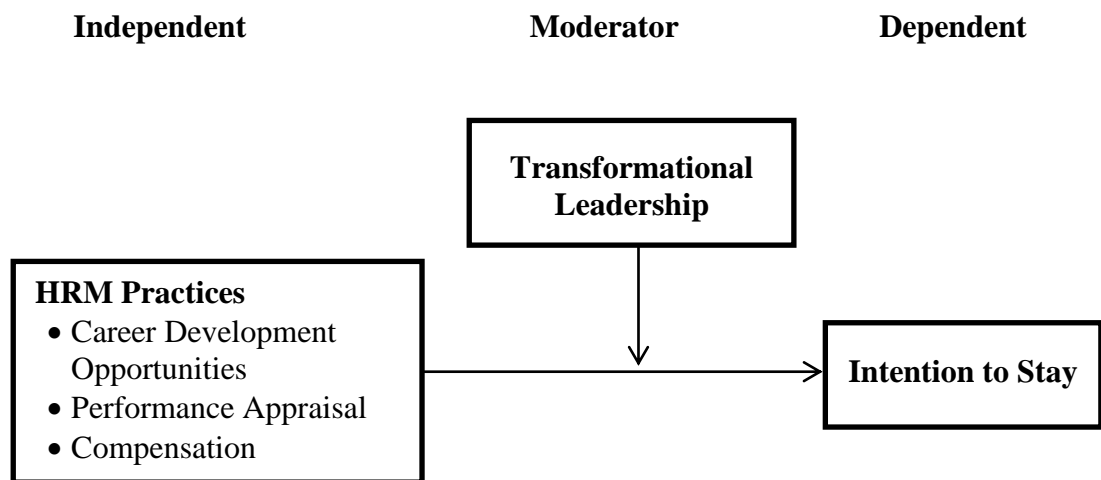


Figure 3.1 : Research Framework

3.3 Hypotheses Development

Based on research framework there are three hypotheses to examine, namely;

H1 : There is a significant and positive relationship between HRM practices and intention to stay.

H1 (a) : There is a significant and positive relationship between career development opportunities and intention to stay.

H1 (b) : There is a significant and positive relationship between performance appraisal and intention to stay.

H1 (c) : There is a significant and positive relationship between compensation and intention to stay.

H2 : Transformational leadership will moderate the effect on intention to stay with respect to HRM practices.

H2 (a) : Transformational leadership will moderate the effect on intention to stay with respect to career development opportunities.

H2 (b) : Transformational leadership will moderate the effect on intention to stay with respect to performance appraisal.

H2 (c) : Transformational leadership will moderate the effect on intention to stay with respect to compensation.

3.4 Research Design

The purpose of this study is to investigate whether there is a significant and positive relationship between HRM practices and intention to stay; and whether transformational leadership positively moderate the relationship between HRM Practices and intention to stay among lecturers in KYPJ. This study used correlation in nature because the primary objective is to identify variables that might influence intention to stay. According to Isaac & Micheal (1990), the purpose of the correlation study is to investigate the relationship to which variations in one factor correspond with variations in one or more factors based on the correction coefficient. This correctional study was conducted cross-sectionally, meaning that all study variables were measured at the same point of time.

In addition, relationships between HRM practices (IVs), transformational leadership (MV), and intention to stay (DV) will be examined by testing the hypothesis. According to Sekaran (2003), testing hypothesis may be accomplished with both quantitative and qualitative techniques. In this study, quantitative technique was employed for data collection, analysis and interpretation. Quantitative method is a frequently used technique in education and behavioural sciences for collection of data (Isaac & Micheal, 1990). Self-administrated questionnaires were used to collect data concerning each study variable.

3.4.1 Sources of Data

Primary data was used in this study. Primary data source is the first hand information obtained by the researchers. Thus, the questionnaires are used as a research instrument and distributed to all lecturers at KYPJ.

3.4.2 Unit Analysis

The unit of analysis is at the individual level among lecturers at KYPJ.

3.4.3 Population Frame

The population of this study covers all lecturers in KYPJ. The number of lecturers was obtained from the Human Resource Department. Currently, the number of lecturers in KYPJ is 125.

3.4.4 Sample

Sample design and sampling size are crucial because a proper sampling design and size helps the researcher to draw conclusions that would be generalized to the population of interest. The sample size can be based on the size of population by referring to the Table of Sample Size by Sekaran (2003).

According to Sekaran (2003), the total number of lecturers in KYPJ is 125 and the sample size should be 95. But, for this study, a total of 125 questionnaires were distributed among the lecturers in KYPJ.

