THE RELATIONSHIP BETWEEN PAY SATISFACTION, LEADERSHIP STYLES, AND INTENTION TO LEAVE AMONG LOCAL EMPLOYEES AT YAMAHA ELECTRONICS MANUFACTURING (M) SDN. BHD.

By

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Thesis Submitted to
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Master of Human Resources Management
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Employee turnover is an inevitable scenario faced by many organizations irrespective of its economic sectors. Uncontrollable turnover is extremely costly for the employer because it involves efforts, times, and costs of rehiring, training, and low productivity effects. Intention to leave is found as the strongest predictor for actual turnover in previous studies. Due to high turnover ratio among manufacturing workers in Malaysia, it demands great concern and some insights on intention to leave subject. This research explored the causes that triggering workers’ intention to leave towards their current company. In this regard, this study attempts to determine the significance relationships of pay satisfaction and leadership styles on intention to leave among local employees in electrical and electronics manufacturing company. Data were gathered using questionnaires collected from 272 local employees in Yamaha Electronics Manufacturing (M) Sdn. Bhd. The findings resulted in acceptance of the study hypotheses formulated. Pay satisfaction, transactional leadership style (i.e. contingent rewards, action management-by-exception), and transformational leadership style (intellectual stimulation, idealize influence, individual consideration, inspiration motivation, idealize belief, and ethical decision making) were significantly correlated and contributed to the intention to leave. Based on findings of the study, theoretical and possibility of implications are discussed. Limitation and recommendations for future research are also underlined. Hence, with limited literatures on the topic of pay satisfaction, transactional leadership style, transformational leadership style, and intention to leave in the context of electrical and electronics manufacturing sector in Malaysia, the findings have, to some extent, contributed to the understanding of the intention to leave aspects and enrich the knowledge of these subjects especially in Malaysian employment landscape.

Keywords: Employee Turnover, Pay Satisfaction, Transactional Leadership Style, Transformational Leadership Style, Intention to Leave.

Kata kunci: Pusing Ganti Pekerja, Kepuasan Gaji, Gaya Kepimpinan Transaksional, Gaya Kepimpinan Transformasional, Niat Untuk Meninggalkan.
DEDICATION

To my beloved parents

Abdul Ghani bin Ibrahim

Selmiah binti Ismail

To my lovely wife

Roziah binti Din @ Mior Ibrahim

To my precious children

Nurul Khairunnisa binti Muhashamsani

Nurul Farahin binti Muhashamsani

Muhammad Danial bin Muhashamsani
ACKNOWLEDGEMENTS

‘In the name of Allah, The Most Gracious and The Most Merciful, and peace be upon our Greatest Prophet Muhammad S.A.W’.

First and foremost, I am using this opportunity to express my gratitude and gratefulness to Dr. Zulkiflee bin Daud, who taught me well the Industrial Relations subject and subsequently became my thesis supervisor. I am thankful for his aspiring guidance, continuous support, friendly advice, and invaluably constructive criticism throughout my learning journey. In the searching of enlightenment for some contemporary human resources issues, he constantly shares his thoughts which are always outside the box. May Allah continues grant him a wisdom and strength.

I also would like to express my appreciation to my Managing Director, Mr. Kiyoyuki Suzuki who gives me an approval to conduct study at this organization. Without his permission this study will not be possible.

A very heart full thanks to my dearest wife, Roziah for her endless love, caring, sacrifices, understanding, and supports. She was the one who inspired me to start my Master Degree journey. With her knowledge, she always offers me with spontaneous and invaluable ideas when I needed. This thesis work is made especially for her.

To my eldest daughter, Khairunnisa who are going to graduate in the same time with me at UUM in 2015, her encouragement makes me feel motivated. To my second daughter Farahin and son Danial, for the past two years I am always not be at home during weekends, their understandings, and patience really touched me. May Allah blesses them the wisdens to achieve all their future undertakings.

