

**FACTORS THAT INFLUENCE THE RESIGNATION INTENTION
AMONG MIDDLE MANAGERS IN
TENAGA NASIONAL BERHAD**

By

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ABSTRACT

Employee resignations in nearly all organizations worldwide have raised great concerns. Rapid exit of employees presents serious obstacles to the organizations in achieving their organizational goals. Employee resignation should be analysed in order to forecast future losses and to identify various reasons for people leaving the organization. Hence, the scope of this research concentrates on the middle managers in Tenaga National Berhad because this group is the major contributor to the total resignation in this organization which is 200 out of 2270 middle managers had resigned for the past five years (1st January 2008 until 31st December 2012). TNB is now struggle to cope with the shortage of competent manpower to support the company in diversifying its business overseas, whilst at the same time defending company's core business in Peninsular Malaysia. Thus, the overall purpose of this research is to find out the factors that influence the resignation intention among middle managers.

Regression results indicated that pay and benefits, career advancement, recognition and senior leadership had explained 55.5% variances of resignation intention. The findings also concluded that pay and benefits and senior leadership have significant relationship with resignation intention. Meanwhile, career advancement and recognition have no relationship with resignation intention. Moreover, pay and benefits produced the highest influence on resignation intention among middle managers. It can be stated that compensation is a motivating factor to most middle managers in TNB according to need based and process theories of retention.

Keywords: Resignation Intention, Pay and Benefits, Career Advancement, Recognition, Senior Leadership

ABSTRAK

Perletakan jawatan atau penamatan perkhidmatan oleh pekerja secara sukarela amat membimbangkan bagi semua organisasi di seluruh dunia. Jumlah perletakan jawatan yang terlalu tinggi dapat memberi kesan yang serius serta dapat menghalang sesebuah organisasi dari mencapai matlamat yang telah ditetapkan. Perletakan jawatan oleh pekerja harus dikaji dengan teliti bagi mengenalpasti kerugian sebenar syarikat dan pada masa yang sama juga mengenalpasti punca pekerja meninggalkan syarikat. Oleh yang demikian, skop kajian ini disasarkan kepada pekerja pengurusan pertengahan di Tenaga Nasional Berhad berikutan kumpulan ini telah menyumbang kepada jumlah perletakan jawatan tertinggi di syarikat ini, yang mana 200 daripada 2270 pekerja pengurusan pertengahan telah meninggalkan syarikat dalam tempoh lima (5) tahun bermula dari 1 Januari 2008 sehingga 31 Disember 2012.

TNB kini mengalami kesulitan akibat kekurangan tenaga kerja yang kompeten di dalam perluasan bisnes luar negara yang juga pada masa yang sama perlu mempertahankan bisnes teras di Semenanjung Malaysia. Sehubungan dengan itu, tujuan sebenar kajian ini dijalankan adalah bagi mengenalpasti faktor-faktor yang boleh mempengaruhi niat atau hasrat untuk meninggalkan syarikat di kalangan pekerja pengurusan pertengahan di TNB.

Keputusan daripada analisa regresi menunjukkan faktor gaji dan ganjaran faedah, pembangunan kerjaya, penghargaan dan kepimpinan pengurusan tertinggi mempunyai 55.5% variasi terhadap hasrat untuk meletakkan jawatan. Hasil daripada kajian ini juga mengesahkan bahawa faktor gaji dan ganjaran faedah dan kepimpinan pengurusan tertinggi mempunyai signifikasi hubungan dengan hasrat untuk meletak jawatan. Walau bagaimanapun, pembangunan kerjaya dan penghargaan tidak mempunyai hubungan dengan hasrat untuk meletak jawatan. Rumusan daripada kajian ini menjelaskan gaji dan ganjaran faedah adalah faktor tertinggi yang mempengaruhi hasrat untuk meletak jawatan di kalangan pekerja pengurusan pertengahan. Ini menunjukkan bahawa faktor gaji dan ganjaran faedah merupakan pemangkin atau motivasi utama kepada kebanyakan pekerja pengurusan pertengahan di TNB berdasarkan kepada proses teori dalam mengekalkan kesetiaan pekerja terhadap organisasi.

Kata kunci: Hasrat untuk Meletak Jawatan, Gaji dan Gajaran Faedah, Pembangunan Kerjaya, Penghargaan dan Kepimpinan Pengurusan Tertinggi

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CHAPTER 1

INTRODUCTION

1.1 BACKGROUND OF STUDY

Tenaga Nasional Berhad (TNB) is the largest electricity utility in Malaysia and also the largest power company in Asia with almost RM87 billion in assets. The Company is listed on the main board of Bursa Malaysia and employs 33,500 people to serve an estimated 8.3 million customers in Peninsular Malaysia and also the eastern state of Sabah through Sabah Electricity Sdn. Bhd. (SESB).

Set up as the Central Electricity Board (CEB) of the Federation of Malaya in 1949, TNB has powered national development efforts for more than 60 years by providing reliable and efficient electricity services. While concentrating on three core business (generating, transmitting and distributing) electricity, TNB has diversified their business into the manufacture of transformers, high voltage switchgears and cables, the provision of professional consultancy services, architectural, repair and maintenance and also engages in research and development, property development, management services and academic services through its university, Universiti Tenaga Nasional (UNITEN). In Peninsular Malaysia, TNB is the major contributor to the total industry capacity through eight thermal stations and three major hydroelectric schemes. The company also owns and operates their Independent Power Producer located in Pakistan.

In 2005, the Company embarked on a 20-Year Strategic Plan which TNB believes in providing service excellence and aims to attain global leadership by 2021. The greater

target after that is to commissioning the first nuclear power plant in Malaysia by 2025 if the government decides to include nuclear as an acceptable energy option. Nuclear energy is considered as one of the long term energy option by the government. TNB is working closely with Malaysian Nuclear Agency (MNA) and Atomic Energy Licensing Board to prepare the groundwork for nuclear power development such as regulatory, legal framework, etc to ensure smooth implementation of nuclear plants in Malaysia.

Meanwhile, TNB currently entering their destination of Geographical Expansion (2011-2015) phase lay out which needs the company to have a pool of competent and talented workforce in leveraging their business to new geographical areas (e.g. Middle East, North Africa, Asia, Australia and Europe). The company at the same time already has counterpart overseas with the investment in Shuaibah International Water and Power Producer (IWPP), Saudi Arabia's largest Greenfield independent power and water project, which was completed on schedule on 18 August 2010. This IWPP is providing a sustainable, efficient and environmentally friendly supply of electricity and water to the Kingdom.

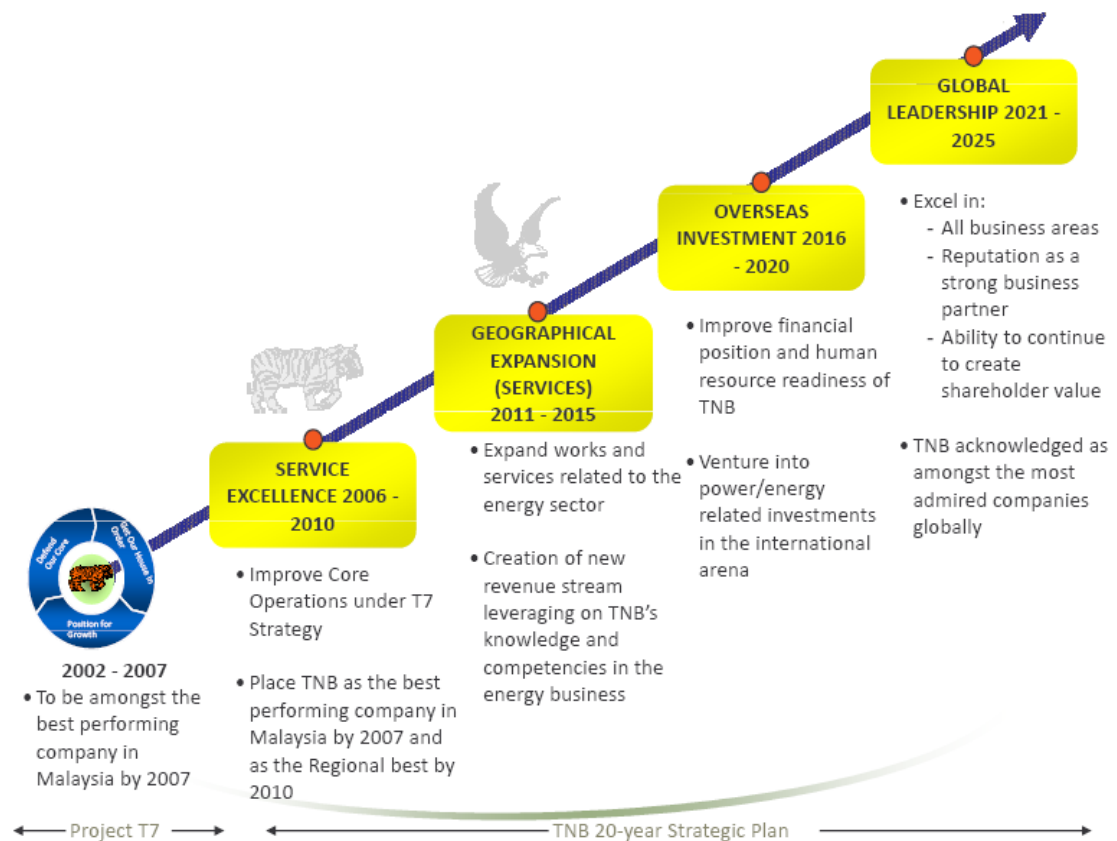


Figure 1.1

The Plan Lays Down the Path towards Realising TNB Vision of Global Leadership

Source: TNB Planning Division (2010)

In line with the company's value proposition, TNB seriously focusing in enhancing its employee's competencies and capabilities through various training and developments programs. The company also striving towards achieving a performance driven work culture, creating safe and conducive working environment, establishing the leadership pipeline, implementing prudent financial management and preserving harmonious industrial relations climate.

The company is staff friendly environment which provides sport facilities, dispensaries, kindergartens and cafeterias. There are generous annual bonuses, raises and promotions for top performers, whereas health and medical benefits are substantial. In TNB corporate culture, new ideas are welcomed. There are lots of

opportunities to get involved, from power generation and transmission to TNB's distribution to consumers. There are ample opportunities for career growth and the company itself offers a vast range of careers to explore.

While TNB's aspiration to expand and strengthen its international presence, the company now having a tough time as regard to high resignation rate among its middle managers, which 9% out of 2270 total middle managers had resigned from the company. Most of them who leave the organization are engineers with diverse geographical and technical expertise background and this scenario affected company's business activity to move to next level. Hence, there is a need to conduct a study in TNB in order to find out the factor that can influence middle managers' intention to resign. Thus, it would help management to establish retention strategy to minimize the resignation rate. According to a 2007 Accenture survey of middle managers around the world, 20% reported dissatisfaction with their current organization and that same percentage reported that they were looking for another job. One of the top reasons cited was lack of prospects for advancement (Knowledge@Wharton, 2008).

1.2 PROBLEM STATEMENTS

It goes without saying that while TNB power the nation, the company itself is powered by its people and on top of all the strategic plans laid out, the company at first should focusing more on retaining its staff because manpower is the most valuable asset in positioning TNB for success. Employee turnover is a normal part of the business cycle. Regardless how happy the company can do for their employees, how fun the workplace will be or how enjoyable the company may be to work for, from time to time, employees may leave in response to job dissatisfaction or changing circumstances in their lives. But, too frequent the turnover, can creates unhealthy condition to the company and affect the company's reputation.

Despite the company lays down the path towards realising their vision of global leadership, it is a surprise to know that 200 out of 2270 middle managers had resigned from the company for the past 5 years started from 1st January 2008 until 31st December 2012 (TNB Human Resource Management System, 2012). The highest resignation rate was in 2008 which 56 middle managers had resigned from the company. The resignation rate then decrease to 38 and 34 in the next following years. However, in year 2011 the resignation rate started to increase and resulted in 37 resignations in 2012. Middle managers consist of engineer, chemist, system analyst, legal officer, accountant and administration staff. But the highest turnover is among the engineers (TNB Human Resource Management System, 2012).

Table 1.1

Middle Managers Resignation from 1 January 2008 until 31 December 2012

Action Date	Reason for Action	Employee Group	Total
1.1.2008 - 31.12.2008	Resignation	Middle Managers	56
1.1.2009 - 31.12.2009	Resignation	Middle Managers	38
1.1.2010 - 31.12.2010	Resignation	Middle Managers	34
1.1.2011 - 31.12.2011	Resignation	Middle Managers	35
1.1.2012 - 31.12.2012	Resignation	Middle Managers	37
Grand Total			200

Source: TNB Human Resource Management System (2012)

Referring to the Exit Interview results, most of them leaving the organization because of the better salary or job opportunity offered by other companies (Executives Resignation Trending Report, 2012). This factor can be considered as a pulling factor. Second factor that lead to middle managers resignation was because of the non-competitive salary or benefits offered by the company. The third reason for leaving TNB because they wanted to expand their knowledge and experience in other industry like oil and gas, telecommunication, aviation, automotive, property and construction. Resignation also incurred because they feel dissatisfied with the task given to them which the job responsibility not as they were expected. Other reasons like lack of promotion opportunity, lack of training and development, working environment, dissatisfied with senior management style, differences with line manager, further study, health, family or personal reason and others (travel or leisure activities, etc.) only contributes a small percentage in middle managers resignation.

