

**THE RELATIONSHIP BETWEEN HUMAN RESOURCE MANAGEMENT  
PRACTICES AND TURNOVER INTENTION IN A MANUFACTURING  
COMPANY: THE MEDIATING EFFECT OF EMPLOYEE ENGAGEMENT**

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## ABSTRACT

Employee turnover is crucial to be received considerable attention by organizations since it has proven to be one of the most costly that could diminish an organization's morale and budget. The purpose of this study was to examine the mediating effect of employee engagement between Human Resource Management (HRM) practices (training and development, career development, rewards and recognition and performance appraisal and achievements) and turnover intention. Besides that, it also investigated the relationship between HRM practices and turnover intention as well as the relationships of employee engagement and turnover intentions. There has existed a lack of information about the relationship between HRM practices, employee engagement and turnover intention and the mediating effect of engagement among these variables.

A total of 180 survey questionnaires were distributed to the respondents in company X and 150 sets of questionnaires returned were used for the further analyses. The data analyzed by "Statistical Package for Social Science" (SPSS Window) Version 16.0. The study utilized the reliability analysis, descriptive statistics, independent-samples T-test, One-way ANOVA, Pearson Correlation and multiple regression analysis to examine relationships between human resource management practices, employee engagement and turnover intention.

From the findings, the Cronbach's Alpha values for dependent variable, independent variables (HRM practices) and mediating variable (employee engagement) were considered acceptable. Independent-samples T-test revealed that there is no significant difference in turnover intention reported by male and female respondents. Besides that, One-way ANOVA indicated that turnover intentions differ with the aged groups and also academic qualification. The findings of the study found that the relationship of turnover intention with both of rewards and recognition and performance appraisal and achievements generally support the presented hypothesis as well as the mediation effect of employee engagement on those relationships. Some suggestions has been recommended for practitioners and academicians and future research needs to include more diversified samples and broaden the scope of current research by examining other human resource practices dimensions and including other types of industry.

**Keywords:** Human Resource Management practices, Mediating Effect of Employee Engagement, Turnover Intention

## ABSTRAK

Penggantian pekerja adalah penting untuk diberi perhatian oleh organisasi kerana ia telah terbukti menjadi salah satu kos yang paling mahal yang boleh mengurangkan semangat dan bajet organisasi. Tujuan kajian ini adalah untuk mengkaji kesan mediasi keterlibatan pekerja antara amalan pengurusan sumber manusia (latihan dan pembangunan, pembangunan kerjaya, ganjaran dan pengiktirafan dan penilaian prestasi dan pencapaian) dan keinginan untuk meninggalkan sesebuah organisasi. Begitu juga, hubungan antara amalan pengurusan sumber manusia dengan keinginan untuk meninggalkan sesebuah organisasi, serta hubungan keterlibatan pekerja dengan keinginan untuk meninggalkan sesebuah organisasi akan disiasat. Terdapat kekurangan maklumat mengenai hubungan antara amalan pengurusan sumber manusia, keterlibatan pekerja dan keinginan untuk meninggalkan sesebuah organisasi serta kesan mediasi keterlibatan pekerja di antara hubungan tersebut.

Sebanyak 180 soalselidik telah diagihkan kepada responden dalam syarikat X dan 150 soalselidik telah dikutip untuk analisis selanjutnya. Kajian ini menggunakan perisian "Pakej Statistik untuk Sains Sosial" (*SPSS Window*) Versi 16.0. Kajian ini menggunakan analisis reliabiliti, statistik deskripsi, ujian-T sampel bebas, ANOVA satu jalur, Korelasi dan analisis regresi untuk mengkaji hubungan antara amalan pengurusan sumber manusia, keterlibatan pekerja dan keinginan untuk meninggalkan sesebuah organisasi.

Hasil kajian ini menunjukkan bahawa nilai Alpha Cronbach bagi pembolehubah bersandar iaitu keinginan untuk meninggalkan sesebuah organisasi, pembolehubah bebas (amalan pengurusan sumber manusia) dan pengantara ubah (keterlibatan pekerja) dianggap boleh diterima. Ujian-T sampel bebas menunjukkan tiada perbezaan yang signifikan dalam keinginan untuk meninggalkan sesebuah organisasi yang dilaporkan oleh responden lelaki dan perempuan. Selain itu, ANOVA satu jalur menunjukkan bahawa keinginan untuk meninggalkan sesebuah organisasi adalah berbeza dengan kumpulan umur dan juga kelayakan akademik. Analisa regresi menunjukkan bahawa terdapat hubungan negatif di antara keinginan untuk meninggalkan sesebuah organisasi dengan kedua-dua ganjaran dan pengiktirafan dan penilaian prestasi dan pencapaian. Kesan mediasi keterlibatan pekerja ke atas hubungan tersebut telah menyokong hipotesis yang dikemukakan. Beberapa cadangan telah disyorkan bagi pengamal-pengamal dan ahli akademik. Penyelidikan pada masa hadapan memerlukan lebih banyak jenis sampel dan meluaskan skop penyelidikan seperti memeriksa amalan-amalan pengurusan sumber manusia yang lain dan melibatkan pelbagai jenis industri.

Kata Kunci: Amalan Pengurusan Sumber Manusia, Kesan Mediasi Keterlibatan Pekerja, Keinginan untuk Meninggalkan Sesebuah Organisasi

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## TABLE OF CONTENTS

	Page
PERMISSION TO USE.....	ii
ABSTRACT.....	iii
ABSTRAK .....	iv
ACKNOWLEDGEMENT.....	v
TABLE OF CONTENTS.....	vi
LIST OF TABLES.....	xi
LIST OF FIGURES.....	xiii

### CHAPTER ONE: INTRODUCTION

1.1 Background of Study.....	1
1.2 Problem Statement.....	4
1.3 Research Questions.....	7
1.4 Research Objectives.....	8
1.5 Significance of the Study.....	9
1.6 Scope of study.....	10
1.7 Definitions of Key Terms.....	10
1.8 Organization of the Chapters.....	13
1.9 Conclusion.....	14

### CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction.....	15
2.2 Turnover Intention.....	15
2.2.1 Definitions.....	15
2.2.2 The Model of Employee Turnover Intention.....	19
2.3 Human Resource Management (HRM) Practices.....	21

2.3.1	Definitions.....	21
2.3.2	Training and Development.....	23
2.3.2.1	Definitions.....	23
2.3.3	Career Development.....	26
2.3.3.1	Definitions.....	26
2.3.4	Rewards and Recognition.....	29
2.3.4.1	Definitions.....	29
2.3.5	Performance Appraisal and Achievement.....	32
2.3.5.1	Definitions.....	32
2.4	Employee Engagement.....	36
2.4.1	Definitions.....	36
2.5	Empirical Studies between HRM Practices and Turnover Intention	38
2.5.1	Relationship between Training and Development and Turnover Intention.....	39
2.5.2	Relationship between Career Development and Turnover Intention.....	40
2.5.3	Relationship between Rewards and Recognition and Turnover Intention.....	41
2.5.4	Relationship between Performance Appraisal and Achievements and Turnover Intention.....	43
2.6	Empirical Studies between HRM Practices and Employee Engagement.....	45
2.6.1	Relationship between Training and Development and Employee Engagement.....	46
2.6.2	Relationship between Career Development and Employee Engagement.....	47
2.6.3	Relationship between Rewards and Recognition and	