Since number of population quite small, 125 questionnaires are distributed. According to Zainudin (2012), this approach as consider as a census. A census is an investigation of all elements that make up the population. A census is appropriate when the budget amount is large and the time completion is long. However, census is unrealistic if the population is large; when high variance in terms of the characteristics of population (Zainudinm, 2012).

3.5 Measurement

To ensure the research is conducted effectively and efficiently, the details of the procedures of obtaining information are needed in conducting the study in order to solve the problem. The dependent variable in this study is intention to stay. The independent variables in this study are HRM practices (career development opportunities, performance appraisal and compensation). The moderating variable of this study is transformational leadership.

The questionnaire consists of two sections. Section A consisted of information regarding seven demographic backgrounds of the respondents, such as gender, age, race, marital status, educational level, monthly income and length of service. Section B encompassed 36 items measuring HRM practices concerning career opportunities (3 items), performance appraisal (5 items), compensation (5 items), transformational leadership (20 items) and intention to stay (3 items). The measures used in this study were adapted from various sources in the literature.

The five-point Likert scale is used to measure the variables. A rating scale from 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree) and 5 (strongly agree) were used. In order to answer the questionnaire, respondents must select their choice of answer based on the five-point scale. It is easier for the respondents to understand the format to produce more accurate answers. Table 3.1 shows the summary of the measures used in this study.

Table 3.1
Measures of the study

Variables	Sources	No of items
<i>Independent</i>		
HRM Practices		
• Career development opportunities	Adapted from Delery and Doty (1996)	3
• Performance Appraisal	Adapted from Muhammad, Muhammad & Furrakh (2011).	5
• Compensation	Adapted from Muhammad, Muhammad & Furrakh (2011).	5
<i>Moderating</i>		
Transformational Leadership	Adapted from Bass and Avolio (1995).	20
<i>Dependent</i>		
Intention to Stay	Adapted from Coombs (2009).	3

3.5.1 Intention to Stay

The dependent variable, intention to stay, is measured using a three-item measurement with five-point Likert Scale as shown in the Table 3.2.

Table 3.2

Items Constituting the Intention to Stay

Variable	Operational definition	Items
Intention to Stay	Perception of the employee's intention to stay with the current employer for the long term basis.	1. I have the desire and intend to remain working at this college. 2. I plan to continue working for this college in the future. 3. For me, continuing to work for this college is very likely.

3.5.2 HRM Practices

The independent variables which consisted of career opportunities, performance appraisal and compensation were all measured using five-point Likert Scale as shown in Table 3.3.

Table 3.3***Items Constituting the HRM Practices***

Variables	Operational definitions	Items
Career development opportunities	Perception pertaining to career paths, career aspirations and promotion in this college.	<ol style="list-style-type: none"> 1. I have clear career paths within this college. 2. I have very little future within this college. 3. My career aspirations within this college are known by my head of program/ department.
Performance Appraisal	Perception of the formal assessment and rating of individuals in this college.	<ol style="list-style-type: none"> 1. My performance is measured on the basis of objective quantifiable results (e.g: number of teaching credit hours/ numbers of research done). 2. Appraisal system in this college is growth and development oriented. 3. I am provided performance based feedback and counselling. 4. I have faith in the performance appraisal system of this college. 5. Appraisal system in this college has a strong influence on individual and team behaviour.
Compensation	Perception of the payment of the salary based on performance and it tends to reflect the value of the work or skills.	<ol style="list-style-type: none"> 1. In our college, job performance is an important factor in determining the employees' incentive. 2. In our college, salary and other benefits are comparable to the market. 3. In our college, pay is decided on the basis of knowledge, skills and ability of the academia. 4. In our college, the pay for all academia is directly linked to his/her performance. 5. In our college, profit sharing is used as a mechanism to reward high performance.

3.5.3 Transformational Leadership

Transformational leadership as a moderator is a measure using five-point Likert Scale as shown in the Table 3.4.

Table 3.4

Items Constituting the Transformational Leadership

Variable	Operational definition	Items
Transformational leadership	Perception the characteristic in transformational leadership style in their college, namely: i) Intellectual stimulation ii) Inspiration motivation iii) Individualized consideration iv) Idealized influence	1. My head of program/department re-examines critical assumptions to question whether they are appropriate. 2. My head of program/department seeks differing perspectives when solving problems. 3. My head of program/department gets me to look at problems from many different angles. 4. My head of program/department suggest new ways of looking at how to complete assignment. 5. My head of program/department talks optimistically about the future. 6. My head of program/department talks enthusiastically about what needs to be accomplished. 7. My head of program /department articulates a compelling vision of the future. 8. My head of program/department express confident that goals will be achieved. 9. My head of program/department spends time teaching and coaching me.