Better Salary/ Job Opportun ity	Non-competiti ve/ Salary/ Benefits	Lack of promotio n opportun ity	Lack of training & develop ment	Work Env (stress/ long wkg hrs)	Dissatisfi ed with senior mgt style	Difference s in Job Expectatio n	Differenc es with Line Manager	Change of Industr y	Further Study	Health	Family/ Personal Reasons	Others	Total No of Employe es
83	40	5	4	8	5	15	3	18	5	5	8	1	200

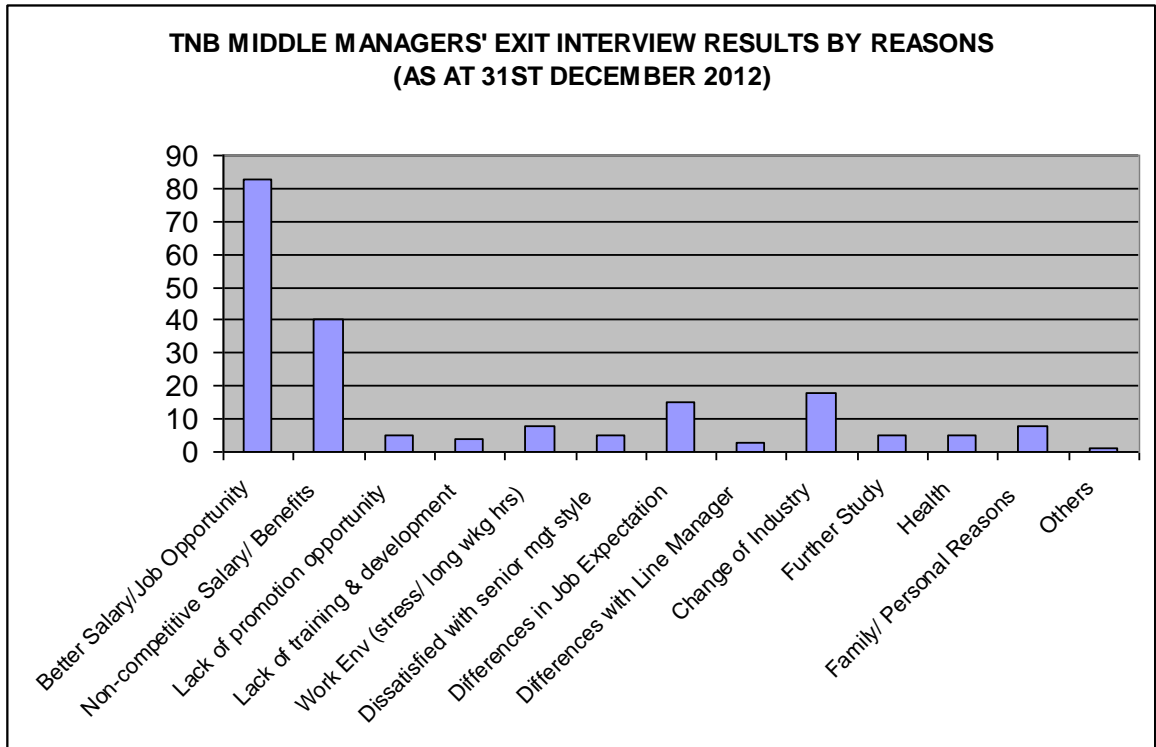


Figure 1.2

Exit Interview Results by Reasons

Source: Executives Resignation Trending Report (2012)

Whereas, survey conducted by Hewitt Consultant through TNB Employee Engagement Survey in 2005, 2007 and 2011, indicated that recognition is the lowest satisfaction scores by engagement factor, followed by performance management and pay factor (TNB Employee Engagement Survey Report, 2011). These three lowest satisfaction scores can be considered as a pushing factor why employees unwilling to stay with the company.

Communication	87%
Goals & Objectives	86%
Work Life Balance	84%
Training & Development	82%
Work Activities	80%
Sense of Accomplishments	79%
Career Opportunities	78%
Benefits	78%
Manager	78%
Safety	78%
Influence	78%
Policies	77%
Physical Work Environment	77%
Co-worker	77%
Resources	74%
Processes	73%
Divisional Management	72%
Senior Leadership	72%
Pay	71%
Performance Management	68%
Recognition	63%

Top 5 Key Issues

1) 63% of the employees feel that they receive adequate recognition (non-monetary) for their work	➔	Recognition
2) 68% of the employees feel that the performance assessment process helps them improve their performance	➔	Performance Management
3) 71% of the employees feel that they are paid fairly for the contributions they make to the organization's success	➔	Pay
4) 72% of the employees perceive that they see strong evidence of effective leadership from Divisional Management of their division	➔	Divisional Management
5) 72% of the employees see strong evidence of effective leadership from Top Management of TNB	➔	Senior Leadership

Figure 1.3

Satisfaction Scores by Engagement Factor (Summary of Findings)

Source: TNB Employee Engagement Survey Report (2011)

The top three key issues highlighted shows that the employees feel they receive inadequate non-monetary recognition for their work (TNB Employee Engagement Survey Report, 2011). It seems that the culture or environment of expressing the appreciation towards employee's accomplishment is lacking in this company. A survey by Robert Half International (1994) as cited in Nelson (2001), reported that a lack of praise and recognition was the number one reason why people left their jobs. It has been confirmed by Newcomb (1999) and Ballentine et al., (2003) as cited in Sonawane Pragya (2008), that non-monetary rewards play an important role in controlling staff resignation. In addition, most Generation Y (Gen Y) grew up in an environment where they received constant feedback and praise. This group also likes to show how their work makes a difference and the value that it gives to an organization (MacGregor & Wood, 2009).

On top of recognition, performance management falls as the second lowest satisfaction scores by engagement factor (TNB Employee Engagement Survey Report, 2011). It can be stated that may be the performance assessment process has been conducted unfairly which is not based on the employees' actual performance. Thus, they feel their contribution do not have a value to the company and the superior taking granted of their performance. According to Ab. Aziz (2009), if the subordinates see the bias or rating errors as discriminating against them, it will generate a negative outcome because employees' perception of fairness in the implementation of performance appraisal is more important than the accuracy of the system. Arms (2010), suggest that performance reviews can be made meaningful if the superior can respond to the employees with clear communication of the opportunities for career advancement as well as constructive performance feedback

and expectation. These, can be used as a form of an incentive for the employees. In addition, Gen Y employees seeking for an environment where there is an open flow of communication. With a strong need for immediacy, they like feedback and evaluation weekly, rather than once or twice a year (MacGregor & Wood, 2009).

On the other hand, the employees feel they are deserved to enjoy higher pay for their contributions that they did towards organization's success (TNB Employee Engagement Survey Report, 2011). The company cannot help much regarding this issue because the pay structure, where each job in an organization is tied to the prevailing market rate. In addition, TNB just recently reviewed their collective agreement on 15 December 2011 which the company increased certain amount for certain allowance (day trip, electricity, shift, stand by and management allowance) for the employees benefit packages.

TNB is now having a tough situation to retain their skilled and talented employees because they are not only valuable to the company, but also to the competitors. Skilled employees received a double or even triple pay from other company and most of the head hunter are from multinational companies. Skilled employees are less willing to stay and support TNB when they feel they are underpaid and deserve to get better salary. Good employees may leave, while less skilled employees may stay with the organization. Thus, interrupt organization growth in business diversification and force TNB to further invest in its human capital in order to groom the less skill workforce to become competent.

Major contributions for total resignation are among the employees with average age of 32 years old and average of 8 years length of tenure (TNB Human Resource

Management System, 2012). Generational differences play a big role in terms of commitment, achievements oriented and career focused. In this situation, maybe it can be stated that Generation X (Gen X) and Generation Y (Gen Y) are lack of loyalty to the employer. According to Smola and Sutton (2002) and Deal (2007) as cited in Tolbize (2008), younger employees are less loyal to their company and more 'me' oriented. They wanted to be promoted more quickly than older works, were less likely to feel that work should be an important part of their life and reported higher intention of quitting their job if they won a large amount of money. Meanwhile, Jenkins (2007), considered younger generation as 'slacker' generation because they are uncommitted to their jobs and not dedicated.

Most of the staff that leaves the organization is among the good staff even a top performer which valuable to the company and these turnover rates affected the continuity of the work productivity, thus company are now struggle to cope with the shortage of competent manpower to support company's activity in expanding their wings to provide services and embark into electricity related businesses overseas whilst at the same time defending company's core business in Peninsular Malaysia. Mello (2011) stated that retention of employees, particularly in a strong employment market and for those employees who are top performers, can be a significant challenge for organizations. Even though TNB promoted their younger staff to higher grade in order to occupy the vacancies in middle manager's positions, the problem of preparing the staff ready for geographical expansion is still unresolved since they are lacking of leadership qualities, knowledge possess, experience and less maturity in public relation skill.

Company are able to attract new or young engineers but not the senior engineer level (middle managers) from outside company since TNB is the biggest company in supplying electricity in Peninsular Malaysia. So, the workforce with power station experience can only be found in Independent Power Producer (IPP) which is really hard to attract them since TNB pay is lag the market or below market pay if compared to pay policy in IPP which is higher than what TNB can offered. In times of strong competition to attract and retain staff like what was happen just now, it may not save enough money for TNB to cover higher turnover and training costs because to become expert in engineering works, engineers should be exposed and attach to the consultant firms locally or abroad and also sending them to undergo certain training in overseas. Now, it seems like TNB become a training ground to groom employees for its competitors.

Being a giant company to go for global expansion, TNB should nurture, attract and retain top talent in their company which align with the 10th Malaysia Plan (2011-2015) under the effort of Developing and Retaining a 1st World Talent Base. The company as well should understand the psychology of praising others for their good work. Top management should apply, initiate and encourage employees to acknowledge each other towards their accomplishment. Appreciation is a fundamental of human need and by expressing recognition, employees will feel a sense of achievement for work well done, feel respected and valued. These at least will help the company from losing a lot more talent in the near future.

TNB is experiencing a shortage of skilled and talented workforce. A skills shortage occurs when there is a high demand for scarce skills and this does not match the supply (e.g. related knowledge and experience about power plant and projects). The

company felt the effects of the shortage of skills as a result filling middle management positions will takes a long time.

When employees leave the company, the employer has to incur a considerable amount of direct and indirect expense. These costs normally include advertising expenses, headhunting fees, resource management expenses, loss of time and productivity, loss of morale, work imbalance, loss of institutional knowledge, decrease customer service and costs of hiring and training (Bray, 2007; Rampur, 2009; Samuel & Chipunza, 2009). Hence, resignation significantly affects the financial performance of an organization (Knowledge@Wharton, 2008). On top of that, knowledge, skills and contacts that a departing employee takes out from the organization constitutes a huge loss. These attributes are in most cases, lost to a competitor organization that may use this to gain competitive advantage (Samuel & Chipunza, 2009).

As a result, a vacant place of a skilled employee may be filled by another new worker but production falls due to their skill difference (AHM Shamsuzzoha & Md. Rezaul, 2007). Most of the middle managers who resigned are among the top performer and they leave the organization with all the expertise, critical knowledge and experience. This cost implies that more money will have to be invested to train new job incumbents which will incur cost of training and development that need to be conducted locally or overseas.

Consequently, it will take more time before the break-even point between investments in human capital and the returns to these investments is reached (Glebbeek & Bax, 2002). Considering these thoughts, it is believe that organizations need to find creative ways of retaining their employees, as these people are the most important

asset in achieving the organization's strategic business objectives (Mattsson & Saraste, 2002; Brewster et al., 2008).

1.3 RESEARCH QUESTIONS

The following research questions are formulated:

- 1- Is there a relationship between pay and benefits, career advancement, recognition, senior leadership and the middle managers' intention to resign?
- 2- Which of the factor has the highest influence on resignation intention among middle managers in TNB?

1.4 RESEARCH OBJECTIVES

Based on the preceding research questions, the research objectives of the study can be translated as follows:

- 1- To examine the influences of pay and benefits, career advancement, recognition and senior leadership on middle managers' resignation intention
- 2- To determine factors (pay and benefits, career advancement, recognition, senior leadership) that has the highest influence on resignation intention among middle managers in TNB.

1.5 SCOPE OF STUDY

This research is conducting on present middle managers who are still working with TNB and the scope of study is focused on pay and benefits, career advancement, recognition and senior leadership as the factors that can influence resignation intention among middle managers in this company. In this study, researcher adopted a

quantitative research with descriptive design, using questionnaire and the outcomes from the respondents' feedback will be used by the researcher as a primary data to determine the factor that has the highest influence on middle managers resignation intention.

Therefore, researcher can make recommendations to TNB management in order to take necessary action in preventing the increment of its middle managers resignation such as the development of retention strategies. In addition, this research also can help the management in reviewing the relevant policies in the organization with regards to its human resources.

1.6 SIGNIFICANCE OF THE STUDY

Facts without proved by research are just cover ups or blatant lies or rumours. By conducting a research, it will bring out the truth about the facts. According to Allen (2008), much research on talent retention has produced an understanding regarding the varied reasons behind employees' decisions to leave organizations, as well as the processes by which people make such choices. By understanding why people leave, organizations can also gain a better idea of why people stay and can learn how to influence these decisions.