Employee Engagement.....	47
2.6.4 Relationship between Performance Appraisal and Achievements and Employee Engagement.....	48
2.7 Empirical Studies between Employee Engagement and Turnover Intention.....	49
2.8 Empirical Studies between HRM Practices, Employee Engagement and Turnover Intention.....	50
2.9 Theoretical Support.....	52
2.9.1 Social Exchange Theory.....	53
2.10 Research Framework.....	56
2.11 Hypothesis.....	59
2.12 Conclusion.....	60

## **CHAPTER THREE: METHODOLOGY**

3.1 Introduction.....	61
3.2 Research Design.....	62
3.2.1 Sources of Data.....	63
3.2.2 Unit of Analysis.....	63
3.2.3 Population and Sampling.....	64
3.3 Measurement.....	65
3.3.1 Measurement for Turnover Intention.....	66
3.3.2 Measurement for Employee Engagement.....	67
3.3.3 Measurement for Human Resource Management Practices	68
3.4 Data Collection.....	70
3.5 Data Analysis Technique.....	71
3.6 Pilot Test.....	72
3.7 Conclusion.....	73

## CHAPTER FOUR: FINDINGS

4.1	Introduction.....	74
4.2	Findings.....	74
	4.2.1 Demographic Descriptions.....	74
	4.2.2 Descriptive Analysis of Variables.....	76
	4.2.3 Reliability Analysis.....	77
	4.2.4 Differences in Turnover Intention by Demographic Variables	78
	4.2.4.1 Independent Sample T-test.....	78
	4.2.4.2 Analysis of Variances.....	79
	4.2.5 Correlation Analysis.....	83
	4.2.6 Multiple Regression Analysis.....	84
	4.2.6.1 Multiple Regressions between HRM Practices and Turnover Intention.....	85
	4.2.6.2 Multiple Regressions between HRM Practices and Employee Engagement.....	87
	4.2.6.3 Multiple Regressions between Employee Engagement and Turnover Intention.....	89
	4.2.6.4 Multiple Regressions between HRM Practices and Turnover Intention with the presence of Employee Engagement as Mediator.....	91
4.3	Summary of Hypothesis Testing.....	94
4.4	Conclusion.....	95

## CHAPTER FIVE: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1	Introduction.....	96
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5.2	Discussion.....	96
5.2.1	Objective 1: To examine the Significant Difference of Turnover Intention between Gender among the Technicians and Engineers.....	97
5.2.2	Objective 2: To examine the Significant Difference of Turnover Intention between Age, Academic Qualifications and Length of Service among the Technicians and Engineers.....	98
5.2.3	Objective 3: To examine the Significant Relationship between HRM Practices and Turnover Intention.....	99
5.2.4	Objective 4: To determine the Significant Relationship between HRM Practices and Employee Engagement.....	103
5.2.5	Objective 5: To examine the Significant Relationship between Employee Engagement and Turnover Intention.....	105
5.2.6	Objective 6: To identify whether Employee Engagement Mediates the Relationship between HRM Practices and Turnover Intentions.....	107
5.3	Limitations of the Study.....	108
5.4	Recommendations and Implication of this Study.....	109
5.4.1	Research Implications.....	109
5.4.2	Suggestions for Future Research.....	111
5.5	Conclusion.....	112
	REFERENCES.....	114
	APPENDIX A – Survey Questionnaires.....	128
	APPENDIX B – SPSS Outputs.....	132

## LIST OF TABLES

Table 3.1 Questionnaire Design.....	66
Table 3.2 Operational Definition and Items for Turnover Cognitions Items (Turnover Intention).....	67
Table 3.3 Operational Definition and Items for Employee Engagement.....	68
Table 3.4 Operational Definition and Items for HRM practices.....	69
Table 3.5 Summary of Reliability Analysis for Pilot Test.....	73
Table 4.1 Profile of Respondents.....	75
Table 4.2 Descriptive Analysis of Variables.....	76
Table 4.3 Summary of Reliability Analysis.....	78
Table 4.4 Results of Independent T-test to analyze difference in turnover intention by gender.....	79
Table 4.5 Results of One-way ANOVA to analyze difference in turnover intention among age.....	80
Table 4.6 Results of One-way ANOVA to analyze difference in turnover intention among academic qualification.....	81
Table 4.7 Results of One-way ANOVA to analyze difference in turnover intention among length of service.....	82
Table 4.8 Correlation results between human resource practices, employee engagement and turnover intention.....	83
Table 4.9 Regression analysis between HRM practices and turnover intention	85
Table 4.10 Regression analysis between HRM practices and employee engagement.....	87
Table 4.11 Regression analysis between employee engagement and turnover intention.....	89
Table 4.12 Regression analysis between HRM practices and turnover intention with employee engagement as a mediating variable.....	91
Table 4.13 The mediation effect of employee engagement on HRM practices and turnover intention.....	93



## LIST OF FIGURES

Figure 2.1 Causal Model of Turnover.....	19
Figure 2.2 Research Framework.....	57

## CHAPTER 1

### INTRODUCTION

#### 1.1 BACKGROUND OF STUDY

Organizations are facing revolutionary trends in the global competition stage due to changes in technology, acceleration of products, changes in demographic and competition for the best talents. The vision, mission, philosophy and company's goals should align with the global trends to create a strong background in order to survive in the market. The strong company background drives the organizational culture in term of effective leadership style, group dynamics and strong teamwork among the employees. As a result, the employees' performance, satisfaction, motivation and commitment will increase.

Human capital is considered the greatest asset of any organization and it is important for the organization's operation. Human capital is the workforce in the organizations. They transform manpower resource into productive resource in the workplace. Several researchers (Arthur, 1994; Pfeffer, 1994; MacDuffie, 1995; Delery & Doty, 1996) argued that human resources are critical component in the organizations to achieve competitive advantage over its rivals and it has positive impact of HRM practices on organizational performance. Employee plays the role in the business process and helps organizations to achieve their goals and maximizes the profits.

Turnover intention is the behavior of employee's intention to leave the organizations. According to Cotton and Tuttle (1986), turnover is predicted as an individual's possibility of leaving or staying in the organization. Similarly, Hom and Griffeth (1991) defined turnover intentions as an individual's intent with relative strength to voluntarily withdraw from an organization. Therefore, turnover intention could lead to

likelihood of quitting the job and lower down the productivity in the organizations. Employee plays a crucial part to generate revenue for any company and will affect the profitability of the company.

Some of the specific concerns of companies are the negative consequences of high employee turnovers which are often reflected in product and service quality, client's level of dissatisfaction with products and services being offered, consistency and stability of services exchanged for money with clients and customers in general (Trevor and Nyberg, 2008). High turnover is usually costly because the organization needs to provide training expenses and new employees hindering productivity (Luthans, 2002). Tziner and Birati (1996) explained that turnover cost is expensive. The impact of actual turnover among employees will influence organizations to achieve its goals and objectives. They claimed that there are replacement costs, training cost, and separation costs to be borne by companies when employees choose to leave the organizations and look for new jobs.