Variable	Operational definition	Items
		<ul style="list-style-type: none"> 10. My head of program/ department treat me as an individual rather just as a member of a group. 11. My head of program/department considers me as having different needs, abilities and aspirations from others. 12. My head of program/department helps me to develop my strengths. 13. My head of program/department talks about their most important values and beliefs. 14. My head of program/department instils pride in me for being associated with him/ her. 15. My head of program/department specifies the importance of having a strong sense of purpose. 16. My head of program/department goes beyond self-interest for the good of the group. 17. My head of program/department considers the moral and ethical consequences of decisions. 18. My head of program/department displays a sense of power and confidence in organization. 19. My head of program/department emphasizes the importance of having a collective sense of mission. 20. My head of program/department provides me with assistance in exchange for efforts.

3.6 Data Collection and Administration

In this study, questionnaire surveys were used as the main tool to collect primary data from the respondents. The advantages of using questionnaire include the relatively low cost and the facts of anonymity among respondents that will lead to more open and truthful responses. Researcher distributed questionnaire consisted of 43 items to the lecturers as a target respondents and collected personally from them. The questions were written in English.

Before the study was conducted, the researcher obtained permission from HRM manager to conduct the research. Approximately 125 sets of questionnaire were prepared for distribution. The respondents were given ample time about 15 minutes to answer the questionnaires. The questionnaires were distributed on 22nd March 2015 to all targeted lecturers in KYPJ, Johor Bahru, approximately 125 sets of questionnaires and collected progressively and personally on 26th March 2015.

3.7 Data Analysis Techniques

From the questionnaire, a few procedures would be performed such as checking the data for accuracy. Besides that the questions were coded to enable for analysis using Statistic Package for the Social Science 20 (SPSS 20).

This is followed by the examination and presentation of the demographic profile of respondents using Descriptive Statistic. According to Sekaran (2003), descriptive analysis refers to the transformation of the raw data into a form that will make them easy to understand and interpret.

Secondly, factor analysis was used to reduce the number of items to a smaller set of factor and identify the underlying structure in the variables (Hair, Black, Babin, Anderson & Tatham, 2006). The criteria used by Hair et. al., (2006) were adapted to identify and interpret the factors. Each item should loading above .50 and cross loading below .30.

Third, the reliability test would be run to examine the Cronbach's Alpha testing. According to Sekaran (2003), Cronbach's Alpha should be used as it is the most well accepted reliability test tools applied by social researcher. Cronbach measures;

1. Reliability less than 0.6 considered poor.
2. Reliability in the range 0.7 is considered to be acceptable.
3. Reliability more than 0.8 are considered to be good.

Fourth, normality test would be conducted to check whether the skewness and kurtosis are normal or otherwise not. According to Thabachnick and Fidell (1996), the skewness and kurtosis below a critical value of 3.3 are accepted.

Next, in order to determine whether there are significant relationships among the variables, Correlation Coefficient analysis would be carried out. The scale suggested by Davis (1971) used to describe the relationship between independent variables, moderating and dependent variable, are shown below:

1. 0.7 and above – very strong relationship,
2. 0.50 to 0.69 – strong relationship,
3. 0.30 to 0.49 – moderate relationship,
4. 0.10 to 0.29 – low relationship and
5. 0.01 to 0.09 – very low relationship.

Finally, Hierarchical Regression Analysis would be conducted to examine three dimensions in HRM practices (career development opportunities, performance appraisal and compensation), transformational leadership and intention to stay among lecturers in KYPJ.

3.8 Conclusion

This chapter has explained the research framework, hypotheses, research design location of the study, instruments of the study and selection of respondents. The next chapter will show the findings of the study.

CHAPTER 4

FINDINGS

4.1 Introduction

This chapter presented the results of the data analysis. The data were analysed using the SPSS (Version 20) statistic package. The presentation of this chapter would be as follows. First, the profile of respondents would be highlighted based on their demographic characteristics. Second, the results of goodness of measurement using factor and reliability analysis are demonstrated. This is followed by descriptive statistics are also provided. Finally, the results of hypotheses testing using regression analyses are shown.