Study helps researcher to get acquainted with the processes and resources involved, besides provides the researcher with the information on the middle managers' preference in order to retain them in the company, because everybody has different demands in their life. On the other hand, the information gathered then will be analysed in order to find out the real factors that influence their intention to leave the organization. This information also helps management to be keenly aware and

determine the actual cost of middle managers turnover. Thus, provides management with the idea to make best of Returns on Investments (ROI) to the company.

The finding of the study on the other hand, helps the researcher to find out the root cause and associated elements with regards to middle managers departure. According to Farris (1969), turnover can be predicted by means of a confidential questionnaire completed while the person is still employed. Hence, the management will be benefited with the study in order to take necessary steps to formulate retention strategies which at the same time can reduce the expense on turnover cost. In short, the contributions of the study will be concerning on compensation plan, career development prospects, employee recognition and senior leadership quality.

1.7 DEFINITION OF KEY TERMS

The definition of key terms for variables are describes as follows:

- 1- Resignation refers to an employee's choice to terminate association with an organization (Thomas, 2009). Whereas, according to Ferguson and Ferguson (1986), resignation means an employee leaves the company completely. It is also means the relations between labour and capital breaks off (cited in Chang, 2009).
- 2- According to Martocchio (2011), employees receive pay or money for performing their jobs. Employees can earn hourly pay or a wage for each hour worked or they can earn a salary for performing their jobs, regardless of the actual number of hours worked. On top of that, pay also can be clustered into seniority pay (rewards employees for acquiring and refining their skills as indexed by years of employment), merit pay (rewards excellent effort or

results, motivates future performance and helps employers retain valued employees), incentive pay (rewards employees for partially or completely attaining a predetermined work objective) and person focused pay (rewards employees for learning new knowledge and skills through designated curricula sponsored by an employer. This approach rewards employees for the range, depth and types of skills or knowledge they are capable of applying productivity to their jobs). On the other hand, the term employee benefits refer to compensation other than an hourly wage or salary. Benefits can be divided by two which is legally required employee benefits (e.g. Social Security Act, Employee Provident Fund) and discretionary benefits (e.g. health benefits, pension plans, paid time off).

- 3- WorldatWork (2008) defines recognition as an acknowledge or give special attention to employee actions, efforts, behaviour or performance. It meets an intrinsic psychological need for appreciation for one's efforts and can support business strategy by reinforcing certain behaviours (e.g. extraordinary accomplishments) that contribute to organizational success (cited in Human Capital Institute, 2009).
- 4- According to Career Industry Council of Australia (2006) as cited in Smith et al., (2009), career advancement is the lifelong process of managing learning, work, leisure and transitions in order to moved towards a personally determined and evolving future.
- 5- Senior leadership means the person who carries the construction of organizational purpose and direction strategies (Zaccaro & Klimoski, 1998).

CHAPTER 2

LITERITURE REVIEW

2.1 INTRODUCTION

To gain an insight into the past resignation of middle managers at TNB, the researcher looks at factors that can influence the present middle managers resignation intention and consider views on those factors. The researcher undertook a literature review to gather information on a specific topic with a view to improving the researcher's knowledge of the phenomenon under study.

2.2 DEFINITION AND CONCEPTUALIZATION OF VARIABLES

Variable means any observation that can take different values (for example: race, gender, instructional strategies, employee attitude, etc.). There are two kinds of variables namely dependant variable and independent variable which choice of independent variable related to actions or interventions will change in the dependant variable that may affect results or outcomes (Southard, 2006). In this research, the independent variables (pay & benefits, recognition, career advancement and senior leadership) will be used as the influence factors to the dependant variable (middle managers resignation intention). By applying this conceptualization of variables, the researcher can examine and directly or indirectly demonstrate relationships and identify which factors that significantly influences in resignation intention among middle managers in TNB.

2.2.1 Resignation Intention

According to Weisberg (1994), Brough and Frame (2004) and Purani and Shadev (2007) as cited in Hazrina (2010) and Muhammad and Jamilha (2010), resignation is very difficult to predict and questions remain unanswered as to why actually the employees decided to quit. Resignation intention refers to an individual's estimated probability to leave his or her current organization at some point in the near future. Whereas, according to Branham (2005), resignation intention is a process of disengagement that can take days, weeks, months or even years until the actual decision to leave occurs.

Moreover, a number of previous studies in the psychological literature have found resignation intentions to be the strongest predictor of actual turnover. However, resignation intentions may vary across the countries depending on labour market institutions (Leontaridi & Ward, 2002). Indeed, current theory and empirical research on turnover suggest the direct antecedent of actual turnover is intention or propensity to resign. As a result, lowering employees' intent to resign could reduce actual separation (Hsu et al., 2003). On the other hand, rapid exit of employees create serious obstacles to the organization which can prevent the organization from achieving its goals.

As mentioned by Jha (2010), resignation intention precede the actual resignation behaviour of employees and if the organisation wants to reduce resignation rate, then it is imperative for them to understand the factors which trigger resignation intention amongst its employees. Thus, the researcher has identified pay and benefits, career advancement, recognition and senior leadership as the factors that can influence the

resignation intention among middle managers in TNB. The study then will be carried out in order to find out the occurrence of relationship between these four factors with resignation intention.

There are two distinct periods in an employee's thought process when he or she considers leaving a company. The first period is the time between his or her first thoughts of quitting and the subsequent decision to leave, when disappointment and even bitterness can set in due to an array of possible circumstances. The second period of the deliberation process is the time between the employee's decision to leave and the actual leaving. The chances of a superior gaining renewed commitment from an employee in this period are not very good. This is why management must keep their antennae up and be alert to the signs that an employee is just started to disengage when there is still time to do something about it (Branham, 2005). Most of the time, employee leaves his or her position due to managerial issues or not fitting in with the established organizational culture and therefore finding alternative employment at an organization that seems to be a better match or leaving the workforce altogether for other personal reasons. The fact that employees exit an organization voluntarily may indicate that issues exist within the company and its culture that are driving talented employees away. Employees who are satisfied with their jobs tend to stay, while those who are dissatisfied often look for new positions (Jacobs, 2012).

Resignation is unavoidable issue to the organizations since there is a range of reasons for employee to come and leave the organization (Tanke, 2001). Resignation is often occurring among valued employees or the employees that the company would prefer to keep (Noe, Hollenbeck, Gerhart & Wright, 2006). Deloitte's previous employee

surveys in 2009 and 2011 which focusing at large companies worldwide in America, Asia Pacific, Europe, Middle East and Africa, revealed a growing “resume tsunami”, a spike in employee turnover among critical segments of workers as they took confidence from an improving economy and began testing the job market in search of new employment (Deloitte, 2012).

According to Manger and Eikeland (1990), staff who found their work less intrinsically satisfying than others more often intended to leave their institution. A variety of extrinsic and intrinsic motivators influence employees while they are considering a future job. It might be hypothesized that motivational factors such as salary, prospects of promotion, opportunities for professional development and so on will influence their thinking. Of course these factors are also influenced by individual characteristics, the individuals’ perceptions of their own organization and possible alternative job opportunities.

Gomez-Mejia, Balkin and Cardy (2012) described that employee turnover can be classified into two categories which is voluntary and involuntary turnover. Involuntary turnover occurs when management decides to terminate its relationship with an employee due to (1) economic necessity or (2) a poor fit between the employee and the organization. Whereas, voluntary turnover which is resignation intention occur when an employee decides to end the relationship with the employer for personal or professional reasons. In most cases, the decision to leave is associated with being unhappy with aspects of current job and having attractive alternative from other organization.

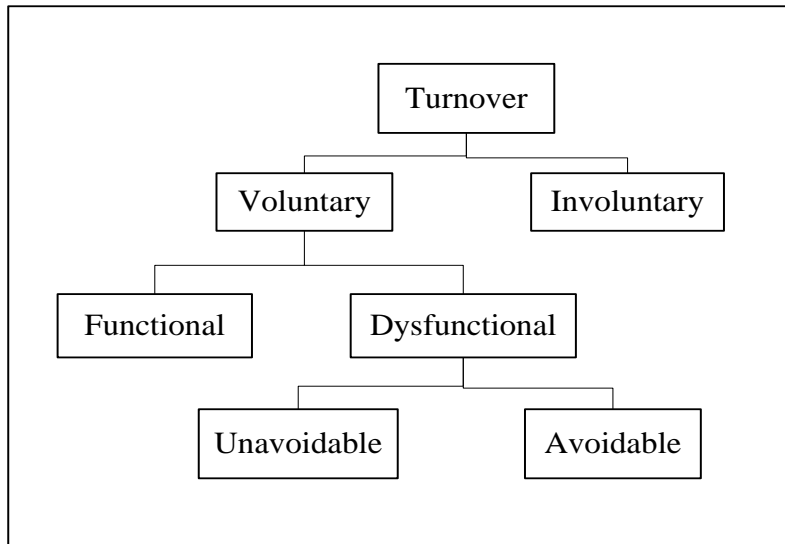


Figure 2.1
Turnover Classification Scheme
Source: Allen (2008)

Another important distinction is between functional and dysfunctional voluntary turnover. Dysfunctional turnover is destructive to the organization as it leads to the resignation of employees with valuable skills, employees with hard-to-replace skills, departures of women or minority group members that erode the diversity of the company's workforce and these will results in high replacement cost. Clearly, the more dysfunctional the turnover, the greater the attention that will be required by management to retain the employee. By contrast, functional turnover does not hurt an organization as it includes the exit of poor performers or employees whose talents are easy to replace, thus creating an opportunity for the organization to recruit more competent employees (Fisher et al., 2003; Allen, 2008; Mello, 2011).

Allen (2008) and Gomez-Mejia, Balkin and Cardy (2012), further claim about avoidable and unavoidable voluntary turnover. Avoidable turnover stems from causes that the organization may be able to influence. For instance, recent studies show that

approximately 80% of voluntary turnover are avoidable, and many of those are due to staffing mistakes. By investing in quality HRM recruiting, selection, training and development programs, companies can avoid a poor match between the employee and the job. Whereas, unavoidable turnover result from an employee's life decisions that extend beyond an employer's control. For instance, if employees leave because of health problem or a desire to return to school, there may be little the organization can do to keep them.

The situation faced by TNB was dysfunctional voluntary turnover which the resignation involved those middle managers with talented and experienced workforce. These resignations jeopardize TNB progress in achieving its predetermined objectives and goals especially when involving company's overseas assignment. Abassi and Hollman (2000), argued that dysfunctional turnover damages the organization through decreased innovation, delayed services, improper implementation of new programmes and degenerated productivity. However, these resignations can be classified as an avoidable voluntary turnover. Hence, in this study the researcher identified pay and benefits, career advancement, recognition and senior leadership as the factors that can influence resignation intention among middle managers in TNB.

2.2.2 Pay and Benefits

According to Bernadin (2007), pay and benefits falls into the compensation concept which refers to all forms of financial returns and tangible benefits that employee receives as part of employment relationship. Compensation is divided into two parts and these are cash compensation which is the direct pay provided by employer for work performed by the employee and fringe compensation which refers to employee

benefit programs (legally required employee benefits and discretionary employee benefits). Cash compensation has two elements which include base pay and pay contingent. Base pay has to do with hourly or weekly wages plus overtime pay, shift differential and uniform allowance, while pay contingent is concerned with performance allowances such as merit increases, incentive pay bonuses and gain sharing.

Benefits in a nutshell are the indirect financial and non-financial payments employees receive for continuing their employment with an organization. Employee benefits focus on maintaining or improving the quality of life for employees and providing a level of protection and financial security for workers and their family members (Odunlade, 2012). Employees have preferences between pay and benefits. Many benefits are characterized by their non-marketability. They can only be consumed as a tie-in to employment and they are not transferable. For example; an employee cannot resell his health insurance or accept bids for his sick leave. However, employees are free to choose employers whose benefit maximizes their utility (Leibowitzs, 1983).

As mentioned by Rynes, Gerhart and Minette (2004) and Mohammad and Anowar (2012), pay is a powerful motivator of performance. Besides, it is a part of the total incentive package of an organization. Another general explanation for the importance of pay is that pay is frequently used for social status and personal accomplishment. Even though pay is not the only motivator and it is not the primary motivator for everyone, however there is overwhelming evidence that pay is an important motivator for most people. Thus, employer should give priority on monetary rewards since the financial tools are highly important in attracting, retaining qualified people and motivating them to achieve goals of the organization.

2.2.3 Career Advancement

Career advancement is the lifelong process of managing progression in learning and work. The quality of this process significantly determines the nature and quality of individuals' lives; the kind of people they become, the sense of purpose they have, the income at their disposal. It also determines the social and economic contribution they make to the communities and societies of which they are part. Career advancement is important for an effective labour market. If people find jobs and career paths which utilise their potential and meet their own goals, they are likely to be more motivated and therefore more productive (Watts, 2004) because as a normal human being, individual need to feel like they are getting somewhere and making progress in their work lives (Larsen, 2011).