Many studies had been conducted to examine the relationship between HRM practices and turnover intention. Gruber and Madrian (1994) indicated human resource practices such as compensation, benefits and training and development have negative relationship on turnover because employees will be motivated and engaged in their job. Arthur (1994) indicated that effective human resource could foster commitment level and statistically significant impact on lower turnover and higher productivity. These previous studies indicated that HRM practices have significant relationship with turnover intention. Thus, there is a need to study HRM practices which could affect the level of employee turnover.

The rapid growth of manufacturing companies in Johor due to Iskandar Malaysia project, increase in environmental variability, intense competition challenges, shortage of qualified candidates and the corresponding increase of employee turnover have forced company X to aggressively compete for employees. Company X needs to manage HRM practices such as training and development, career development, rewards and recognition, and performance appraisal and achievements effectively.

Company X is a development-oriented manufacturing company which integrates development and manufacturing activities to provide captivating products to the customers. The company conducts the comprehensive capacity in planning, development, design, and manufacturing of component parts such as cold forging products to meet the customers' expectations. Company X comprises of diverse nationalities and cultural background of employees. It requires a lot of manpower to develop their products and monitor their production processes. The technicians and engineers are the crucial employees in respond to surging demand for high quality and high performance of eco-friendly products to meet company X's strategies to produce latest cutting-edge technologies to sustain its competitive advantage in the market. Therefore, engineers and technicians are important assets to control the production operation and carry out the daily activities. Company X is located in Johor which is in proximity with industrial areas such as Senai, Pasir Gudang, and Johor Bahru. There are many manufacturing companies operating in these industrial areas. These manufacturing companies are always competing with each other to attract and retain qualified engineers and technicians. HR practitioners in company X realize the problems of high employee turnover specifically the group of engineers and technicians may be harmful to company. In year 2009, there is 18 % turnover rate reported. There is roughly 20% turnover rate in year 2010 and 2011. Up to 2012, there

is roughly 27.6% of turnover rate per year (Source: Company X turnover report 2012). Thus, the trend of turnover is in increasing. The total number of technicians and engineers contribute high percentages to turnover rate. Throughout the exit interview record conducted in year 2012, majority of technician and engineers left the organizations due to better offer from other organizations. This study is intended to find the relationship between HRM practices and turnover intention in order to retain the best talents at company X.

## **1.2 PROBLEM STATEMENT**

Employee turnover is most crucial concern when the best talent employees are leaving the organization for other better options. Buck and Watson (2002) reported that the costs of replacing employees were always underestimated. This is because there are a lot of hidden costs and negative consequences of employee turnover. For instance, employee turnover will increase the cost of turnover in term of recruitment cost, training cost, lost productivity cost new hire cost and other costs. Studies have shown the most researched topic is turnover in the organizations (Price, 2001). Price suggested that turnover intention was used to measure actual turnover among employees. Therefore, turnover intention was used to predict the actual turnover. The ineffective HRM practices of the organizations such as non-competitive compensation, less training, inadequate career development, poor fit of employees to job, stress in the workplace, poor communication, poor working condition and other situations will lead to employee turnover (Branham, 2005).

To compete with others, effective deployment of training and development could help companies to retain employees. Training programs should be planned to train employees in their jobs and develop their interpersonal skills. Company X should

enhance the series of training and development programs that comprise of the job training, in house training and outsourced training. For instance, new leadership training could be organized to unlock the full potential of the employees to be team leader to create effectiveness. Employees will recognize the commitment of company to improve their skills and abilities. Therefore, they are more likely to stay for long term continuity learning opportunity. This is mutual beneficial for employees and employers, it helps organizations to retain the best talent employees (Huselid, 1995).

Rhoades and Eisenberger (2002) claimed that career development opportunities in the organization could affect the level of turnover intention among employees. Employee performs well and tries to achieve target setting at company X, yet feel that there is lack of career advancement at company X, he or she would choose to leave the organization. Additionally, the jobs which are not challenging will make employees feel bored or suffer from burnout. Company X may lose potential and good performing employees. Therefore, company X should refine the current roles and job responsibilities of employees. New assignments should be prepared to develop their technical skills and enhance their knowledge in order employees has opportunities to learn and growth.

Another factor that influences the turnover intention among employees is rewards and recognition. This is because lack of competitive compensation systems and lack of recognition are some reasons that employees leave from the organizations. (Abassi & Hollman, 2000). Although money is not the major reason for leaving an organization, but it remains an important factor. Company X has to keep up with the market in pay competitive, incentives and benefit schemes to be competitive. Company X should also recognize the contribution of the employees in their job, responsibilities and effort to retain the employees.

Another arising problem is unfair performance appraisal. There is recency bias issue that the recent behavior of employees becomes the primary focus to be evaluated. Some poor performers do not perform well but their past performance is forgotten. This is because the appraisal is being conducted in half yearly basis. The job nature of technicians and engineers are more in production or machinery area. The supervisors hardly monitor their employees directly. Most of time, the supervisors evaluate the employees' performance based on the most recent events because supervisors forgot the past performance. Thus, supervisors need to learn the appropriate way to conduct the fair performance appraisal and actively get the feedback and listen to the employees during the performance review.

A mediator explains how or why a relationship exists between the predictor and dependent variable, and a mediator is often an attribute or an intrinsic characteristic of individuals (Holmbeck, 1997). In terms of the employee engagement, company X need to understand the variable and how employee engagement mediates the relationship between HRM practices and turnover intention. Saks (2006) reported that employee engagement has some connection with employee attitudes, behaviors and intentions. The research by Chughtai and Naeem (2013) which indicates there is significant relationship between human resource management practices and turnover intention with the presence of employee engagement as mediator. This has given some basis that employee engagement could have mediation effect on the relationship between HRM practices and turnover intention.

Tuttle (1986), Miller and Wheeler (1992), Khatri, Chong and Budwar (2001), Randhawa (2007) and Blomme, Tromp and van Rheede (2010) found that demographic variables have significant relationship with turnover intention.

### **1.3 RESEARCH QUESTIONS**

This study intends to find out the relationships of independent variables HRM practices namely training and development, career development, and rewards and recognition, with dependent variable turnover intention. The mediating effect of engagement between HRM practices and turnover intention will be examined. Based on the problem discussed above, the research questions for this study are:

- i) Will men and women differ in their turnover intention?
- ii) Will technicians and engineers differ in their turnover intention?
- iii) Is there significant relationship between HRM practices namely training and development, career development, reward and recognition and performance appraisal and achievement with turnover intention?
- iv) Is there significant relationship between HRM practices and employee engagement?
- v) Is there significant relationship between employee engagement with turnover intention?
- vi) Does employee engagement mediates the relationship between HRM practices and turnover intention?

## 1.4 RESEARCH OBJECTIVES

This study investigates the relationships of Human Resource Management (HRM) practices, employee engagement and turnover intention. The objectives of this study are:

- i) To examine the difference in turnover intention between men and women.
- ii) To examine the difference in turnover intentions between technicians and engineers based on age, academic qualification and length of service.
- iii) To examine the significant relationship between HRM practices and turnover intention.
- iv) To determine the significant relationship between HRM practices and employee engagement.
- v) To examine the significant relationship between employee engagement and turnover intention.
- vi) To identify whether employee engagement mediates the relationship between HRM practices and turnover intention.