4.2 Responses Rate

A total of 125 questionnaires were distributed to the lecturers in KYPJ, Johor Bahru. Of these, 103 questionnaires returned were used for further analysis (Table 4.1) and the usable responses were 82.40%.

Table 4.1***Survey responses***

	Total	Percentage (%)
Distributed questionnaires	125	100.00
Collected questionnaires	103	82.40
Uncollected questionnaires	22	17.60
Useable questionnaires	103	82.40

4.3 Respondent Demographic Profile

Table 4.2 showed the number of respondents that had done the questionnaire. There were total of 103 respondents from KYPJ. The numbers of female respondents were more than the male respondents. There were 27 respondents male which represented 26.20% of total respondents and 76 respondents were female which represented 73.80% of total respondents.

Age category of respondents were being classified into five categories; 20-30, 31-40, 41-50, 51-60 and above 60 years. Majority of the respondents were between 20-30 years old which were amounted 53.40% (55 lecturers) of total amount of respondents and all the respondents were Malay which consisted of 100 % (103 lecturers).

Most of respondents were married which consisted of 62.10% (64 lecturers) of the total of respondents, 35.90% (37 lecturers) were single status and 1.90% (2 lecturers) of the total of respondents were divorced.

In educational level, majority of respondents had highest education completed in Bachelor Degree which was 59.20% (61 lecturers). In monthly income, most of respondents' salary were RM1,500 – RM2,000 which was 45.60% (47 lecturers).

Based on length of service in their organization, majority of respondents had worked in the organization for 1-3 years which was 33.00% (34 lecturers) of the total respondents, followed by 24.30% (25 lecturers) had worked between 4-6 years, and the lower percentage lecturers with 3.9% (4 lecturers) had worked in 7-9 years.

Table 4.2
Respondents' Demographic Profile

Demographic Profile	Frequency	Percentage (%)
Gender		
Male	27	26.20
Female	76	73.80
Age		
20-30 years old	55	53.40
31-40 years old	30	29.10
41-50 years old	12	11.70
51-60 years old	4	3.90
Above 60 years	2	1.90
Race		
Malay	103	100.00
Marital Status		
Single	37	35.90
Married	64	62.10
Divorced	2	1.90
Educational Level		
Diploma and below	19	18.40
Bachelor Degree	61	59.20
Master's Degree	22	21.40
PHD	1	1.00
Monthly Income		
Lower than RM1,500	8	7.80
RM1,500 – RM2,000	47	45.60
RM2,001 – RM3,000	26	25.20
RM3,001 – RM4,000	11	10.70
More than RM4,000	11	10.70
Length of Service		
Less than 1 year	17	16.50
1 year – 3 years	34	33.00
4 years – 6 years	25	24.30
7 years – 9 years	4	3.90
10 years – 12 years	11	10.70
More than 12 years	12	11.70

4.4 Data analysis

This section will discuss the result of the statistical analysis, including factor analysis, normality test, reliability test, correlation and regression analysis.

4.4.1 Factor Analysis for HRM Practices

In this study, factor analysis was used to reduce the number of items to a smaller set of factor and identify the underlying structure in the variables (Hair, Black, Babin, Anderson & Tatham, 2006). The criteria used by Hair et al (2006), were adapted to identify and interpret the factors. Each item should loading above .50 and cross loading below .30. Thirteen items were used to measure HRM practices: 3 items relating to career development opportunities, 5 items relating to performance appraisal and 5 items for compensation.

Principal components analysis with varimax rotation was used to determine how many factors were appropriate and which items belonged together. Initial results of the analysis on the 13 HRM practices items indicated that 5 items were removed due to loading above .50 and cross loading below .30, namely CO1, CO2, CO3, Compen1 and Compen2. Thus, the final model consists of 8 items. Table 4.3 shows the factor analysis for HRM practices, factor 1 represent performance appraisal and factor 2 represent compensation. The full SPSS is provided in Appendix E.

Table 4.3***Result of Factor Analysis on HRM Practices***

Items	Factor 1	Factor 2
PA1	.793	
PA2	.796	
PA3	.769	
PA4	.771	
PA5	.687	
Compen3		.886
Compen4		.930
Compen5		.859
Total Variance Explained	69.43%	
KMO	.796	

As shown in Table 4.3, the KMO measure of sampling adequacy value for the items was .796. Indicating that the items were interrelated and they showed common factor. Result of the factor analysis indicated the existence of a two factors with eigenvalues greater than one that explained 69.43% of the variance.