In addition, career advancement can provide a chance for employees to clarify their individual goals and identify what paths they can take within the organization to reach their objectives and earn valued rewards. If organizations can assist employees in satisfying their needs, they are more likely to be committed to the organization and its goals (Merchant, 1995). A study by Asia-Pacific Salary Survey on 900 workers in Asia (primarily China, Singapore, Malaysia and Thailand) found that 72% of the respondents considered career advancement to be “extremely important” or “very important” for employee satisfaction (Gaming Hospitality Experts, 2012).

Furthermore, as we approach the 21st century, it is essential that organizations place a high value on career development. This will allow employees to fulfil their career needs and organizations will benefit by retaining a greater number of their competent and qualified employees. However, career advancement is not about “getting ahead”,

but rather about getting to be the best an individual can be and finding a place in an organization where they can express excellence and contribute to the goals of the organization. Career advancement encompasses “vertical” issues such as promotions and upward mobility, but also “horizontal” movement (lateral job transfers) within the organization. Career advancement deals with the fundamental nature of the relationship of individuals to their work and employees to their organizations. A clearly defined plan of action prepares employees for the future and preserves an organization’s ability to meet both existing and future needs (Merchant, 1995).

As long as the countries have a positive economic growth, it gives a lot of opportunities to the employees to progress high in their career, compared during the countries facing with the economic recession which can prevent individual to go up the hierarchy in their organizations. According to Jung and Tak (2009), since the economic crisis in 1997 in Korea, many young employees have come to believe that their companies do not guarantee long term tenure and that they can be forced to leave their company anytime. The survey reported in the Korean magazine *Shindonga* January 2004, “Starting up One’s Own Business for People in their Thirties,” showed that Korean employees feel that they might be terminated when they are about 36 years old. With this trend, even young employees, as much as older employees, might perceive a career plateau.

People are more inclined to stay when they perceive that the opportunities and experiences they have with their current employers expand their career options. Despite their increased value and employability in the external labour market, employees will be inclined to keep their beneficial relationships with their current

employers. Ironically, the more a company prepares their staff to leave, the longer they are likely to stay (Gaming Hospitality Experts, 2012).

2.2.4 Recognition

Employee recognition is as much an organizational management issue as it is one related to the basic needs of individuals, because the deepest human need is the need to be appreciated (Brun & Dugas, 2008; Goodman, 2010). Employee recognition is the timely, informal or formal acknowledgement of a person's or team's behaviour, effort or business result that supports the organization's goals and values, which has clearly been beyond normal expectations (Harrison, 2005).

Recognition mostly refers to non-monetary ways of saying thank you and can take the form of thank you notes, pins, plaques, award ceremonies, company products, gift vouchers, employee photograph in the company newsletter or on "the wall of fame", to name just a few. There are unlimited ways to say thank you for doing the "right thing" and they are not necessarily expensive. They cater to the psychological need of the employees of being appreciated and have high intrinsic value. Thanking helps the organization fulfil employees' need of appreciation, positive reinforcement and recognition. Thanking not only acknowledges employees for their loyalty to the organization but helps cultivate a "climate of appreciation" by sincerely recognizing their good work and extra effort (Limaye & Sharma, 2012).

Limaye and Sharma (2012) further claimed that organizations should understand the power of recognition and appreciation. They should understand that it requires a lot of effort on the part of employees to continuously contribute towards organization's success. It is the recognition or words of praise that give an employee the push to go

on. Organizations also should create a platform for all employees to recognize each other, which includes peer to peer and junior to senior recognition.

When recognition becomes a normal part of the working environment, everyone wins. Workplace recognition promotes good mental health by helping employees build self-worth, giving meaning to their work and enhancing their self-esteem, motivation and job satisfaction (Health Capsule, 2006) besides encourage achievement, sustain a culture of customer focus and increase employee involvement and performance. Indeed, it acts as a personal development agent as well as a binder and dynamic factor in industrial relations (Brun & Dugas, 2008; Limaye & Sharma, 2012; Bradler et al., 2013). Moreover, employee recognition has a huge communication component. Recognizing people for their good work sends an extremely powerful message to the recipient, their team and other employees through the grapevine and formal communication channels. Employee recognition is therefore a potent communication technique (Harrison, 2005).

2.2.5 Senior Leadership

Senior leadership means an individual who guide, direct, motivate or inspire others. They are the men and women who influence others in an organization or in a community. They command others' attention. They persuade others to follow them or pursue goals they define. They control situations. They improve the performance of groups and organizations. They get results. These individuals may not be presidents of countries or the CEOs of companies, but they could be. They could also be employees who step forward to mentor less experienced or younger employees, managers who

direct successful project teams or vice presidents who lead divisions and motivate their staff to achieve company goals (Barrett, 2006).

A great working culture begins with leadership and leadership begins at the top. Top management must demonstrate their commitment to staff by their actions. When top management walk their talk, they build trust within the organization. This sense of integrity promotes the building of trust within the culture and it is the foundation of senior leadership. One of the best advantages of having strong senior leadership in the organization is their focus on developing their organizations. These organizations create learning environments, career paths and upward mobility. This is an important element of a high retention work environment. Employees want to be set up for success and they look for guidance on how to perform dedicated task (Gaming Hospitality Experts, 2012). Furthermore, leaders enhance their ability to execute on a few critical goals by instilling basic behaviours and disciplines into their organizations that will unleash the talent inherent in their workforce (Covey, 2010).

The Ritz Carlton Hotel Company is the only hotel chain to have earned the Malcolm Baldrige National Quality Award in the US for performance excellence. One of the approaches used in Ritz Carlton is, it has a strong senior leadership to operate the organization. Begin with the President of The Ritz Carlton, there is a deep commitment in the leadership to create and maintain a culture of trust, respect and dignity for their employees. Although this commitment begins with the company President, it is very visibly demonstrated at all levels of management down to the line supervisors. A study by Talent Keepers on workers across 350 organizations revealed that employees want their leaders that they can trust and who treat them fairly as individuals and leaders who show care and concern for them (Gaming Hospitality

Experts, 2012). That is why the importance of senior leadership to possess an emotional intelligence which is the capacity to understand ones owns emotions and those of other people (Barrett, 2006).

As mentioned by Brooks and Johnson (2010), not all learners are effective leaders, but all leaders are passionate learners. They learn, practice, reflect and improve as a repeating cycle throughout their careers. At the same time, leaders are characterised by their ability to lead the learning of others. Jack Welch famously said that he spent about 40% of his time developing the next generation of leaders. However, it is a key characteristic of leaders that they consider how to scale what they do, how to create organizational capacity and therefore, how can they lead the learning of others. A distinguishing characteristic of successful leaders is that they are able to interpret and shape strategy appropriately for their level in the organization. They think about how to make strategy real and practical at whatever level and how to connect the work of the people that they lead to that strategy.

Senior leadership at the same time must prepare their employees for the change that the organization and the environment will demand for survival (Mackenzie, 2005). According to Vlamis (1999) as cited in Mackenzie (2005), launching change is among the greatest challenges faced by senior leadership. Leadership is driven down into the organization not just by the way leadership communicates, but from the conversations that go on at every level in the organization. It is impossible for a single leader to drive down the message of change and inspire people at all levels. What it takes is a hierarchy or a network of people who are really in partnership and who are having conversations with everybody in the organization about the nature of change.

Meanwhile, a leader must not only be able to detect opportunities in the environment but to describe them in ways that maximize their significance (Conger, 1991).

According to Barrett (2006), by communicating more effectively, senior leadership improve their ability to get things done with and through people. Eventually, particularly when they move into the higher levels of organizational leadership, they will need to develop the capabilities in the outer circle, the corporate communication skills which involve employee relations, change communication, media relations, crisis communication and reputation management.

2.3 GAPS IN THE LITERATURE REVIEW

In Malaysia, there have been many studies carried out on employee turnover which consist of causes of employee turnover (e.g. Mandal & Vishal, 2012; Butali, Wesang' ula & Mamuli, 2013), factors that influence employee turnover (e.g. Mokaya & Kittony, 2008; Almutairi, Moradi & Idrus, 2008), intention to leave (e.g. Hazrina, 2010; Kumar, 2012; Judeh, 2012) and the impact of employee turnover (Garino & Martin, 2007; Mdingela, 2009; Abdali, 2011; Dwomoh & Korankye, 2012; Fidalgo & Gouveia, 2012). Most of the employee turnover studies conducted on fast food industry (e.g. Hazrina, 2010; Kumar, 2012), academic staff in college and universities (e.g. Ologunde, Asaolu & Elumilade, 2005; Butali, Wesang' ula & Mamuli, 2013), teachers from public and private schools (e.g. Boe, Cook & Sunderland, 2008; Feng & Angeline, 2010; Barnes, Crowe & Schaefer, 2012), hotel industry (e.g. Mensah, 2010; Mandal & Vishal, 2012; Panwar et al., 2012), nurses in public and private hospitals (e.g. Hayes et al., 2006; Almutairi, Moradi & Idrus, 2008; Hunt, 2009), banking sector (e.g. Dwomoh & Korankye, 2012; Shukla & Sinha, 2013) and

insurance industry (Pathak & Tripathi, 2010; Judeh, 2012) . So far, the studies focused on the employee turnover on the sector or industry which related to similar type of business (e.g. among banking sector, academic institutions, hotel industry) and has the competitors with same scale or capacity. However, there is no study conducted on employee turnover in TNB which is the largest electricity utility in Malaysia and a leading utility company in Asia.

Individual outside TNB have the impression that the company has high retention rate since TNB is a giant company and now tapping into opportunities available overseas which making inroads into emerging markets focusing on the Asia-Pacific, Middle East and North Africa regions. But, the real situation happened in TNB is the other way around. Presently, resignation among middle managers become a serious issue in TNB but no thorough study was done to gauge the main cause of the situation. The discussion among HR personnel and TNB management mainly focus on the idea that market is experiencing growth and knowledge and experience gained in TNB can be further utilised in IPPs, oil and gas, multinational company or other competitors which can offer middle managers with good price.

Now days, every organization is talking about managing talent even small and medium sized of organization. Meantime, TNB currently suffer with the shortage of professional and imbalance of managerial skills, talent and technical expertise due to high turnover rate among its middle managers. Exit interview and Employee Engagement Survey Result are not enough in examining the problems relating turnover. It is hoped that by this research, it can help TNB to understand the factors that influence the intention among middle managers to resign. Finally, this research also intends to help TNB to decrease the number of middle managers turnover rate

and retain its capable middle managers in order to find the right talent and invest for growth of those people.

2.4 UNDERLYING THEORY

In Social Exchange Theory, the relationship between employees and their employer is described as an exchange relationship. This study examined the economic and social exchanges between employee and employer. Specifically, in social exchanges, both parties invest in the other party which involved obligation and trust. Thus, employee expectations about the duration of the exchange defined the financial obligations which emphasis on economic exchange (pay and benefits). It is found that when employees perceived low mutual obligations between employee and employer, employee resignation intention were high. Whereas, the employee resignation intention were low when high obligations present between employee and employer (Shore et al., 2006). In addition, career advancement (e.g. promotion) can be considered as an explicit reward given by the employer to shows the employer's recognition as an exchange for the efforts and contributions done by the employees (Hall, 2001).

Furthermore, Leader Member Exchange Theory (LMX), indicate that senior leaders that develop high quality relationships with their subordinates will generate subordinates with high productivity, job satisfaction, motivation and engagement. This exchange relationship, on the other hand develop mutual trust, loyalty and respect each other (Lunenburg, 2010).

2.5 RESEARCH FRAMEWORK

The intention of this research is to analyse the relationship between dependant variable and independent variables. Then, it proceeds with the hypothesis development. The theoretical framework and hypothesis development examine the relationship and significant influence between independent variables and dependant variable.

Since all the variables have been determined, the factors that influence the resignation intention among middle managers in Tenaga Nasional Berhad will be developed through the framework, which consist of dependant variable and independent variables. The independent variables are pay and benefits factor, recognition factor, career advancement factor and senior leadership factor. On the other hand, the dependant variable is middle managers resignation intention that deeply discuss in this research. Moreover, to see four (4) main factors that influence the middle managers resignation intention and which factor contributes significantly. Following model depicts the relationship among the dependant and independent variables, forming the theoretical framework.