## 1.5 SIGNIFICANCE OF THE STUDY

According to Abbasi and Hollman (2000), intention to leave among employees is one of the most significant causes of lower productivity, and costly to both public and private sectors. Huselid (1995) extended his survey of the literature and found that human resource practices such as effective employee recruitment and selection procedures, compensation and benefit, performance management systems and training are crucial to determine the level of employee turnover and productivity. By studying the human resource management practices, it gives a better understanding of the relationship of human resource management practices with turnover intention. This is because Mowday, Porter and Steers (1983), Gupta & Jenkins (1991) and Gruber and Madrian (1994) reported that human resource practices have some impacts on relationship with the effect of turnover intention.

For organizations and practitioners, the significance of the study is that by reducing turnover intention it may reduce employee turnover helping the organizations to reduce the negative impacts of employee turnover and avoid the costs associated with turnover. This study intends to provide the useful information and recommendations to company X for decision making purposes which relates to human resource management practices and strategies. The findings of the study will provide the recommendations to the management and human resource departments to know and realize the significant factors that influence employees leaving from the organization especially in HRM practices and mediating effect of employee engagement aspects. A good understanding of employee engagement aspects would reduce employee turnover and promote employee retention and intention to stay. In this study, the recommendations will not be limited to considerations of just technicians and engineers at company X. This may also be applicable to the other employees at

company X to examine the employees' turnover intention from the current company who have similar demographic characteristics as technicians and engineers.

The significance of this study in terms of knowledge or academic is to contribute to the body of knowledge in the understanding of the relationship of human resource management practices and turnover intention as well as how employee engagement mediates this relationship among employees. It can add to the related literature on human resource management practices and turnover intention with the presence of employee engagement as mediator among the manufacturing employees in the Malaysian context. This study also helps other researchers to gain an insight into how these aspects of research could be conducted with using a similar or different set of population.

## **1.6 SCOPE OF STUDY**

This study will be focusing to group of technicians and engineers at company X. The focus of this study is to examine the mediating effect of employee engagement between HRM practices and turnover intentions. It also examines the relationship HRM practices with turnover intentions. In addition, the relationship between HRM practices with employee engagement and the relationship between employee engagement with turnover intention will be identified.

## **1.7 DEFINITIONS OF KEY TERMS**

The following definitions key terms in this study is to aid the understanding of readers:

**Human Resource Management:** it refers to an approach of using techniques to deploy the highly skilled and knowledgeable workforce to sustain competitive

advantage through relationship of employment between employees and organizations (Storey, 1987).

**Human Resource Management Practices:** organizations use a set of human resource practices to manage human resources by developing competencies which are firm specific and generate knowledge of organization to obtain business's competitive advantage. The set of practices relate to investment in training, performance appraisal and achievement, compensation, staffing, career development and other human resource practices (Minbaeva, 2005).

**Training and Development:** Tzafrir (2006) indicates that training and development is one of the most common practices in human resource. It emphasizes to the aspects of knowledge, abilities and skills of individuals. Training is the activity to provide employee the essential knowledge and skills to do a job and perform a particular task. Development is a long term approach to increase employee's capacities to current job and responsibility. Training and development activities include coaching and counseling, on the job training, new staff orientation and technical training programs.

**Career Development:** career emphasizes on work-related experiences of one's life and it is different from the definition of work and profession. It is a formalized and organized planning to balance individual's career needs and organization's requirements. Individuals should make choices and adapt to organizational change, and control one's own destiny and eventually learning to grow (Lips-Wiersma & Hall, 2007).

**Reward and Recognition:** Beer et al. (1984) indicated that extrinsic rewards are promotions, salary, fringe benefits, bonuses, or stock options and intrinsic rewards are feeling of competence, achievements, responsibility, significance, influence, personal

growth and meaningful contribution. This is because employees will judge the adequacy of exchange for both extrinsic and intrinsic rewards with organizations. In return, organizations will get loyal and good performance employees.

**Performance Appraisal and Achievement:** According to Denisi and Pritchard (2006), performance appraisal can be defined as formalize and organizationally structured event to evaluate performance annually or semi annually based on performance standard procedure and dimensions. Performance appraisal reflects the evaluation of previous and current performance which relates to work standards of employees. It plays an important function as one of human resource practices in the organizations (Boswell and Boudreau, 2002). This is the systematic process by which involves employees and group of members that work together to improve effectiveness and achieve goals of organizations.

**Employee Engagement:** Engagement is the extent to which employees commit to something or someone in their organization, how hard they work and how long they stay as a result of that commitment (Corporate Leadership Council, 2004). Hewitt Associates (2012) claimed that employee engagement is the intellectual and psychology involvement to motivate employees. The characteristics of engaged employees divided into three:

- Stay – Employees want to be a part with the organization and desire to stay with it.
- Say – Employees speak positively to their colleagues, potential customers and employees about their organizations.
- Strive – Employees volunteer put more effort and committed to organizations that contribute to the success of organizations.

**Turnover Intention:** Hom and Griffeth (1991) defined turnover intentions as an individual's intent has relative strength to voluntary withdrawal from an organization. This is employee's intention to quit from existing employing organization by breaching the relationship between employee and organization.

## **1.8 ORGANIZATION OF THE CHAPTERS**

This chapter provides the information of the problem area and the specific problem that will be identified. It also explains importance of the specific problem to organization and future research.

Chapter 2 will review the literature pertaining to the variables of HRM practices, employee engagement and turnover intention by other researchers.

Chapter 3 presents the method of the study, which is the research design and procedure. This chapter discusses a description of the selection of the respondents, population, sample type and sample size, the development of the survey questionnaire, and data collection procedure.

Chapter 4 presents the results from the various data analysis performed and the findings of the study. It includes the overview of the data collected, respondents' profile and goodness of the data. It also provides the results of reliability analysis, descriptive statistics, independent-samples T-test, One-way ANOVA, Pearson Correlation, multiple regression analysis and summary of the results for all research questions listed in this study.

Chapter 5 will be the final chapter in this research. It includes a summary of the study's findings and discussions, research limitation, a comparison of the findings with previous literature, recommendations for future research works and conclusion.

## **1.9 CONCLUSION**

This chapter provides various aspects such as background of study, problem statement, significant of study, scope of study, definition of key terms and organization of chapters. These aspects are important considerations to conduct this research. The following chapter is literature review which provides the reviews of turnover intention, Human Resource Management (HRM) practices, and employee engagement.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 INTRODUCTION

This chapter is devoted to the literature on turnover intention, Human Resource Management (HRM) practices and employee engagement. This chapter begins with a review on the turnover intention, HRM practices and employee engagement as well as explanation of the relationship among these variables. Finally, the relations between these variables will be used as a basis for the hypotheses and research framework is presented.