4.4.2 Factor Analysis for Transformational Leadership

Twenty items were used to measure moderating variable, namely transformational leadership. Principal components analysis with varimax rotation was used to determine how many factors were appropriate and which items belonged together. Initial results of the analysis on the 20 transformational leadership items indicated that 9 items were removed with loading above .50 and cross loading below .30, namely TL1, TL2, TL3, TL4, TL10, TL12, TL13, 18 and TL19. Thus, the final model consists of 11 items. Table 4.4 shows the factor analysis for Transformational Leadership. The full SPSS is provided in Appendix F.

Table 4.4

Result of Factor Analysis on Transformational Leadership

Items	Factor 1
TL5	.801
TL6	.812
TL7	.804
TL8	.832
TL9	.773
TL11	.715
TL14	.776
TL15	.805
TL16	.847
TL17	.840
TL20	.787
Total Variance Explained	63.99%
KMO	.927

As shown in Table 4.4, the KMO measure of sampling adequacy value for the items was .927. Indicating that the items were interrelated and they showed common factor. Result of the factor analysis indicated the existence of a single factor with eigenvalues greater than one that explained 63.99% of the variance.

4.4.3 Factor Analysis for Intention to Stay

Three items were used to measure dependent variable, namely intention to stay. Principal components analysis with varimax rotation was used to determine how many factors were appropriate and which items belonged together. Initial results of the analysis on the 3 intention to stay items indicated that all the items were remain with loading above .50 and cross loading below .30. Table 4.5 shows the factor analysis for intention to stay. The full SPSS is provided in Appendix G.

Table 4.5
Result of Factor Analysis on Intention to Stay

Items	Factor 1
ITS 1	.888
ITS 2	.951
ITS 3	.946
Total Variance Explained	86.24%
KMO	.725

As shown in Table 4.5, the KMO measure of sampling adequacy value for the items was .725. Indicating that the items were interrelated and they showed common factor. Result of the factor analysis indicated the existence of a single factor with eigenvalues greater than one that explained 86.24% of the variance.

4.4.4 Reliability Test

This study used Cronbach's Alpha to test the reliability of the instruments used. The Cronbach's Alpha values of each variable were illustrated in Table 4.6 below:-

Table 4.6

Reliability Test on Instrument Results of the Variables

Variables	No of items	Cronbach's alpha
Performance Appraisal	5	.834
Compensation	3	.892
Transformational Leadership	11	.943
Intention to Stay	3	.920

Table 4.6 showed the cronbach's alpha values for independent variables (performance appraisal and compensation), moderating variable (transformational leadership) and dependent variables (intention to stay) which were between the range of .83 and .94. This reflect an acceptable range of reliability results of the all the variables. According to Sekaran (2003), reliabilities with less than .60 are deemed poor while those in the range of .70 are acceptable and that above .80 is considered good. Hence, the internal consistency reliability of the measure used in this study can be considered to be good.

4.4.5 Descriptive Analysis

This study used descriptive analysis to test the mean and standard deviation of the independent variables, moderating variable and dependent variable. The mean, standard deviation values, skewness and kurtosis of each variable were illustrated in Table 4.7.

Table 4.7

Descriptive Statistics of the variables.

Variables	Mean	Std. Deviation	Normality	
	(M)	(SD)	Skewness	Kurtosis
Performance Appraisal	3.30	.62	-1.89	2.16
Compensation	2.83	.92	-1.29	-1.21
Transformational Leadership	3.34	.65	-1.91	-0.86
Intention To Stay	3.38	.80	-3.13	2.86

Table 4.7 showed the results of mean and standard deviation for IV (performance appraisal and compensation), MV (Transformational Leadership) and DV (Intention to Stay). All variables were valuated based on a five-point Likert scale. The results showed that the mean (M) and standard deviation (SD) for performance appraisal (M=3.30, SD= .62), compensation (M=2.83, SD= .92), transformational leadership (M=3.34, SD= .65), and intention to stay (M=3.38, SD= .80). The results showed that intention to stay had the highest means with (M=3.38) and compensation had the highest standard deviation with (SD=.92).

Table 4.7 also showed the value of skewness and kurtosis for performance appraisal, compensation, transformational leadership and intention to stay. These values were calculated to determine the normality of the distribution of the scores of these variables. To test whether the distribution's skew significantly deviate from the normal distribution, the value for skew was divided by the standard error of the skew. In this study, the skewness values for performance appraisal, compensation, transformational leadership and intention to stay in range between -3.13 and -1.29.