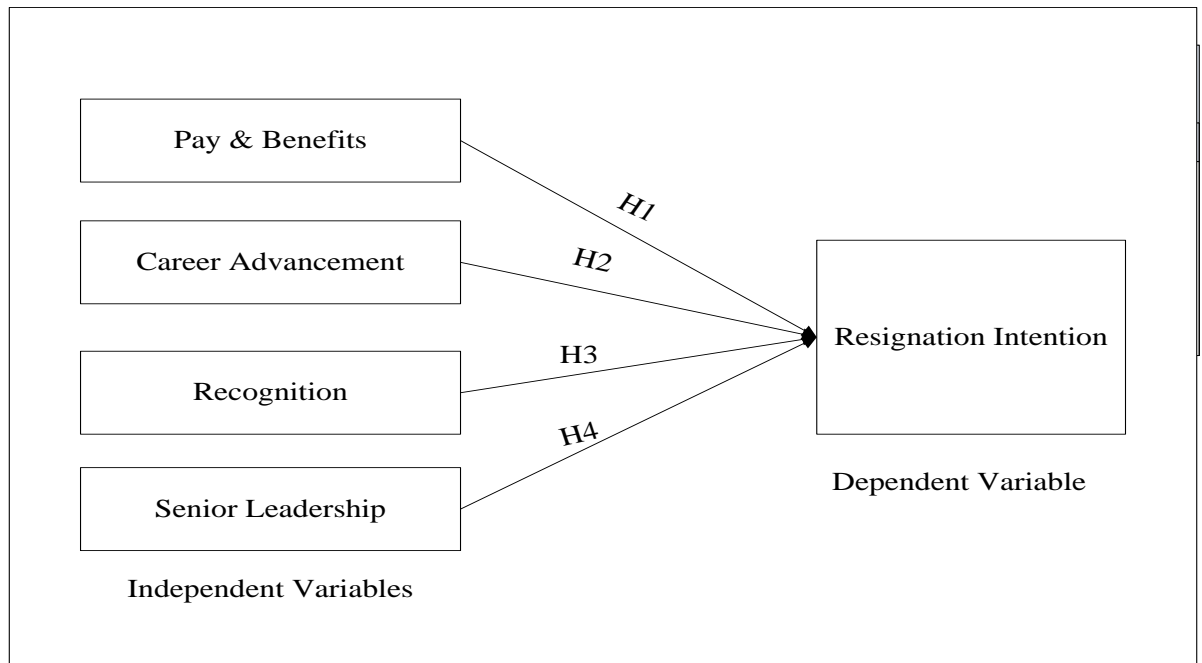


Figure 2.2
Theoretical Framework

2.6 HYPOTHESIS DEVELOPMENT

The origin of the word “*hypothesis*”, according to the online version of Oxford Dictionaries, is from the Greek word hypothesis from the late 16th century and is translated as a supposition or proposed explanation made on the basis of limited evidence as a starting point for further investigation. The same source offers another definition used in case of philosophy, “*a proposition made as a basis for reasoning, without any assumption of its truth*”. A hypothesis is both an assumption and an assertion. A hypothesis is an assumption where the successful execution of the assumption will cause the expected consequences described in the assertion. A hypothesis is used for planning the tests that the hypothesis must pass in order to be successfully proved (Bulajic, Stamatovic & Cvetanovic, 2012).

When develop a hypothesis, assertion is not made either hypothesis is true or untrue. It might be known true, known false, probable, improbable, completely unknown or whatever. Usually the intention is to determine at some later stage the truth or falsity or probability of the hypothesis. *“A hypothesis is not a prediction or even a guess. If we predict that the sun will rise in the east, and we do the experiment, we implicitly considering two hypotheses: Either it will rise in the east or it won’t. The point is that here we have one prediction but two hypotheses”* (Denker, 2004).

Bulajic, Stamatovic and Cvetanovic (2012) further claimed that hypothesis is an unproved assertion. Very often, the hypothesis is wrongly identified as an idea or theme, or even a theory. An idea is immeasurably wider than a hypothesis and can be anything that a human brain can imagine or fabricate. A theme is much narrower than an idea and is usually related to a subject of discussion, branch of science or research. The definition and choice of the theme is almost always known in advance. A theory is something that is already proven and is usually based on verified hypotheses. A theory is also a source for new hypotheses that can be used to prove or disprove the same theory or other theories.

2.6.1 Pay and Benefits and Resignation Intention

According to Kuria and Alice (2012), pay is defined as the wages, salary or compensation given to an employee in exchange for services the employee performs for the organization. These factor as well play a big role in influencing employees to resign and the most common reason individuals give for leaving are they have been offered more money and better benefits. Maertz and Campion (2004) and Tanwir and

Adnan (2011) described this situation as pull factor as this opportunities attract or psychologically pull employees away from their current organizations.

On the other hand, if the employees are not happy with their current salary scale and benefits, they tend to hunt for jobs that can pay them considerably well with a better compensation packages (AHM Shamsuzzoha & Md. Rezaul, 2007; Mokaya & Kittony, 2008; Rampur, 2009; Mrara, 2010). As mentioned by Iqtidar, Zainab, M. Shakil and Khalid (2010), better pay packages offered by other organizations can be considered as uncontrolled factor because it is out of the control of organizations.

According to Laser (1980) as cited in Hissom (2009), most people feel that salary is the major issue in causing employee turnover. This reason is widely used as an excuse for leaving, making the organization and its pay scale a convenient target for employee frustrations. Most employees feel that they are worth more than they are actually paid. There is a natural disparity between what people think they should be paid and what organizations spend in compensation. They further argue that when the difference becomes too great and another opportunity occurs, turnover can result (Kuria & Alice, 2012). Moreover, leavers may have found better paying positions or positions with similar pay but less responsibility and stress (Kersaint et al., 2007). A survey released by the Society for Human Resource Management (SHRM) and CareerJournal.com revealed that over 50% employees seeking to work elsewhere with the reason they were looking for better pay and benefits (Palmer, 2012).

Survey by Office of Performance Evaluations Idaho Legislature (2013), towards 17,000 state employees in Idaho, revealed that poor pay is the number one reason that contributes to employees' intention to leave the current employment and seeking for a

new job. About one fourth of the survey respondents said that they are likely to leave their current employment within the next two years. The concerns that the agencies were losing highly skilled employees and were having difficulty recruiting qualified employees because the current pay rates were not competitive.

As mentioned by Health Care Group (2006), if employers underpay their employees, they will be able to attract only those who are not very competent, those they probably will let go or those who just started working and will gain an experience as much as they can from the company and move on to better paying jobs. Either way, the company salary policy will generate turnover rather than prevent it. According to a Spherion Emerging Workforce Study, “Only 49% of employers rate money as an important issue in retention but 69% of employees believe it is”. This difference suggests a gap between the employer’s traditional approach to motivation theories and resignation intention among employees (MacLean & Carroll, 2009).

H1: There is a significant relationship between pay and benefits and middle managers resignation intention

2.6.2 Career Advancement and Resignation Intention

Today’s employees are more careers conscious than ever. They are demanding more in terms of personal growth and development. If an organization does not recognize the individual’s need and desire to grow, then ‘development’ becomes a primary reason for resignation and organization will be losing valued employees (Merchant, 1995; Aguenza & Ahmad, 2012). Loquercio (2006), Allen (2008) and Atif et al., (2011), revealed that career advancement has relationship with turnover. The organization should concern about losing employees by making them more

marketable by providing them with career advancement which linking them with job specific training and developmental opportunities. Low career prospect at the same time is a common push factor happened in organization (Atchley, 1996).

Atif et al., (2011), further claimed that employees with high competencies and perfection in their field which they gained through training and development will choose to stay with the current employment even though the companies do not increase their compensation. Employees also are more likely to stay engaged in their jobs and committed to an organization that makes investments in them and their career development. Otherwise, it will generate their intention to resign and search for better career advancement in other company (Yazinski, 2009; MacLean & Carroll, 2009).

According to Khan (2012), promotion plays an important role in employees' career which will enhance their position as well as can be a good incentive to increase the worker reputation. Thus, will decrease their intention to leave the organization. On the other hand Pathak and Tripathi (2010), stated that career advancement was the factor that associated with employee turnover. Hence, in the process of retaining their valued employees, the employer should make sure their employees know they have a future in the organization by developing a significance individual career development path (Loquercio, 2006; Chen & Hou, 2012).

Now days, the rate of turnover because employees are unhappy which resulted from the limitation in career advancement within the same company is alarming. Without providing sufficient training and opportunities to grow, it shows that the organization treated their employees as disservice (Gregory, 2011). Organizations should invest

heavily in the training and development of their employees because career progression is also an indication of management commitment to build a life-long relationship with the employees thereby influencing their turnover decisions (Samuel & Chipunza, 2009).

H2: There is a significant relationship between career advancement and middle managers resignation intention

2.6.3 Recognition and Resignation Intention

Every employee generally wants to do a good job and of course, it follows that they also want to be appreciated and recognised for their works (AHM Shamsuzzoha & Md. Rezaul, 2007). As for tools to retain middle management, bonuses and incentives are not that helpful because these things happen once a year or are relatively small. What important is treating employees with fairness and recognising their contributions. When people perceived inequity in their environment because they put in more than they are getting or inconsistencies where others are putting in less and getting more, this can create all sorts of dissatisfaction. Recognising value is part of how fairness translates for this group (Knowledge@Wharton, 2008).

Lack of recognition at the same time can be considered as push factor because it can drive employee away from the organization. Moreover, superior should sensitive towards employees' satisfaction because when employees become discouraged with their jobs and feel devalued, they will seek for other alternative which is resigning (Atchley, 1996; Loquercio, 2006; Gregory, 2011). Employees, especially those with esteem and self-actualization drives want to be appreciated and rewarded, not necessarily with money, but by openly acknowledging their achievements and

contribution to the attainment of organizational goals and objectives (Samuel & Chipunza, 2009).

Lindhal (1949) as cited in Nelson (2001), conducted a series of researches where employees consistently ranked items such as “full appreciation for work done”, “feeling in on things” and “interesting work” as being more important to them than the traditional incentives such as “good wages”, job security” or “promotion/growth opportunities”. Hay Group (2001), claimed that superiors everywhere dramatically underestimates the power of spot recognition. It is not that difficult to appreciate employees, for example, simply complimenting employees on their work or giving employees’ gift such as dinner for two or tickets for sport events if they are able to complete a project on time and within budget. The benefit is huge but the cost is small.

Performance appraisal is another tool that considered important in retaining employees. Evaluation carried out by the superior not based on the employees’ actual performance will generate anger and frustration among employees and will trigger them to seek better opportunities outside their current employment. The superior should make sure that their employees are aware of their achievements, followed by appreciation for those achievements. This shows the significance of performance appraisal in keeping a check on employee turnover (Gregory, 2011; Oxbridge Writers, 2013).

H3: There is a significant relationship between recognition and middle managers resignation intention

2.6.4 Senior Leadership and Resignation Intention

According to Sellgren (2007) and Mrara (2010), senior leadership impacts employees' intention to leave and the common denominator of high turnover in organizations is caused by poor leadership (Whipple, 2013). The findings of the study by Butali, Wesang'ula and Mamuli (2013), indicate that staff exit from employment because of loss of trust and confidence in senior leaders. Thus, they also lose trust in the organization and resulted them to look for opportunities elsewhere. Senior leaders are usually seen as the key pillars of the organization. Once they mishandle issues to the extent that they disappoint other employees, the next thing that the disappointed employees do is to quit the job or seek for transfer to other places. Continued mismanagement of the affairs of the organization certainly leads to high staff turnover and there is a saying that people usually leave an organization because of their boss not their job (Tanner, 2011).

Senior leaders are challenged with creating a culture of trust and integrity that strengthens the bonds of employee engagement. While this challenge is shared by all employees, it is incumbent on senior leaders to set the tone and the example. This is not always easy, particularly when employees already have a number of issues with their leaders. They complain about a basic lack of trust and integrity in leadership. They might feel management is out of touch with day to day reality. Or, they might feel that leaders are concerned only with their own greed, and not with the needs and concerns of workers (Branham, 2005). By example; company policy stated that promotion will only go for those who are capable and competent in their job but end up, someone who incapable and incompetent got the promotion. The reason is because of the favouritism that makes the senior leaders promote only the person who

are in their favour. By extending trust to employees, leaders demonstrate their willingness to support them. This pays off in terms of higher trust on the part of employees toward the organization. There is a whole science on how to build trust. By developing the cultures of openness, more trust in an organization will lead to lower turnover Whipple (2013). Furthermore, transparency helps employees stay connected (Branham, 2005).

Moreover, in nearly every corporate survey on employee satisfaction, the issue of communication surfaces as either the number one or number two complaints. Communication needs to be ubiquitous and consistent. It is not enough to have a monthly corporate news letter or an occasional town hall meeting. Communication needs to take many different forms and be a constant priority for all levels of management. It is also understood that employees are more satisfied when they have more opportunities to communicate with their superiors on work related as well as social matters. Most of the time, new company mission or target being communicated with the employees through policy memos or via e-mail and expected employees to identify, understand and implement changes and actions communicated in these memos. In the first place, the target should be communicated very well by the senior leaders (e.g. through meeting, task force, outreach program, forum), so that employees understand clearly about company way forward and easy for them to implement changes. The inability of senior leaders communicate effectively and create a working environment that fosters employee motivation, will drives up the rate of voluntary turnover (Napisah, 1997; Martin & King, 2010; Tanner, 2011).

Napisah (1997) further claimed that power and decision making can increase the employee engagement and retention. When power is decentralised, many employees

are allowed to make decisions and can freely participate in decision making. However, when decision making authority is concentrated in the hands of just a few, employees tend to believe that they are relatively powerless and not surprisingly, feel dissatisfied. Studies have shown that where superiors exercise the power fairly, employees will be more satisfied.

H4: There is a significant relationship between senior leadership and middle managers resignation intention

2.7 CONCLUSION

This review of turnover literature identifies a range of factors that have been shown to be consistently linked to resignation intention among middle managers in TNB. These include pay and benefits, career advancement, recognition and senior leadership. Gaps in the literature review claimed that specific study should be conducted to examine the real factors that influence middle managers intention to leave the organization.