#### 2.2 TURNOVER INTENTION

##### 2.2.1 Definitions

Turnover intention refers to an employee has voluntary intention to leave from the organizations. Cotton and Tuttle (1986) defined turnover as predicted an individual's possibility of leaving or staying in the organization. Turnover intention is perceived as "conscious and deliberate willfulness" to find new job opportunities in other organizations (Tett & Meyer, 1993, p.262). Similarly, Hom and Griffeth (1991) defined turnover intentions as an individual's intent has relative strength to voluntary withdrawal from an organization.

The several researchers studied three elements of turnover intention in the withdrawal cognition process namely thoughts of quitting the job, the intention to search a different job and then intention to quit (Hom & Griffeth, 1991; Carmeli & Weisberg 2006).

Bernthal and Wellins (2000) reported that turnover was widespread. The report found that almost one third expected to quit their job within the next year and thus, turnover was likely to increase. They also stated that greater than one third of HR professionals claimed that retention is an important issue but half of organizations did not have formal strategy to address the issue. Therefore, they suggested that understanding of why employees intend to leave is one of the most effective interventions.

In Malaysia, Lisa (2012, February 19) reported that Malaysian Employers Federation conducted survey of executive positions in 143 companies in different sectors from June 2010 to July 2011. The results of survey showed that IT and communication has the highest annual average turnover rate which is at 75.72%. In average, turnover rate in manufacturing industry was 18.84% and non-manufacturing industry was 22.44%.

Previous studies showed that turnover intention had been widely used as the dependent variable (Huselid 1995, Lum, Kervin, Clark, Reid, & Sirola, 1998, Wang, Chen, Hyde, & Hsieh, 2010). Similarly, Khatri et al. (2001) reported that turnover intention has been confirmed by previous researchers and suitable to be used as a variable in the research. In early literature reports, several researchers (Mobley, Griffeth, Hand & Meglino, 1979; Shore & Martin, 1989; Tett & Meyer, 1993) suggested that turnover intention is linked with the actual turnover and it is a good predictor of actual turnover. Numerous researchers have claimed that withdrawal intention is a strong predictor of actual turnover behavior and it has a significant impact on the organization (Mobley et al., 1979; Griffeth, Hom & Gaertner, 2000; Price, 2001).

Most empirical turnover studies have showed significant positive relationship on the relationship between turnover intention and actual turnover (Hellman, 1997; Lambert,

Hogan, & Barton, 2001; Price, 2001). Price (2001) suggested the use of turnover intention to measure actual turnover in the research. Therefore, the use of turnover intention as the foundation of theoretical framework is deemed appropriate in this study.

However, there is no standard account for why employees make decision to leave the organizations. According to Griffeth et al. (2000), the decreasing of overall effectiveness of the organization will happen when the employees decide to voluntarily quit the organization. In general, high turnover is usually costly because the organization needs to provide training expenses and new employees hindering productivity (Luthans, 2002), and low turnover is usually creating great benefits to the organizations by increasing productivity and quality of work and reducing job movements rates (Luthans, 2002; Mathieu & Zajac, 1990).

Turnover intention can be considered as final stage before the actual turnover takes place. A recent study by Park and Kim (2009) reported that turnover intention among nurses of two public hospitals in Korea constitutes the final cognitive step in the decision making process which those nurses decide to quit and actively search for new job opportunities. They stated that an employee's turnover intention is included thinking of quitting and intent to leave. This is unwanted behaviors among employees to choose quit the organizations. While turnover intention becomes actual employee turnover, organizational effectiveness will be influenced due to loss of productivity.

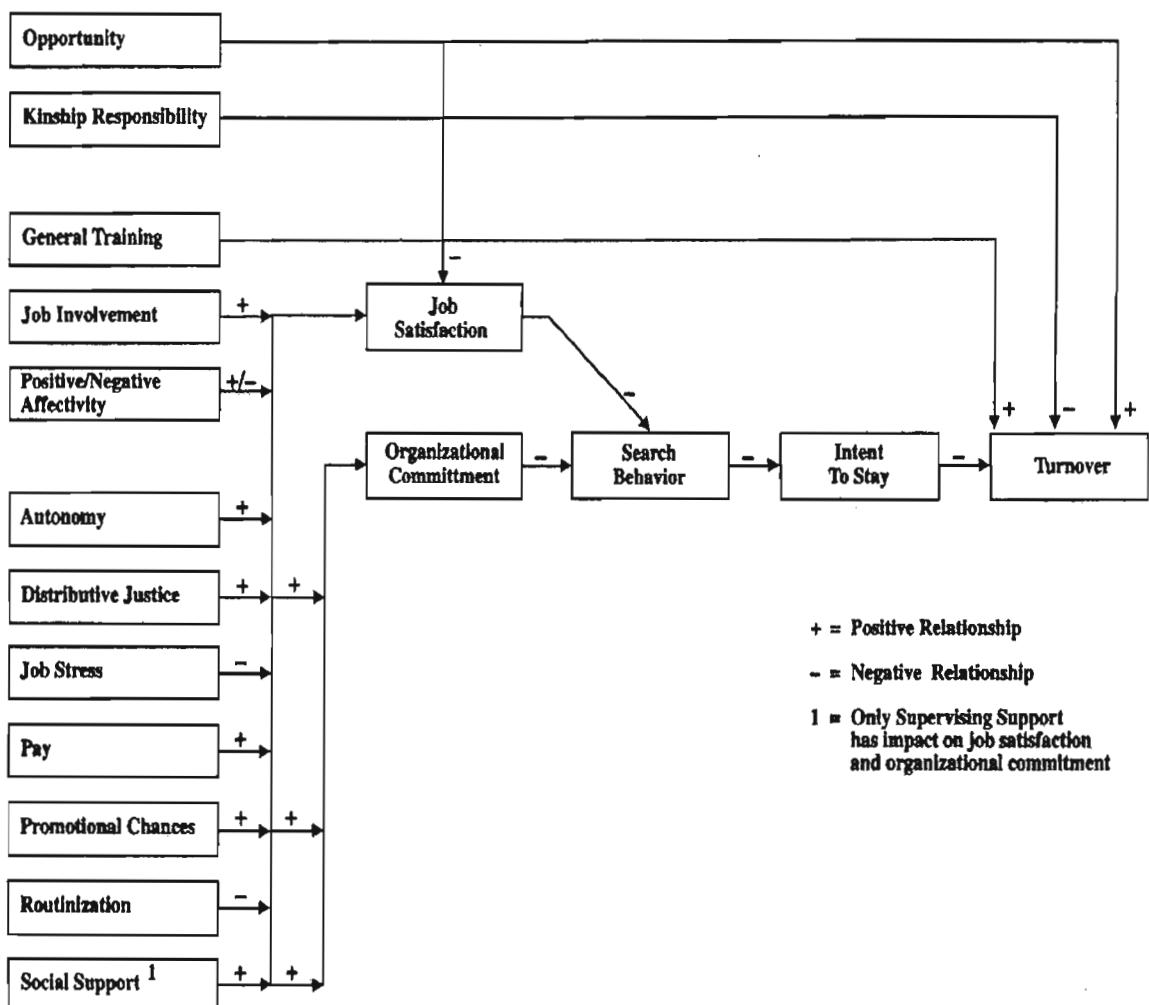
Actual turnover will impact greatly on organizational cost. Tziner and Birati (1996) explained that turnover cost is expensive. The impact of actual turnover among employees will influence organizations to achieve its goals and objectives. They claimed that there are three types of turnover costs as expenses of employees leave the