A similar procedure was conducted for kurtosis, which is the value for kurtosis was divided by the standard error of the kurtosis. In this study, the kurtosis values for performance appraisal, compensation, transformational leadership and intention to stay in range between -1.21 and 2.86. As indicated in Table 4.7, all variables, namely performance appraisal, compensation, transformational leadership and intention to stay had value for skewness and kurtosis below a critical value of 3.3 as suggested by Tabachnick and Fidell (1996).

4.4.6 Correlation Analyses

Correlation test was conducted to determine the relationship between variables; performance appraisal and compensation as independent variables, transformational leadership as moderating variable and intention to stay as dependent variable. Table 4.8 showed the result of correlation test;-

Table 4.8

Correlation between variables.

Variables	PA	Compen	TL	ITS
Performance Appraisal	-	-	-	-
Compensation	.34**	-	-	-
Transformational Leadership	.58**	.47**	-	-
Intention to Stay	.37**	.43**	.47**	-

Note : N = 103, ** Correlation is significant at the 0.01 level (1-tailed).

As shown in Table 4.8, there were significant and positive relationship between performance appraisal, compensation, transformational leadership and intention to stay. All the coefficient values were positively correlated with each other. Transformational leadership and performance appraisal is the highest significant relationship of correlation value ($r = .58$, $p < 0.01$). Followed by two relationships; transformational leadership and intention to stay, and transformational leadership and compensation with correlation value ($r = .47$, $p < 0.01$).

Next, intention to stay and compensation recorded of correlation value ($r=.43$, $p<0.01$). The second last lower is correlation between intention to stay and performance appraisal with ($r=.37$, $p<0.01$). The weak correlation is relationship between variable compensation and performance appraisal with value ($r=.34$, $p<0.01$).

4.4.7 Hierarchical Regression Analysis

Hierarchical multiple regression was used to examine the relationship between performance appraisal and compensation (IVs), transformational leadership (MV) and intention to stay (DV). According to Hair et. al., (2006), multiple regression analysis was considered appropriate for this study because it has the ability to show the relationship between continuous and categorical independent variables and a single dependent variable. The results were shown in Table 4.9 as below.

Table 4.9

Result of Hierarchical Regression Analysis of HRM Practices and Transformational Leadership on Intention to Stay.

Predictor	Model 1		Model 2		Model 3	
	Unstd	Std	Unstd	Std	Unstd	Std
Step 1:						
HRM Practices						
Performance Appraisal	.97	.25***	.45	.12	.37	.10
Compensation	.90	.35***	.67	.26***	.73	.28***
Step 2:						
Transformational Leadership			1.1	.29***	1.08	.29**
Step 3:						
Performance Appraisal x Transformational Leadership					-1.32	-.22**
Compensation x Transformational Leadership					.46	.12
R ²	.24		.29		.32	
ΔR ²	.24		.05		.03	
ΔF	15.77***		6.49 **		2.36*	

Note: *p<.10, **p<.05, ***p<.01

Table 4.9 shows the moderating effect of transformational leadership in KYPJ on intention to stay with respect to HRM practices (performance appraisal and compensation). The set of independent variables of two HRM practices entered at step 1 accounted for approximately 24% of the variance in intention to stay. These variables accounted for the largest change in R square. Thus, performance appraisal was significantly and positively contribute to intention to stay ($\beta=.25$, $p<0.01$) and compensation was significantly and positively contribute to the intention to stay ($\beta=.35$, $p<0.01$). Hence, hypothesis H1 (b) and H1(c) are accepted.

The interaction (between transformational leadership and the two HRM Practices) entered at step 3 produced an R square change of 3%. Of the three set of variables (predictor, moderator and interaction) entered, all variables produced significant F-test, $F=15.77$, $p<.01$, $F=6.49$, $p<.05$, $F=2.36$, $p<.10$. This means that all variables significantly to intention to stay. The moderating effect of transformational leadership on the relationship between HRM Practices and intention to stay in this model is considered acceptable.

The present results showed that of the two interaction terms, only the interaction between transformational leadership and performance appraisal was found to affect intention to stay profitability significantly ($\beta= -.22$, $p<0.05$). However, although the moderating effect is observed, the hypothesis H3(b) is not supported since the interaction impact on intention to stay is negative.

4.5 Conclusion

This chapter had presented the results of the analyses. The analyses were carried out using the factor analysis, reliability, correlation and hierarchical regression analysis. From the above finding, the factor analysis showed only 22 of 36 items run for further analysis.