Apart from these, the independent variables (pay and benefits, recognition, career advancement and senior leadership) and dependant variable (middle managers resignation intention) were identified and theoretical framework was established as well as the development of hypothesis. The relationship between variables will be tested to identify which factor significantly influence the resignation intention among middle managers in TNB. The incoming result can help the company to better understanding about the nature of turnover. Thus, the appropriate strategy can be taken to overcome the situation in the most efficient way. Hence, pondering and prioritizing talent management to support the company 20 years action plan.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter covers an overview of methodology used in the study. The discussion will explain about the research design, the size and number of respondents and sampling used in the research, measurements of variables, questionnaire design, pilot testing as well as the data collection methods that consist of primary data. After that, it goes to the analysis technique used in the research.

3.2 RESEARCH DESIGN

This study used an approach of cross-sectional study design which is one of the most common and well known study designs. In this research study, a sample of 210 respondents consisting of middle managers in TNB is selected and from these individuals, data are collected to help answer research questions of interest. Researcher record the information that is present in a population and can be used to describe characteristics that exist in a population, but not to determine cause and effect relationships between different variables. Cross-sectional study is often used to make inferences about possible relationships or to gather preliminary data to support further research (Olsen & George, 2004; Cherry, 2013). Information gathered will be used to determine whether there is a relationship between pay and benefit, career advancement, recognition, senior leadership and middle managers resignation intention.

Cross-sectional research differs from longitudinal research in that cross-sectional is designed to look at a variable at only one point in time, while longitudinal study involves studying the same group of individuals over an extended period of time. Data is first collected at the outset of the study and may then be gathered repeatedly throughout the length of the study. In some cases, longitudinal study can last several decades (Cherry, 2013).

In this study, researcher adopted a quantitative research with descriptive design, using a questionnaire and uses a closed ended instrument for data collection. According to Rajasekar, Philominathan and Chinnathambi (2006), quantitative research is based on the measurement of a quantity or amount. The process is expressed or described in terms of one or more quantities.

As mentioned by Organisational Heartbeats (2012), quantitative research is about asking people for their opinions in a structured way. It is much more objective than qualitative research, produce hard facts and statistics. It involves the use of structured questions with a limited number of predetermined response options. Usually, a relatively large number of respondents are involved in order to get reliable statistical results. In addition, such observations and measurements can be made objectively and repeated by other researchers (Degu & Yigzaw, 2006). Furthermore, quantitative also known as traditional, positivist, experimental or empiricist (Clarke, 2005).

Williams (2007) stated that quantitative research can be used in response to relational questions of variables within the research and the findings from quantitative research can be predictive, explanatory and confirming. On the other hand, Jefferies (1999) explained that there are many types of research that can be categorized as

“descriptive” and questionnaires is a part of descriptive research. Williams (2007) further claimed that the descriptive research approach is a basic research method that examines the situation, as it exists in its current state. Descriptive research involves identification of attributes of a particular phenomenon based on an observational basis, or the exploration of correlation between two or more phenomena.

3.3 POPULATION AND SAMPLE

Researcher need to define and understand the target population in order to obtain a valid sample. The target population is the group or the individuals to whom the survey applies. The population can only be sampled after being specified (Kitchenham & Pfleeger, 2002).

In other words, the target population in this study is the middle managers in TNB. Middle managers are the superior in one group. They are participants in multiple, vertically related groups that link between upper and junior levels of management and at the same time act as the coordinator between top and operating level activities. Total numbers of middle managers are 2070 and the actual total respondents acquire for this study is 324.

3.3.1 Sample Size

Total 324 respondents were figure out as the sample size through Krejcie and Morgan (1970) formula to determine the sample size.

$$s = \frac{X^2 NP (1 - P)}{d^2 (N - 1) + X^2 P (1 - P)}$$

s = required sample size

X^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841)

N = the population size

P = the population proportion (assumed to be 0.50 since this would provide the maximum sample size)

d = the degree of accuracy expressed as a proportion (0.05)

Below would be the calculation to identify the sample size:

s = required sample size

X^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841)

$N = 2070$

P = assumed to be 0.50

d = the degree of accuracy expressed as a proportion (0.05)

$s = 3.841 (2070)(0.5)(0.5) \div (0.05)^2 (2069) + 3.841 (0.5)(0.5)$

$s = 1987.7175 \div 6.13275$

$s = 324.1152$

$s = 324$

In addition, there are two reasons why sample size is important. First, an inadequate sample size may lead to results that are not significant statistically. In other words, if the sample size is not big enough, researcher cannot come to a reasonable conclusion and the target population cannot be generalized. An extreme example of this problem is the receipt of a single response; researcher cannot draw any conclusions from a single respondent. Second, inadequate sampling of clusters or strata disables researcher ability to compare and contrast different subsets of the population (Kitchenham & Pfleeger, 2002).

Kitchenham and Pfleeger (2002), further claimed why sample is needed at all, rather than try to get responses from the entire population. Indeed, if the population is small (usually defined as less than 50), researcher probably should attempt to obtain responses from all in the population. If the population is large, meaning that there is a need for sampling based on a few reasons. Moreover, researcher need to make sure that the survey will not cost more than it needs to cost. The use of sampling is to obtain sufficient responses to answer the questions. The second reason for sampling is about the ability to administer controlled follow up procedures for those non-responses. The third reason is about the ramification for survey administration. In order to follow up non-response, researcher needs to know who has replied and who has not. This requirement means that the questionnaires must be individually coded. Hence, can match replies to questionnaires. At the same time, researcher needs to put in place procedures to protect the anonymity of respondents.

In this study, researcher use stratified random sampling. According to Crossman (2013), a stratified sample is a probability sampling technique in which the researcher divides the entire target population into different strata (partitioning a population into

subpopulations) and then randomly selects the respondents proportionally from the different strata. The purpose of this type of sampling is to increase the efficiency of estimation (Podgurski & Masri, 1993; Schutt, 2008).

Normally, the return rate in Malaysia or Asia Countries is around 30% to 40% (Sekaran, 2003). In this study, sample is choosing according to division which forms the sampling strata. 40% rate is used in order to meet the minimum numbers of 324 ($324/0.4 = 810$). Thus, total distributed questionnaires should be around 810 or 828 set.

Sample of 828 respondents are selected from the entire divisions. Within each division category, individuals are then sampled randomly from each stratum as shows in Table 3.1 below:

Table 3.1
Total Respondents by Divisions

Total Respondents	Divisions
485 out of 1213 (1213 x 40%)	Core Business which consists of Generation, Transmission and Distribution (involved in generating, transmitting and distributing electricity activities)
93 out of 232 (232 x 40%)	Non-Core Business (consists of Human Resource, Finance, Procurement, Planning and Information Technology)
154 out of 386 (386 x 40%)	New Business and Major Projects (consists of local and overseas project activities)
96 out of 239 (239 x 40%)	Business Units (comprise of Corporate Services and Affairs, Corporate Communication and Group Internal Audit)

By using proportionate stratified sampling, a sampling method in which elements are selected from strata in exact proportion to their representation in the population, researcher would eliminate any possibility of sampling error in the sample's distribution of respondents in each divisions. Each stratum will be represented exactly in proportion to its size in the population from which the sample was drawn (Schutt, 2008). This means that each stratum has the same sampling fraction (Crossman, 2013).

3.4 QUESTIONNAIRE DESIGN

According to LoBiondo-Wood and Haber (2001), the questionnaire is developed to collect data from individuals with regard to knowledge, attitudes, beliefs and feelings. Furthermore, when developing the instrument, the researcher must take into account the following aspects: questions must be organized in a logical sequence, in an order of psychological significance and in a way to stimulate the respondents' cooperation and honest opinion (cited in Mateus, 2007).

In this study, researcher applies the survey method using a structured questionnaire. The close-ended questions were used in such a way that respondents were able to answer it easily. It is preferred because it can assist the respondents to make fast decisions to choose one of the several alternatives. Yet, it also assists the researcher for easily data coding and expedites the data analysis. In request for cooperation, researcher put a brief introductory paragraph at the beginning. The purpose is to highlight the reason for the survey, participation as a representative for target population and confidentiality of the survey feedback (Fairfax County Department of Neighbourhood and Community Services, 2012).

The questionnaire consists of 29 items which measures; (1) pay and benefits, (2) career advancement, (3) recognition, (4) senior leadership and (5) resignation intention. In addition, the questionnaire comprised of six main parts which consists of section A until section F. Section A describe about the demographic profile that has been collected and comprise of six items which includes gender, education background, age, tenure of employment, designation and current placement (division).

In section B, the items used to access middle managers level of agreement or satisfaction towards their overall pay and benefits. It is also to explain middle managers perceive what is fair by comparing their work to those holding similar positions with a different employer. Besides, what they perceived they should receive for their pay after contributed to the organization success. According to Singh and Loncar (2010), equity is achieved when the input-output ratio of the employees are equal. Hence, determine the influence of pay and benefits with middle managers' intention to resign. The respondent may indicate their response for the statement such as "My benefits are competitive compared with the benefits provided by other companies".

Section C explained about the perceptions of middle managers on their career advancement opportunities in TNB. It is also to determine how middle managers perceived TNB as an organization that care and support their ambitious workers into career needs. The example of the statement is "There are sufficient opportunities for me to develop skills necessary to do a different job". Section D determine how middle managers perceived TNB as an organization that recognize, concern, care, protect and encourage their employees as an effort to boost worker self-esteem. It is also to show whether or not TNB is a healthy and strong organization in such way praise it

employees for their small and large contributions to the organization such as “When I do a good job I receive the praise and recognition I deserve”.

In section E, the items used to gain a view on how middle managers perceived their superior leadership ability in terms of stimulate, inspire and transform their subordinates in order to meet organization’s objectives. Meanwhile, to determine whether middle managers able or not in developing trust and respect their leaders. These items emphasized about the ability and capability (transformational and transactional leadership style) of the TNB’s senior leader in influencing the middle managers intention to resign. The example of the statement is “I see strong evidence of effective leadership from top management of TNB”. Finally, section F describe about the statements used in order to assessed the probability or likelihood of middle managers intention to leave the organization such as “I hardly ever think about leaving TNB to work somewhere else”.

Table 3.2
Layout of the Questionnaires

Section	Variables	Number of Items
Section A	Demographic Profile	6
Section B	Pay and Benefits	5
Section C	Career Advancement	5
Section D	Recognition	5
Section E	Senior Leadership	5
Section F	Middle Managers Resignation Intention	3

3.5 MEASUREMENTS

This study used a five-point Likert scale for measuring all variables; (1) strongly disagree, (2) disagree, (3) neutral, (4) agree and (5) strongly agree. Likert scale is a non-comparative scaling technique and only measure a single trait in nature. Respondents are asked to indicate their level of agreement with a given statement prior to their intention to resign. Naturally, the reliability of Likert scale can be checked using Cronbach Alpha or another appropriate reliability estimate. Likert scale was first introduced by Dr. Rensis Likert, a sociologist at the University of Michigan. His original report entitled “A Technique for the Measurement of Attitudes” was published in the Archives of Psychology in 1932. Likert scale is a psychometric response scale primarily used in questionnaires to obtain participant’s preferences or degree of agreement with a statement or set of statements. (Bertram, 2007; Brown, 2011).

A respondent who indicates the higher score for variables such as pay and benefits, career advancement, recognition and senior leadership will show a low interest towards resignation intention. Meanwhile, lower score will indicate high intention to resign. In contrast, a respondent who indicates a lower score for resignation intention will show a high interest towards intention to resign. Whereby, higher score will indicate a low intention to resign.

Intention in this scope of study is to measure the resignation intention among middle managers. It was measured by three items with the alpha value of 0.93. Pay and benefits was measured by the five items with the alpha value of 0.92. Another factor used in this study was career advancement which consists of five items indicates an

alpha value of 0.84. In addition, recognition factor produce an alpha value of 0.8 are consists of five items and last factor which is senior leadership consists of five items produced an alpha value of 0.92. The details of the adapted questionnaires and the sources are summarized in Table 3.3 and Table 3.4.

3.5.1 Dependent Variable

Table 3.3
Dependent Variable

Variable	Operational Definition	Sample Item	Sources
Resignation intention	A conscious decision regarding willingness to leave the organization	1) I hardly ever think about leaving TNB to work somewhere else 2) It would take a lot to get me to leave TNB 3) Overall, I am very satisfied with this organization as an employer	Definition: Tett and Meyer (1993) cited in Kane-Sellers (2007). Predictive Models of Employee Voluntary Turnover in a North American Professional Sales Force Using Data-Mining Analysis Questions: 1) Aon Hewitt through TNB Employee Engagement Survey, 2011 2) Best Companies Group (2012). Employee Engagement and Satisfaction Survey

3.5.2 Independent Variables

Pay and benefits, career advancement, recognition and senior leadership are the independent variables in this research. The sample items of these four main factors are listed in Table 3.4 below.