organizations. The first category of turnover cost is separation cost. This is the cost relates to exit interviews and termination of administrative functions. The second category is replacement cost. Organizations have to pay for advertisement fees, selecting, decision making meetings and other recruitment activities expenses. The third category is training cost. Organizations have to provide orientation programs and on the job training when they are not familiar at work position. These turnover costs incurred when employees choose to leave the organizations and look for new jobs. Similarly, Hinkin and Tracey (2006) reported that there are five categories of turnover cost in the hospitality industry. First category is pre-departure. This cost incurred when employees has given notice before they quit the job. Pre-departure costs are one of the important information that organizations need to prepare for severance packages. Secondly, recruiting is the direct cost include advertising, recruiting activities, promotion to get qualifies candidates for the vacancies. Thirdly, selection is the process to interview, background checking, references checking and other expensive in replacement process. Fourth category is orientation and training. New employees need skills, abilities and knowledge to be successful. Orientation and training are necessary for new employees to understand company culture, procedures, work responsibilities and enhance their skills. The final cost is productivity loss. New employees need time to understand everything at work position and gain experience from the job training. New employees are unlikely to be as productive as departing employees.

It is very clear that turnover intention is a dependent variable that widely used by many researchers in their studies. Turnover intention is also easier to use as the foundation of theoretical framework if compared to actual turnover.

## 2.2.2 The Model of Employee Turnover Intention

Since four decades to present times, several authors such as James Price, Charles Muller, Augustine Agho and other collaborating authors have developed turnover model which specified in the determinants of voluntary turnover among employees. The causal model of turnover by Price (2001) is a modified model with a short reflection on the determinants of voluntary turnover.



(Adapted from Price 2001)

Figure 2.1 Causal Model of Turnover

In Figure 2.1, Price (2001) had separated the causal factor into exogenous variables and intervening endogenous variables. Exogenous variables include environmental variables which is opportunity. Opportunity represents the availability of other jobs in the career environment. It indicated that there is a positive relationship between opportunity and turnover intention. This means if opportunity increase will lead to higher turnover intention because employees will aware alternative jobs in career environment. Therefore, Roberts and Davenport (2002) claimed that career development is important to helps employee to identify their career path in the organizations and enhance their skills, and lead to higher engagement and committed to the organizations. Hence, employees are more committed to organizations have less turnover intention (Price, 2001). Individual variables are general training, job involvement, positive affectivity and negative affectivity. General training is the extent to transfer skills and knowledge for a work position. Price (2001) claimed that increased of general training could lead to lower turnover intention. This can be supported by Huselid (1995) which indicated that training and development programs could increase productivity that could lead to less intention to leave. Besides that, structural variables include distributive justice, pay and promotional chances. Distributive justice is the way of organizations determines rewards or punishments which are related to employees' job performance. It will increase the level of organizational commitment and reduce turnover intention (Price, 2001). Similarly, Mester, Visser and Roodt (2003) explained that traditional performance and appraisal is the managers emphasize task completion and compliance. Managers and supervisors influence employee job performance by using organizational rewards and punishments. Thomas and Bretz (1994) indicated that performance appraisal fairness influence employee turnover and productivity. According to Price (2001), pay is

money and fringe benefits that provided by organizations to their employees. He claimed pay can increase employees' commitment and negative related to turnover intention. The statements can be supported by Lum et al. (1998) which reported that pay satisfaction have direct and also indirect effects on turnover intention, organizational commitment and job satisfaction. In addition, promotional chances are the possibility to be promoted in their occupational in an organization, it can increase organizational commitment and negative associated with turnover intention (Price, 2001). Another similar study is Ackah and Heaton (2003) explained that career advancement comprises of the chances of promotion in the organizations. They claimed that an internal promotion is different between genders in career development progression. Huselid (1995) explained that career related activities can enhance skills, knowledge and abilities of employees and reduce employee turnover.

## **2.3 HUMAN RESOURCE MANAGEMENT PRACTICES**

### **2.3.1 Definitions**

There are many studies has been conducted on human resource management as the independent variables in the last decade. Previously, the term of human resource management was still known as personnel management. Dessler (1991) claimed that there are no differentiation personnel management and Human Resource Practices (HRM). He assumed that HRM was just a modern expanded version of personnel management due to the shifting of societal values and changing of technological aspects. On the contrary, Torrington and Hall (1998) reported that there is differences between personnel management and HRM by pointing out that personnel management is focus on workforce-centered while HRM is considered as resource-centered.

Chew (2005) explained that human resource policies can reflect the relationship between management and employees and their beliefs and principles in the organizations. The organizations may just have such human resource policies to deal with the problem or requirement. Numerous previous studies (Osterman, 1994; Pfeffer, 1994; Delery & Doty, 1996) have identified six elements of essential HRM practices as crucial to achieve overall organizational effectiveness. The six essential HRM practices include: recruitment, selection, compensation, employee participation, training, and performance appraisal. Similarly, other HRM practices are recruitment and selection, promotion, compensation, social advantages, training and development, performance appraisal and grievances handling procedures had been studied (Huselid, 1995; Macduffie, 1995; Becker & Gerhart, 1996; Frye, 2004; Tahir, Ayisha, Mohammad Aslam, Rauf, & Syed Tahir, 2010).

However, Sheppeck and Militello (2000) suggested that HRM strategy can be divided into four categories: supportive environment, employment skill and work policies, performance measurement and reinforcement and market organization. On the other hand, Guest (1997) categorized HRM strategy into three groups: focus on quality, differentiated on innovation and cost-reduction. A recent study of Zaini, Nilufar and Syed (2009) identified that four HRM practices which are team work, training and development, performance appraisal and team work have significant positive relationship towards business performance. Similarly, HRM practices which are compensation and incentive, human resource planning, employee security, performance appraisal and training and development could increase the organizations' performance by improving employee's productivity, quality of product and flexibility of the firm (Lee, Lee & Wu, 2010). HRM practices are considered as the most

important tools that can influence the attitudes and behavior of the employees and it will result in their performance positively at workplace (MacDuffie, 1995).

Additionally, Storey (1987) propounded the differentiation of HRM which is composed of hard and soft forms of HRM. It typified by the Michigan and Harvard models respectively. Soft human resource management is which in the 'human' are stressed and employee is considered as a resource in the organizations. It concerns more towards motivation and communication. People in soft human resource management culture are led rather than managed in the organization. Employees are involved in determining and taking part of decision making process which the strategies objectives focus on long-term basis profitability. Meanwhile, hard human resource management emphasizes on the resource side of human resources. It's emphasized the unambiguous of the structure and strategy and costs of headcounts and organizational controllable profitability. The role of hard human resource management is to keep the workforce in the right number and match with the needs of the organization. Walton (1985) reported that the best practical HRM model is soft human resource management where it has positive results towards organizational outcome in the organizations.