Cronbach's Alpha value for independent variables (performance appraisal and compensation), moderating variable (transformational leadership) and dependent variable (intention to stay) were considered acceptable and good relationship.

Correlation analysis concluded that all the variables were significant and positively correlated to intention to stay and the result from hierarchical regression analysis indicated that performance appraisal and compensation was significant and positive with intention to stay.

Even though interaction transformational leadership and performance appraisal is significantly but they are negatively relationship. While, for performance appraisal and interaction between transformational leadership and compensation did not influence employee's intention to stay.

CHAPTER 5

DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

The chapter was summarized and concluded the findings of the study. The objectives of this study were to determine the relationship between three variables, namely HRM practices as independent variables, transformational leadership as moderating variable and intention to stay as dependent variable. It also included the significance of the research, practical implication, limitation of the research and recommendations for future research.

5.2 Discussion of the Research Findings

The discussion of this study was based on the research objective developed as well as literature review that had been mentioned in the earlier chapter.

5.2.1 Objective One - To determine the relationships between HRM Practices and intention to stay among lecturers in KYPJ.

The regression result (Table 4.9) indicated that performance appraisal and compensation were significantly and positively related to intention to stay.

5.2.1.1 Relationship between Performance Appraisal and Intention to Stay

The performance appraisal in this study was significantly and positively related to intention to stay. From here, the fair appraisal was important in KYPJ, the responsibility of management to ensure that the employees are aware and understand the principles of fair appraisal and due process and that they are applied in the workplace; all decisions relating to evaluation are made taking into consideration the facts of the matter and ensuring the employee is provided with due process.

The leader must be trained to develop performance plan and conduct performance reviews with the skills and processes necessary to conduct performance reviews, attack performance improvement problems and conduct performance planning discussions. The primary purpose of formal performance appraisal was to provide clear, performance-based feedback to employees. It kept both parties directly toward desired goals and stimulates and maintains high level of effort. If the leader focused towards the employee's progress on the formal evaluation process, this will improve the employee's retention and commitment towards the organization.

The results were similar to previous studies carried out by Johanim, Khulida and Mohammad (2012), they indicated that successful performance appraisal and planning systems help improve employees' perception toward justice and fairness at workplace. In essence, employees who feel that they are being treated fairly through effective performance appraisal system would be more likely to retain in their jobs, compare to those who perceived otherwise (Afshaenejad & Maleki, 2013).

Hence, based on the results, it can be summed up that performance appraisal has a significant and positive relationship with intention to stay among lecturers in KYPJ.

5.2.1.2 Relationship between Compensation and Intention to Stay

This study finding indicates that significant and positive influence between compensation and intention to stay among the lecturers in KYPJ. According to Nurita, Fatimah, Ram and Noor (2014), compensation is a pivotal aspect in HR management that would have an impact on employee motivation and commitment. In other words, money can influence employee's behavior and ensures long term employment.

Based on marital status, majority of respondents (62.10%) are married. Meaning that, married respondents have more responsibility for family and need a stable financial status to support their families. Thus, there are it is not surprising if compensation becomes a major reason why employees to sustain remain in the organization because compensation was perceived as more important in fulfilling their basic and instant needs. As such, they placed higher value on compensation to make sure they are continued to stay in the present employment. This explanation most likely justified the significant impact of compensation on lecturers' intention to stay.

5.2.2 Objective Two - To examine the moderating effect of transformational leadership on the relationship between HRM practices and intention to stay among lecturers in KYPJ

From the table 4.9, only interaction between transformational leadership and performance appraisal was significantly, but there are negatively related to intention to stay among lecturers in KYPJ.

5.2.2.1 Transformational leadership will moderate the effect on intention to stay with respect to performance appraisal.

This study showed that there is significant relationship transformational leadership as moderator between performance appraisal and intention to stay among lecturers in KYPJ. But there is negatively relationship between transformational leadership and performance appraisal.

According to Long, Thean, Wan and Ahmad (2012), if the employees are satisfied and felt that the organizational processes are fair with clear work instructions and task objectives given with systematic comprehensive reward and incentive policies in place, the followers less likely to search or look for other employment opportunities elsewhere. On the other hand, if employees feel they have been unfairly treated by their leaders, potential the existing lecturer to leave the organization is high.

These observed results can conclude that transformational leadership has no influence lecturers to stay in this college because of the work nature of the lecturers in an institute of higher education. Most of the lecturers, they are independently to complete the tasks especially in imparting knowledge to their students. Amount of contact hours with their leaders are minimal because lecturers normally have high

autonomy on executing their tasks and they did not require the leader to monitor their work.