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<td>AV</td>
<td>Audio Video</td>
</tr>
<tr>
<td>DV</td>
<td>Dependent Variable</td>
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<tr>
<td>E&amp;E</td>
<td>Electrical and Electronics</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>HR</td>
<td>Human Resources</td>
</tr>
<tr>
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</tr>
<tr>
<td>H2</td>
<td>Hypothesis number two</td>
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<td>HRM</td>
<td>Human Resources Management</td>
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<td>IV</td>
<td>Independent Variable(s)</td>
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<td>LMX</td>
<td>Leader-Member Exchange</td>
</tr>
<tr>
<td>MIDA</td>
<td>Malaysian Industrial Development Authority</td>
</tr>
<tr>
<td>MLQ</td>
<td>Multifactor Leadership Questionnaire</td>
</tr>
<tr>
<td>N</td>
<td>Symbol for population</td>
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<tr>
<td>QA</td>
<td>Quality Assurance</td>
</tr>
<tr>
<td>YCJ</td>
<td>Yamaha Corporation Japan</td>
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<td>YEM</td>
<td>Yamaha Electronics Manufacturing (M) Sdn. Bhd.</td>
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CHAPTER 1

INTRODUCTION

1.1 Introduction

In line with the status of new industrialized country, the manufacturing industry in Malaysia plays a vital role in the economic development. According to annual report of gross domestic product (GDP) released on May 2014, manufacturing industry stands as the second largest contributor to the GDP after the service industry (Department of Statistics, 2014). In 2005 it contributes RM149.7 billion or 27.5 percent of GDP. Since then, the manufacturing industry remains as the second largest contributor to GDP, which in 2013 it recorded RM193.2 billion or 24.5 percent (Department of Statistics, 2014). The electrical and electronics (E&E) industry continues as one of the major sub-sector to the manufacturing industry whereby it generates 24.5 percent of stake for manufacturing value (Department of Statistics, 2014).

Generally, manufacturing is a process that incorporates the use of machinery, equipment, and workforce to transform raw materials into products and ready for sale. Among these elements, workforce is paramount to the manufacturing industry. For the sake of being more productive and competitive it is important for all manufacturing companies to retain talented employees and reduce turnover problem (Nor, 2012). In addition, Zaleha et al. (2011) indicated that by increasing the domestic labor, foreign labor, and material it will yield positive influence on the labor productivity of the manufacturing industries. Manufacturing industry has provided huge employment opportunities for Malaysians. In fact, manufacturing
The contents of the thesis is for internal user only
This study has shown that pay satisfaction, intellectual stimulation, and active reward monitoring have shown large correlations with employee intention to leave. Meanwhile, idealize believe, ethical decision making, idealize influence, inspiration motivation, idealize consideration have shown considerable moderate correlation with employee intention to leave, while laissez-faire showed less or minimal correlation with employee intention to leave. These results not only unique but it is believed is useful for other researchers who interested to conduct the same research in the future. Generally, the study has delivered informative inputs to comprehend the topic of intention to leave among employees in YEM. More important, the findings may help the company policy makers in designing more effective compensation and benefits strategies to minimize turnover problems for the benefits of the company as well as the workers.

REFERENCES


**APPENDIX A**

**QUESTIONNAIRE**

**UNIVERSITI UTARA MALAYSIA**

---

**Questionnaire / Borang Soal Selidik**

**Dear Sir and Madam / Tuan dan Puan**

I'm a postgraduate student at University Utara Malaysia. Currently, I'm conducting a research in the area of employee turnover in YEM. The purpose of this study is to examine the pay satisfaction and leadership styles in relations to intention to leave among employees.

You are kindly requested to complete the attached questionnaire as honestly as possible. The information being solicited from you is purely for academic purposes and it will be treated confidential. Your honest completion of this questionnaire will assist in generating information that will help YEM to improve on their turnover management. Results of the study will be applied in the thesis for the fulfilment of completing my Master's in Human Resource Management with Universiti Utara Malaysia.

*Saya adalah seorang pelajar pasca siswazah di Universiti Utara Malaysia. Pada masa ini, saya sedang menjalankan penyelidikan dalam bidang perolehan pekerja di YEM. Kajian ini bertujuan...*