### **2.3.2 Training and Development**

#### **2.3.2.1 Definitions**

According to Cannell (2004), most of organizations have provided some forms of training to their employees. Antonacopoulou (2001) conceptualized the term of training as an activity of organizational level, it also comprised of development which is individual activity and focus on learning process. He claimed that there is a distinction between training as an organization activity and development as an individual

learning. While Maurer, Pierce and Shore (2002) explained that development activity are responsibilities of the organization to provide development for employee by considering different beneficiaries. Therefore, training and development should be provided to employees in the organization in order to be effective at work (Forrest & Peterson, 2006). An empirical study done by Rosser (2004) claimed that professional development activity is important aspect for faculty members to increase the quality of their work life and results positively on their overall satisfaction and reduce intention to leave their institutional work life. This is because professional development activities encourage faculty members to adjust and adapt to meet ever-changing of technology and enhance their teaching skills with technology.

In a rapid changing business environment, a well qualifies workforce becomes important to organizations to ensure knowledge, skills, and abilities of employees are necessary to sustain competitive advantage. Warr (2002) explained that training activities are aimed to improve the effectiveness of job related role and development activity is focused on long-term perspective and helps to individual learning and career planning. In addition, he indicated that training is more focus on current job with the needs of skill-based and technical aspects, whereas development is required the interpersonal skills and involved more skills. Therefore, employees can use their skills to improve productivity in their job. This is because investment in employee training and development could develop employees' knowledge, skills, and abilities in their professional job position that could also lead to organizational effectiveness (Birdi et al., 2008). In their empirical research over 308 companies, the results showed that extensive training has statistically significant and practically meaningful in value added of employees to the organizations. Therefore, training and development is important to help organizations to improve employee's skills and meet

organizations' needs. The above statement can be supported by Burke and Hsieh (2005) which explained that training and development is an activity to add value to employee who had gained benefit from training and development programs and it also adds value to create competitive advantage. The authors used net present value to calculate how much training and development programs that can add value to employees and organizations. The cost of training, development, assessment, materials, training implementation, evaluating and other related costs will be calculated to analyze either training and development activities can benefit the organizations.

According to Choo and Bowley (2007), training activities are crucial to maintain and develop the individual skills of employees and it ensures the success of organizational change process in the organizations. Similarly, Pate, Martin, Beaumont and McGoldrick (2000) claimed that organizations are committed to employee training can achieve higher motivation and productivity, increase employees skills and foster knowledge transfer in the organization.

A study by Acton and Golden (2003) indicated that an employee's ability to perform their job-related tasks will increase by giving job-related training. This is because training provides employees with necessary skills and helps to increase the performance whereas development activity provides employees future needs' abilities in organizations (Chew, 2004). Therefore, employees who received greater value in formal training program are relatively more satisfied with their jobs and this will make them more committed to their organizations (Burke, 1995). This can be supported by numerous researchers (Cotton & Tuttle, 1986; Bushardt & Fretwell, 1994) which reported that employees training could enhance employee commitment, employee satisfaction to the organization, increase professionalism and also update

their specific skills. Similarly, Acton and Golden (2003) made a comparison between organizations that are committed to training program and organizations that are not committed to training program, the results showed training activities are positively impact on performance of employees and its helps employees to manage their stress effectively.

An empirical study by Pollitt (2010) showed that employee development helps Paul UK bakery to expand from 2 shops in 2002 to 22 shops in 2010 and it could increase employee satisfaction. This is because training and development is important for organizations to achieve strategic objectives and it is also a systematic approach used by McDonalds (Eaglen, Lashley & Thomas, 2000). Furthermore, a global survey by Sweetman (2001) which cover more than 9700 full- and part-time employees from 32 countries in different business, nonprofit and government organizations concluded that training and development universally has strong effect on employee loyalty and organizational commitment.

### **2.3.3 Career Development**

#### **2.3.3.1 Definitions**

Career development is defined as the sum of sociological, educational, economic, psychological, physical, and chance factors of an individual to plan the career during the lifetime (McDaniels and Gysbers, 1992). Career development enables employees to get overall pictures of the possible benefits that they can get from the work in next few years in organizations. It will boost employees' morale and motivation to strive for better quality of the job indirectly. According to Lips-Wiersma and Hall (2007), career development is a balance between individual's career and the organizations requirements in term of organizing, formalizing and planning. They also indicated

that individual has its control and responsibility to adapt the organizational change, it destiny and learning process.

In traditional views, career planning is nature of parentalism because organizations have initiatives and dominant control to develop their employees (Gutteridge, Leibowitz & Shore, 1999). On the contrary, modern views claimed that career planning is more focus on employees planning where employees has their responsibilities to manage their own career (Baruch, 2003).

In addition to career perspective review, Mathis and Jackson (2004) explained that the meaning of career can be divided into objective and subjective perspective. The view of objective perspective is when a person grows older, career make changes in term of attitudes, values and motivation, whereas subjective perspective is important for a person during his life because it represents the succession position of a person. They also assumed that each individual has some control over his or her own career in order to achieve satisfaction and success in career. Therefore, career is the sequences of activities which related to values and motivation, work and behaviors of individuals during his or her life.

Baruch (2003) argued that employees could have multiple careers instead of manage their own careers individually. This can be explained where employees are less committed to organizations but they tend to develop multiple commitments of their own choice in career, occupation, support groups and also industry. However, he also claimed that individuals still have responsibilities for their own career development while organizations have responsibilities for the organizational context of career.

Greenhaus et al. (2000) proposed five stages of Career Development model in their empirical research. At first stage, individual makes an occupational choice and

prepare to work. Individual will analyze his or her own education background, working experiences and training needed to fit the specific career prospects in making occupational choice. At this stage, individual has limited information to expose real time experience. Therefore, this is a possibility that individuals may change in their choice of professional to match the career's needs and interests. At second stage, individuals start to enter the organization. This is real time information that individuals could get to know at workplace. Individuals get to know both their competencies and capabilities suit to their job. At this stage, individuals will decide to stay or to make some changes in their profession line and career prospects. Individuals could develop a better profession career path through a better understanding at workplace. Third stage is establishing the early career. Individuals could make certain goals which are related to their careers. Individuals can learn norm and values of their profession so they could enhance their skills to make a good developed profession. Individual is highly motivated at this stage and put extra efforts to complete challenging job related tasks through their own developed career development. Fourth stage is the mid career. At this stage, individual has stable and full of potential profession life. He or she has more responsibilities and plays the important role in decision making. Individuals will make the adjustments of the work life in their mid career to achieve career success. This is a critical stage for individuals to balance between personal life and work life. The last stage of career development is late career. At this stage, individuals are awaiting for retirement. They can either choose for continuing to serve for the organizations or prepare for retirements. However, individuals still can contribute to the organizations after retirements by giving useful advices and suggestions. There is a post retirement strategy can be

developed for both organizations and employees. This makes individuals can keep contribute to the organizations after leaving from the job.

To be successful, an empirical research by Giles and West (1995) conducted that employees should be trained well in career-related issues such as current job-related activities, career planning, specific skills, career interests and development objectives, need for achievements and personal control over their careers. They suggests that this is important for organizations to acknowledge personal development planning include workbooks, workshops and specific career planning in order to allow specific plans to be translated into career action.