Thus, interaction transformational leadership between performances appraisals and intention to stay are not influence existing lecturers to stay in this college for long period.

5.2.2.2 Transformational leadership will moderate the effect on intention to stay with respect to compensation.

The result of this study showed that transformational leadership not play as moderator between compensation and intention to stay among lecturers in KYPJ. Based on demographic results, majority respondents (53.40%) were 20-30 years old. This means, most of the lecturers in KYPJ are category in Generation Y. There is no denying that job hopping is popular among this generation. According to Ritika (2012), one of the surveys done by Multiple Generation @ Work, almost 91% of this age group are likely to leave their job in less than three years. Meaning that, for them two years working at the same organization has come to seem like a lengthy tenure even though the organization provides a standard compensation in accordance with current market value.

Thus, the interaction transformational leadership is not significantly relationship in compensation and intention to stay because most of respondents don't like the leaders control or monitor them to complete the task because they prefer to communicate more quickly and effectively via email, social networks or text messaging as opposed to traditional means of communication.

Usually, this generation is also attracted to organizations that practice technology as a main function in communication compared to traditional companies are practicing two way communication (face to face). When the young lecturers in this college are not satisfied and unhappy with leadership style and working environment, they will look for other organizations that practice modern technologies as a main communication and offering them higher salary and better benefits.

Thus, interaction transformational leadership between compensation and intention to stay are not influence existing lecturers in this college to stay for a long time period.

5.3 Limitation of the Research

This study has some limitations as listed below:

5.3.1 The present study concentrated only on lecturers in one college from Johor Bahru but it might not represent other private education industrial in Southern Malaysia.

5.3.2 The study was limited to three HRM practices as independent variables, namely career development opportunities, performance appraisal and compensation. Besides these dimensions, there might be other dimension in HRM practices such as training and development, job description and job security that could influence intention to stay among the lecturers, which were not being considered in this study due to the limitation of the previous study.

5.3.3 Due to the time limitation, the data is gathered once from the KYPJ. There is no other information to prove the consistency of the research result.

5.4 Implication of Study

The loyalty of the lecturers in the college might change. The results of this study showed that direct relationship between performance appraisal and compensation are significantly and positively related to intention to stay. While, intervention of the transformational leadership does not give positive impact for lecturers to remain in current college.

To make sure the lecturers sustained, management should review other HRM practices from time to time. Knew how to appreciate the lecturers, encourage them by saying kind words of them and telling how much of a good job they had done.

Regular review sessions was important, when lecturers were closely attached to their management team, they were more likely to feel involved. More involved lecturers tend to perform at a higher level and were more likely to achieve longer tenure. Always talk to them, keep them informed of new policies and procedures.

Finally, the proper exit interview was important, labor laws suggested that employer could not hold a person from leaving. When lecturers planned to go, he/she just had to go. It would be very beneficial to know the cause of why the lecturers choose to leave. Possible factors might be: a better job offer, pursuit for growth, poor colleague

relationships, no promotion or dislike for the nature of work. Knew what problems to address and took action on them, would eventually lessen turnover rates in the future.

5.5 Recommendation for further research

It would be interesting to evaluate the relationship between the HRM practices as independent variables, transformational leadership as moderating variable and intention to stay as dependent variable in education sector because most of the previous studies were done studied directly between HRM practices (IVs) to the intention to stay (DV) without involving transformational leadership as moderating variable.

Future researches could also include other variables such as procedures of recruitment and selection, employee relations and strategic of HRM as independent variables and transformational leadership as mediating variable and intention to stay as dependent variable. The future researcher might select an organization with high turnover rates to make sure the outcomes would be useful for the organization to retain their lecturers by recommending the solution on the study.

5.6 Conclusion

In this chapter, the researcher discussed the data analysis results in details and tried to give reason and suggestion. The limitation of the study is listed and recommendations are also provided for the further researchers.

In conclusion, this study is conducted to find the relationship between HRM practices, transformational leadership and intention to stay. Only two hypotheses; H1(b) and H1(c) are directly significant and positive relationship with intention to stay among lecturers in KYPJ.

For moderating role, only H3(b) namely interaction transformational leadership and performance appraisal is significantly and negatively on employees' intention to stay. It could be the key organization when implication to improve of HRM practices and enhance transformational leadership styles in order to attract new talented to join the organization and remaining the experienced lecturers.

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