Table 3.4
Independent Variables

Variables	Operational Definition	Sample Item	Sources
Pay and Benefits	Compensation that employees receive in exchange for their contribution to the organization which consists of direct (base pay and incentives) and indirect (benefits) compensation.	1) I am paid fairly for the contributions I make to the organization's success 2) My basic salary is competitive compared to similar jobs at other organizations 3) My increment fairly reflects my work performance 4) Overall, I am satisfied with this organization's benefit package 5) My benefits are competitive compared with the benefits provided by other companies	Definition: Compensation Management by S. Bhaumik from slideshare.net. Questions: 1) Hay Group through TNB Executives Remuneration Survey, 2013 2) Aon Hewitt through TNB Employee Engagement Survey, 2011 3) Custom Insight (2012). Employee Engagement Survey-Sample Survey Questions 4) Best Companies Group (2012). Employee Engagement and Satisfaction Survey

Variables	Operational Definition	Sample Item	Sources
Career Advancement	A shared responsibility between the employee and organization for career goal setting, aimed at facilitating horizontal and vertical movement within the employing organization	1) My future career advancement here look good 2) I think the way TNB promotes people is fair 3) There are sufficient training and development to develop skills necessary to assume greater responsibilities 4) There are sufficient training to improve my skills for my current role 5) There are sufficient opportunities for me to develop skills necessary to do a different job	Definition: Cummings and Worley (2005) cited in Kane-Sellers (2007). Predictive Models of Employee Voluntary Turnover in a North American Professional Sales Force Using Data-Mining Analysis Question: Aon Hewitt through TNB Employee Engagement Survey, 2011

Variables	Operational Definition	Sample Item	Sources
Recognition	The degree which employers' signify their praise and appreciation towards their employees' effort and contribution	1) I feel I am valued in this organization 2) I feel I am part of a team working toward a shared goal 3) Employee opinions and suggestions are given significant consideration in TNB's decision making process 4) My superior is available for discussions and is there to answer my questions or concerns 5) When I do a good job, I receive the praise and recognition I deserve	Definition: Bradler, Dur, Neckermann and Non (2013). Employee Recognition and Performance: A field Experiment Questions: 1) Aon Hewitt through TNB Employee Engagement Survey, 2011 2) Custom Insight (2012). Employee Engagement Survey-Sample Survey Questions 3) Best Companies Group (2012). Employee Engagement and Satisfaction Survey
Senior Leadership	The degree which senior leaders ability to influence and to inspire their employees. Besides, demonstrates high credibility and concern for others	1) I have confidence in the decisions made by my superior 2) I respect my superior as a competent senior leader 3) I see strong evidence of effective leadership from top management of TNB 4) Top management of TNB is open and honest in communication 5) Top management of TNB has the courage to make significant changes to current	Definition: Jones (2007). What is a Leader, Anyway? Questions: Aon Hewitt through TNB Employee Engagement Survey, 2011

Variables	Operational Definition	Sample Item	Sources
		practices and policies if necessary	

3.6 Pilot Study

A pilot study is a small experiment designed to test reliability, validity and gather information prior to a larger study, in order to improve the latter's quality and efficiency. A pilot study can involve pre-testing a research tool as well as to reveal deficiencies in the design of a proposed study. Furthermore, pilot studies are used as feasibility studies to ensure that the ideas or methods behind a research idea are sound, as well as to "*work out the kinks*" in a study protocol before expended to larger study (Altman, 2006; Stachowiak, 2008).

According to Burns and Bush (1998), a pre test minimum of 30 representative participants is sufficient to validate the questionnaire. In regards to this study, questionnaire was forwarded to 40 middle managers in Core Business and Non-Core Business Divisions. The pilot study indicated that there was a poor sequence in questionnaire layout which the questionnaire instructions are not clear and items for each variable were not clustered whereby researcher jumping from topic to topic. This improper questionnaire vertical flow, caused ambiguous and uncomfortable to the target population. Recommendations were considered and alterations were made accordingly. Table 3.5 below stated that Cronbach's Alpha values for all variables were above 0.7. Career advancement has ranked highest with 0.88 whereas senior leadership scored the lowest value with 0.75.

Table 3.5
Cronbach's Alpha Reliability Test

Variables	Number of Items	Cronbach's Alpha (α)
Pay and Benefits	5	0.84
Career Advancement	5	0.88
Recognition	5	0.81
Senior Leadership	5	0.75
Resignation Intention	3	0.79

3.7 Data Collection

This research involves collecting primary data gained through the survey response by the respondents through 828 questionnaire distributed. The time allocated to respondents to complete and return the questionnaires is within 7 days. The survey response obtained from the respondents via e-mail and being categorized as first hand data. E-mail was choose to reach respondents with the reason it can gives the appearance that the respondents will be easy to complete. Respondents at the same time feel more comfortable completing the survey that is administered via e-mails and this technique can produce honest responses from them (Fairfax County Department of Neighbourhood and Community Services, 2012).

3.8 Data Analysis

After the completed questionnaires are collected, the data will be analyzed using Statistical Package for Social Science (SPSS), version 19. Through this process, the researcher will be able to derive a result regarding the factors that influence the resignation intention among middle managers in TNB. The normality of the variables will be tested by comparing the skewness and kurtosis levels.

The reliability of the survey instrument will be verified using Cronbach's Alpha in order to find out the consistency and stability of the responses that had been collected. Moreover, demographic profile analysis and frequencies testing will also be examined. In addition, descriptive statistics will be tested to find out means and standard deviations of the variables. Thus, the setting up of ranking table for the independent variables showed the sequences of highest to the lowest mean value.

Furthermore, Pearson correlation will be used to explore the strength of the relationship between two continuous variables. It gives an indication of both the direction (positive or negative) and the strength of the relationship. Besides, in multiple linear regression analysis, four independent variables are used to predict the value of a dependent variable. It is also explain how much of the variance in the dependent variable can be explained by independent variables and gives an indication of the relative contribution of each independent variables.

3.9 Conclusion

Methodology is an essential part of a research in order to search and solve the research problem. In this study, researcher has been discussed in detail about the method, various tools and technique used for data collection and analysis. It can be understood by the fact that an appropriate methodology used will result in valid and logical conclusions in the research. Moreover, the outcomes of the data analysis will be discussed in detail in the following chapter.

CHAPTER 4

DATA ANALYSIS AND FINDINGS

4.1 INTRODUCTION

This chapter will discuss the analysis of the data gained through the questionnaires collected from the respondents and presents finding of the study. Results of data analysis are presented using several statistic methods such as reliability analysis, descriptive statistics (frequency, mean and standard deviation), correlations and linear regression analysis. This analysis is conducted using the SPSS version 20. Thus, the results from the quantitative analysis are presented in sequence order: (1) rate of response (2) demographic profile of the respondents (3) reliability analysis (4) descriptive analysis of the variables (4) Pearson correlation and (5) linear regression. This chapter as well attempt to answer the research questions, achieve the research objectives and test the hypotheses developed earlier.

4.2 RATE OF RESPONSE

In this study, the respondents were the middle managers selected randomly from four divisions (Core Business, Non-Core Business, New Business and Major Projects and Business Units). A total of 828 questionnaires distributed to the target group by e-mail. However, only 220 set of questionnaires were returned. Meanwhile, 10 questionnaires cannot be used and was discarded due to survey rated using all neutral or average rating and some data was incomplete due to pages missing or respondents unintentionally return the survey without complete it. Thus, 210 questionnaires were usable for further analysis.

Table 4.1
Response Rate

	Total	%
Questionnaire Distributed	828	100
Collected Questionnaires	220	27
Usable Questionnaires	210	95
Discarded Questionnaires	10	4.5

4.3 DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Table 4.2 shows the demographic profile of the respondents. Majority of the respondents were male (53%) as compared to female (47%) of which most of total respondents were Degree holders (73%). Age group between 31 to 35 years were the highest respondents in this study (48%). Besides, majority of the respondents have served TNB between 6 to 10 years (42%). 43% of the respondents were placed under core business and engineers accounted the majority (68%) respondents participated in this survey.

Table 4.2
Demographic Profile of the Respondents

Items	Frequency (N=210)	Percentage (%)
Gender		
Male	111	52.9
Female	99	47.1
Education Background		
Diploma	8	3.8
Degree	153	72.9
Master	49	23.3
PhD	0	0
Age Group		
Below 30 years old	44	21.0
31 – 35 years old	100	47.6

Items	Frequency (N=210)	Percentage (%)
Age Group		
36 – 40 years old	38	18.1
41 years old and above	28	13.3
Tenure of Employment with TNB		
Below 5 years	41	19.5
6 to 10 years	89	42.4
11 to 15 years	49	23.3
More than 16 years	31	14.8
Designation		
Engineer	143	68.1
Chemist	8	3.8
Legal Advisor	9	4.3
Current Placement / Division		
Core Business	91	43.3
Non-Core Business	61	29.0
New Business & Major Projects	39	18.6
Business Units	19	9.0

4.4 RELIABILITY ANALYSIS

Table 4.3

Cronbach's Alpha Values for Items in Pay and Benefits, Career Advancement, Recognition, Senior Leadership and Resignation Intention

Variables	Number of Items	Cronbach's Alpha (α)
Pay and Benefits	5	0.92
Career Advancement	5	0.84
Recognition	5	0.80
Senior Leadership	5	0.92
Resignation Intention	3	0.93

Reliability test was conducted to analyse the reliability and consistency of every item in the research instrument. According to Sekaran (1992), the reliability of a measure shows a consistency and stability of an instrument used in the research. As suggested by Gliem and Gliem (2003), Cronbach' alpha reliability coefficient normally ranges

between 0 and 1. The closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale. Based on findings by George and Mallery (2003) as cited in Gliem & Gliem (2003), the consistency and stability of the instrument is according to value of Cronbach's alpha: (i) more than 0.9 is excellent; (ii) more than 0.8 is good; (iii) more than 0.7 is acceptable; (iv) more than 0.6 is questionable; (v) more than 0.5 is poor and (vi) less than 0.5 is unacceptable. In this research, reliability test has been done for all independent and dependent variables. As shown in Table 4.3, Cronbach's alpha for all variables were ranged between 0.80 to 0.95 which mean, the instrument used is consistent and stable. Based on the feedback from the respondents, all questions are clear.

4.5 DESCRIPTIVE STATISTICS

According to Reyna (2008) descriptive statistics are the collection of measurements of two things: (1) location and (2) variability. Location explains about the central value of the variables (the mean is the most common measure). Whereas, variability refers to the spread of the data from the centre value (i.e. variance, standard deviation). Statistics is basically the study of what causes variability in the data.

Referring to the Table 4.4 shows the descriptive statistics for five variables used in this study. Among the five elements of variables, recognition has the highest mean score (3.47) that was followed by career advancement (3.40), senior leadership (3.39), pay and benefits (3.28) and resignation intention (3.10). The highest mean score of recognition indicated that most of the respondents feel that praise and appreciation is an important element in employee retention.

Table 4.4
Descriptive Statistics

	Mean	Std. Deviation
Resignation Intention	3.10	1.21
Pay and Benefits	3.28	0.92
Career Advancement	3.40	0.84
Recognition	3.47	0.73
Senior Leadership	3.39	0.91

4.6 CORRELATION ANALYSIS

The Pearson correlation measures the direction and degree of the relationship between pairs of scores (Nichols, 2005). The value of correlation coefficient (r) was interpreted by means r lies between -1 and 1. Values near 0 means no (linear) correlation and values near ± 1 means very strong correlation. The negative sign means that the two variables are inversely related, that is, as one variable increases the other variable decreases. Table 4.5 gives guidance on the strength of the linear relationship corresponding to the correlation coefficient value (Chan, 2003).

Table 4.5
Strength of Linear Relationship

Correlation Coefficient Value	Strength of Linear Relationship
At least 0.8	Very strong
0.6 up to 0.8	Moderately strong
0.3 to 0.6	Fair
Less than 0.3	Poor

Table 4.6 shows the correlation coefficients between variables are normally distributed with a significant value of $p < 0.01$. Pay and benefits shows a moderately strong linear relationship with resignation intention ($r = 0.647$, $p < 0.01$), career advancement has a fair relationship with the resignation intention ($r = 0.402$, $p < 0.01$), recognition also has a fair positive relationship with resignation intention ($r = 0.529$, $p < 0.01$) and senior leadership shows a moderately strong positive linear relationship with resignation intention ($r = 0.614$, $p < 0.01$). In short, all four factors possess a relationship with resignation intention.

Table 4.6
Correlation between Variables

Variables	Pay and Benefits	Career Advancement	Recognition	Senior Leadership	Resignation Intention
Pay and Benefits	1				
Career Advancement	0.436**	1			
Recognition	0.459**	0.687**	1		
Senior Leadership	0.440**	0.491**	0.712**	1	
Resignation Intention	0.647**	0.402**	0.529**	0.614**	1

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

4.7 REGRESSION ANALYSIS

According to Social Science Research Lab American University (2010) values of R^2 , below 0.2 are considered weak, between 0.2 and 0.4, moderate and above 0.4 are considered strong. Regression analysis was applied to test the hypothesis of the research. The result of analysis is shown in Table 4.7. Based on the analysis, R square

(R^2) was 0.56 and F value was 63.91 for the factors (pay and benefits, career advancement, recognition and senior leadership) that influence resignation intention among middle managers. This means all four factors able to explain 55.5% of the variance in influencing the resignation intention among middle managers. However, there are remaining 44.5% factors or other variables that were not examined in this study but contribute in influencing the resignation intention among middle managers in TNB.

The result shows there is significant relationship between pay and benefits and resignation intention ($\beta = 0.463$, $p < 0.001$). There is also significant relationship between senior leadership and resignation intention ($\beta = 0.375$, $p < 0.001$). In contrast, there is no significant relationship between recognition and resignation intention ($\beta = 0.073$, $p > 0.05$). Meanwhile, there is no relationship between career advancement and resignation intention ($\beta = -0.034$, $p > 0.05$). Pay and benefits scored the highest Beta value at 0.463, which indicates that pay and benefits is the most important factor in influencing the resignation intention among middle managers in TNB. The result is shown in Table 4.7.

Table 4.7

Regression of Factors that Influence Resignation Intention among Middle Managers in TNB

	Unstandardized Coefficients		Standardized Coefficients		
	β	Std. Error	β	t	Sig.
Constant	-0.841	0.292		-2.881	0.004
Pay and Benefits	0.609	0.071	0.463**	8.526	0.000
Career Advancement	-0.050	0.094	-0.034	-0.526	0.599
Recognition	0.122	0.133	0.073	0.915	0.361
Senior Leadership	0.497	0.089	0.375**	5.560	0.000

Note: ** $p < 0.001$, $R^2 = 0.56$; F – Statistic = 63.91 ($p < 0.001$); Dependent Variable = Resignation Intention

4.8 HYPOTHESES TESTING

This chapter has analysed each of the hypotheses which has been developed in Chapter 2. Based on the analysis, it can be concluded that two out of four independents variables have a significant relationship with dependent variable. The summary of all hypotheses testing are presented in Table 4.8 below.

Table 4.8

Summary Result of Hypotheses Testing

Hypotheses		Outcomes
H1	There is a significant relationship between pay and benefits and resignation intention	Supported
H2	There is a significant relationship between career advancement and resignation intention	Not supported
H3	There is a significant relationship between recognition and resignation intention	Not supported
H4	There is a significant relationship between senior leadership and resignation intention	Supported

4.9 CONCLUSION

The findings of the analysis revealed that pay and benefits and senior leadership have a significant relationship with resignation intention which pay and benefits produced the highest influence on intention to resign. Whereas, career advancement and recognition have no significant relationship with resignation intention. Hence, hypothesis H1 and H4 are supported.

CHAPTER 5

DISCUSSION

5.1 INTRODUCTION

This chapter will summarize and finalises the research study. For this, research objective is first revisited, followed by the analysis and findings and it showed that the research objective was reached. Next, the contribution of this study pertaining to human resource regarding the factors that influence resignation intention among middle managers and limitations of the study will be highlighted. This chapter will be finalised with recommendations for further research on middle managers resignation issues.

5.2 DISCUSSION

The finding of the research concluded that pay and benefits had significant relationship with resignation intention and produced the highest influence on intention to resign among the middle managers in TNB. It is clearly stated that compensation is the most important determinants in middle manager's retention in this company. Not to say they are worth more than they are actually paid, but when the opportunity occurs, they will choose for better paying employment. According to Steers and Porter (1991) as cited in Murphy (2003), the research on compensation clearly shows a link between the rewards company offers and those individuals that are attracted by the compensation into working for the firm, and those employees who will continue to work for the business.

The conventional wisdom among trucking managers is that higher pay can decrease turnover. Even if this issue was the culprit of excessive turnover, there is little management can do to address this problem due to the nature of the industry and the current economic climate, significant pay increases are unlikely for most firms. Moreover, even if increasing pay is slightly able to be made, this would pressure other companies to also increase wages. Most likely this would result in more expensive turnover, but probably not lower turnover (Whitaker, 2010).

Competitive pay and benefits including salary, bonuses, stock options, health insurance and retirement packages are tools that some companies use to help in keeping employees onboard. Salary increases should be structured to stay competitive within market sector, geography and the position (Drake International North America, 2013). Salary structure in TNB compensates its employees according to the job and tied to the prevailing market rate. Company might want to pay its high skilled and talented middle managers above market rate but it was restricted by the company's profits yet TNB is not a multinational company which owns and operates its business world-wide and able to produces a greater profit. Little the company can do to keep them in terms of pay and benefits. As suggested by Kuria and Alice (2012) and Iqtidar, Zainab, M. Shakil and Khalid (2010) middle managers leave the company because they have been offered more salary and better benefits by other organizations and this scenario can be considered as uncontrolled factor since it is out of the control of organizations.

Furthermore, due to the increasing in cost of living and economic condition, pay becomes a powerful motivator among middle managers in TNB because pay can be used for social status and personal accomplishment (Rynes, Gerhart & Minette, 2004;

Mohammad & Anowar, 2012). It is also mentioned by Prasetya and Kato (2011) that pay and benefits is one of the physical needs that influence motivation which in turn will affect the employee performance and commitment because level of compensation will determine their lifestyle and self-esteem. In other words, provision of effective pay and benefits are considered to be the top strategic human resource management that is considered to be relevant for employee retention and resignation intention (Anvari et al., 2011).

Senior leadership also had a significant relationship with resignation intention and this factor produced the second highest in influencing the resignation intention among middle managers. According to Ng'ethe, Namusonge and Iravo (2012) the role of leaders in employee retention is critical since their leadership style play a key role in determining whether the employees leave or stay. Leaders use their influence factor to draw people towards achieving goals and to maximize the results in the organization. However, if the senior leaders lack of adequate communication and lack of involvement in decision making, it will influence the employees' retention. Employees will have faith and trust in charismatic leaders, or else will influence their intention to leave the organization (Adams, 2011).

To stay competitive, TNB should focus on the efficiency, effectiveness and responsiveness towards its business and one way to do this is through employee engagement which needs the involvement from the upper level until lower level of management. However, the misdirection and lack of support from the superior makes company success hard to achieve. Company initiatives most of the time being cascaded down to middle managers without having a clear target and explanation from the top management and expect middle managers to interpret by their own

understanding. This scenario in TNB make middle managers lost their trust towards their leaders. The disappointment and frustration among them influence the potential disengagement and resignation in the near future.

Leaders must recognize that a lack of support for employees is a significant business issue. In an environment where most organizations are straining to do more with less, frustrated employees represent a massive lost opportunity. Leaders are leaving productivity on the table and alienating their most effective staff. Engaging the employees with organizational goals is not enough. Superior should put their effort on ensuring they give their employees the support they need in order to do the job effectively. Unfortunately, organizations are generally poorly positioned to identify and respond to the concerns of frustrated employees (Hay Group, 2008). Thus, ultimately lead to more employee resignation in the near future. It is believed that most people do not leave their jobs, they leave their bosses (Shiri, 2013).

TNB senior leaders should not only do the adequate planning of the departmental work, but also to frequently follow up the target achievements and at the same time committed to their job. All these not only provide an overall satisfaction to an employee but also encourage them to build confidence on their leaders and improve their level of engagement at work. Kerfoot (2008) suggested that when the leaders are engaged and dedicated to their job, staff are also engaged and dedicated to their job. Thereby possibly decrease the resignation rate and increase employee retention.

In this study showed that recognition had no influence on resignation intention among middle managers in TNB. Management's recognition of employee's performance through praise (private or public) and awards are able to increase employee's morale,

productivity and competitiveness in this company. Employees may feel more committed to their organization when they believe that their efforts are valued (Society for Human Resource Management, 2012). Employees will love to work for the companies that recognize them, meaning that when they do a good job, they received the praise and recognition they deserved.

More importantly, findings in this study indicated that majority of the respondents were feel valued about the recognition they get from the work they do. There are two types of employee recognition in TNB which is formal recognition (e.g. Creativity and Innovation Gala Dinner, Annual Dinner and Performance Excellence Awards) and informal recognition (e.g. acknowledgement of day to day accomplishments in the workplace such as ‘thank you’ note, free tickets for watching movie, free voucher for dinner).

As suggested by Daniel and Metcalf (2005), employees want to be appreciated for their work, to be treated fairly, to do work that is important and have the opportunities for involvement in the company. In addition, employee’s involvement in providing opinions and suggestions in TNB’s decision making process, make the employees feel that their opinion is important for the organization development. Recognition plays an important role in organizational success by helping retain high-performing employees.

According to Rizwan and Ali (2010), the supervisor that providing recognition to employees by sitting with employees having a formal talks, spending time with them in form of a combine dinner or else in other activities like asking about their families and other crucial aspects related to their personal life showed that the supervisor care about their employees and these will influence the employee retention in the

organization. Culture in TNB, supervisor always care about their subordinates personal life (e.g. supervisor make an effort to know about their subordinates better in terms of aspirations, interest and families) and this situation motivate middle managers to put extra effort towards job because they feel there is someone inside the organization who care about them. The recognition of the ‘whole person’ sends a powerful message to the middle managers that the organization understands and appreciates that they have a life outside work (Shiri, 2013). These treatment received by the middle managers not only can increase their level of retention but also can create a supportive work environment, reinforce organizational values and most importantly improve overall organizational success.

Moreover, findings in this study also revealed that career advancement had no influence in resignation intention among middle managers. The most important thing is the opportunity that TNB gives to the middle managers to continue to grow and develop job and career enhancing skills such as technical expert scheme for the engineers to become a specialist in technical or engineering works, talent pool (development program for potential future leaders to fill up key leadership positions), overseas assignment (training program for identified candidates to be located overseas) and transformational program (development program for high achievers to be trained to become a change agent which will be appointed as a transformation leader and to be placed at various company business areas in making sure the company key results area are achieved in order to support TNB 20 years plan). Middle managers at the same time want to advance their career with greater opportunities for training and career development. Their sense of advancement and skills will lead to increased productivity for them and their team. They will have more

fulfilling work and are less likely to leave the company (Heathfield, 2007; Business Training Experts, 2011).

Sufficient training and development provided to the middle managers to improve their skills at their current role and to assume greater responsibilities, able to increase their loyalty and engagement towards the company. Thus, they do not have to look elsewhere for career advancement opportunities (Long, 2010). According to Muhammad and Fahad (2012) growth and development is the reason why employees still loyal to their organization because this opportunity gives them a sense of pride where they can work to their full potential.

As suggested by Aguenza and Ahmad (2012) the organization need to realize that career development of their workforce is a way of attracting and retaining the best people. Furthermore, the organization that wants to strengthen its bond with its employees must invest in the development of these employees. By offering career advancement opportunities, employers can help employees enhance their employability in the internal and external labour market and develop their own personal competitive advantage. Many employees look out for employers who provide training and skill development activities that facilitate career improvement when they receive such opportunities, employees are likely to commit to the organization.

5.3 LIMITATIONS OF THE STUDY AND SUGGESTIONS FOR FURTHER RESEARCH

The findings from this study are subject to numerous limitations that need to be addressed. First, the study only concentrated on middle managers in TNB and does not include middle managers belonging to other Government-Linked Companies (GLCs) such as Petronas, Maybank, TM, Sime Darby, CIMB Bank, Perodua, UMW, Media Prima and Proton. Different results might be obtained if the study also looked at middle managers resignation intention. Therefore, the results of this study could not be generalized to middle managers in other GLCs as they might have different nature of business, company terms and condition, work cultures, HRM practices, management systems and policies that might affect their perceptions towards human resources issues pertaining to employee retention. Thus, future researcher could widen the scope of investigation by incorporating employees from other GLCs and perform the comparative study across different nature of business.

Second, the data of this study was gathered only through questionnaire. Thus, the feedback depended on the voluntary cooperation of the individuals. Further, the responses may not be consistent and accurate measure of resignation intention since respondents may not be sincere in answering the questions in order to project their good image. Therefore, to enhance the precision of findings quantitative and qualitative methods of research should be incorporated in examine the issues of resignation among middle managers.

Third, this study was cross-sectional in nature. According to Sekaran (2003) one of the limitations of cross-sectional study is the restriction to prove the cause and effect relationship among the variables. Hence, longitudinal study is suggested because it

might help future researcher to validate the findings gathered from cross-sectional study since individual behaviour, cognition and perceptions could change over time. However, the finding presented in Chapter 4 can be considered generally applicable with the current problem that TNB is facing pertaining to its human resource.

Fourth, based on the research findings, researcher would suggest that future research on factors that influence resignation intention among middle managers should be expand more, meaning that not only concentrates on four influence factors but in other factors as well. Based on the finding which applied regression analysis to test the hypotheses of the research, revealed that all four factors explained 55.5% of the variance had influenced the resignation intention among middle managers. However, there is remaining 44.5% of other factors that were not examined in this study but also contribute in influencing the resignation intention among middle managers. This 44.5% of unknown factors should be examined in future research such as work life balance, performance management, safety, influence, policies and physical work environment.

Fifth, total respondents should be increased in order to get more reliable data accuracy for data analysis and expand more on statistical tools used for analysis. Thus, the findings can be used for comparison with the existing study in order to get a better view on the factors that have a significant relationship and the highest influence on resignation intention. Furthermore, the best suggestion on employee retention strategies can be made to the management pertaining on its human resource issues related to employee turnover.

5.4 CONCLUSION

This study examined that pay and benefits is the highest influence on resignation intention among middle managers in TNB. It can be stated that money is a motivating factor and can influence most of the middle managers in this company in certain circumstances. According to Turkalj et al., (2010) compensation that reflects both financial and non-financial comprises different forms of motivation aimed at securing and improving employees' material status. In fact, compensation is a key factor either to resign or remain with the current job and these decisions apply to any employee working in any organization anywhere (Khan, 2012).

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