### **2.3.4 Rewards and Recognition**

#### **2.3.4.1 Definitions**

According to Pitts (1995), reward is defined as the benefit for employees to perform a task, provide a service or complete a responsibility. Pay is the principal in rewarding employees. The reward package also includes bonus, insurance for accident and health, car allocation, financial loans, share options or profit sharing. He claimed that there are two types of rewards. The first type is intrinsic reward. Intrinsic reward is the psychological states or behavioral such as satisfaction, motivation, engagement and accomplishment that employees gain from their job. For instance, employees are willing to work overtime just because they like their jobs and committed to the company. While the second type of reward is extrinsic reward. This reward is in the form of pay, salaries, bonus, promotion or other benefits. For instance, employees work for overtime because they want to claim for overtime pay.

Meanwhile, compensation can be defined as both forms of monetary returns and non-monetary returns namely allied services to employees. Employees will treat compensations as an entitlement for being an employee in the organization or reward for performing the job and as a return in an exchange between employees and employers in the company. Employees also treat their pay in the compensation system as a reward (Milkovich, Newman & Gerhart, 2011). According to Martocchio (2011), compensation can be categorized into two types of rewards namely intrinsic and extrinsic rewards to employees for their job done. Intrinsic compensation refers to sense of achievement and enjoyment that employee experience from working results. It refers to the employee's psychological mindsets as a result of performing their job. While extrinsic compensation includes both monetary and non-monetary rewards. The purpose of monetary rewards is to reward employee through money such as pay and cash bonus for a job well done. Non-monetary rewards include benefits apart from pay to employees such as recognition, flex time working hours, healthcare benefits and other awards.

Organizations should reward and recognize achievements of employees are important in order to keep employees interested in their job. Sarvadi (2005) proposed a strategic reward system to create a balanced offering to employees. In strategic reward system, he suggested four elements should include in the process namely compensation, benefits, recognition and appreciation. He also claimed that the most common problems in firm is they had neglected the important components of recognition and appreciation which are low-cost but high return components in strategic reward system. Successful employee recognition program can motivate employees to highest level of performance with much lower cost than monetary rewards.

A recent study by Reena and M. Shakil (2009) explained that there is a statistically significant relationship between reward and recognition. The results of study showed that the changing of rewards or recognition that offered to employees will make a corresponding change of employees' motivation and satisfaction level. Similarly, Wiscombe (2002) reported that there is a strong link between non-monetary awards and incentives, and also job performance. He explained that how non-cash awards and recognition link to organizational goals and act as a motivator to other employees.

Furthermore, Dash, Singh and Vivekanand (2008) suggested that the factors of recognition for chances of promotion, performing well, compensation, career growth, incentive and rewards can be perceived as motivator for employees in the organization. This can be supported by Deci, Koestner and Ryan (1999) which illustrated that the use of verbal recognition to employees can enhance intrinsic motivation of employees. This is because when employees feel valued by the firm, it will lead to higher task and citizenship behaviors and also lower staff turnover (Rhoades, Eisenberger & Armeli, 2001).

Numerous researchers (Keller & Szilagyi, 1976; Gardner, Avolio, Luthans, May & Walumbwa, 2005) pointed out that rewards and recognition are crucial elements in facilitating relationship between the managers and their employees positively. In addition to this, this is important for managers to recognize and reward employees effort respectively due to employers will bear the cost of excessive effort and dollars if the rewards and recognition program have failed just because the inflexible system did not acknowledge individual differences (Darling, Arn & Gatlin, 1997).

## **2.3.5 Performance Appraisal and Achievement**

### **2.3.5.1 Definitions**

Performance appraisal reflects the evaluation of previous and current performance which relates to work standards of employees. It plays an important function as one of human resource practices in the organizations (Boswell and Boudreau, 2002). According to Denisi and Pritchard (2006), performance appraisal can be defined as formalized and organizationally structured event to evaluate performance annually or semi annually based on performance standard procedure and dimensions.

In past, performance appraisal was used as the basis of review in administrative objectives such as salary structure determination, promotion and training programs (Murphy and Cleveland, 1995). In addition, performance appraisal can be used as a systematic performance appraisal process to form the formalized rewards scheme and career development for employees (Mullins, 1999). He claimed that performance appraisal is a crucial practice of human resource functions to evaluate employee's daily performance and goal setting of the organizations. Nowadays, performance appraisal could also help to form employee development programs and feedback (Sillup and Klimberf, 2010). Therefore, performance appraisal is a crucial activity of HRM practice and function to help organizations to achieve its goals. The above statements can be supported by Mathis and Jackson (2004) which explained that two role of performance appraisal in organizations. Firstly, the role is to measure performance for rewarding or otherwise making administrative decisions about employees. Promotions or layoffs might hinge on these ratings making them difficult at times. Another role is development of individual potential. Similarly, Einstein (1989) suggested that review of appraisal system could predict the level of skills,

capabilities of employee in doing their job and develop a better career path. Besides that, performance appraisal provides reward review information that helps the organizations to rewards the employees based on the assessment of past performance. Therefore, appraisal information can be used to develop human resource planning to determine promotion aspects, succession planning, employee training and reward system.

Hartel, Fujimoto, Strybosch and Fitzpatrick (2007) defined performance appraisal as formal assessment of performance management in organizations. Performance appraisal is related to strategic human resource management approach used by the organizations to fill the performance gap between employees. This is a formal assessment to review the employee performance through performance planning system. This means there is a need of performance improvement for any inadequacies. Organizations assume that employee will mutually agree with management goals and objectives such as financial planning, job security, pay determination during review period of performance. The employees should involve in employee performance process to provide a better appraisal system. In addition, the authors claimed that performance appraisal is a key aspect of performance management system to improve the organization's performance and sustain competitive advantage in organizations. The accuracy of appraisal is important to ensure the assessments are significant and reflects the accurate employee performance outcome.

Armstrong (2009) explained that organizations should consider the balance of performance criteria between the level of knowledge, abilities, and skills with achievement of objectives to uphold the value of the company and ensure the efficiency and effectiveness. This is because a job normally includes many tasks and duties that employees need to perform and the criterion of performance usually has

many dimensions. For instance, the performance criteria are deficient if it does not include some vital components of job tasks and duties. In the contrary, the criteria of performance can be viewed as contaminated if some of irrelevant criteria are included in the criteria (Mathis and Jackson, 2004)

This is important for the organizations to conduct an effective performance appraisal. Bohlander et al. (2001) recommended some steps in conducting a performance appraisal in organizations. First is scheduling. This step is preparing stage of review that need to be conducted. Employees should be notified within two weeks in advance for review process. Next, the employees will be asked to prepare for the review session to discuss about their performance, job responsibilities, objectives and goals during the formal annual performance appraisal. Performance documentation should be prepared for the review throughout the year. Specific examples of above or below average performance should be given to the employees for better understanding. The changes need to be determined if performance review is short of expectations. On the contrary, if performance meets or exceeds performance standard, it is a need to discuss how to reinforce it in written comments. Last but not least, feedback and recommendations should be given to employees after performance appraisal about their performance.

However, there are critiques about performance appraisal that create bias and unfair on the performance management. Holdsworth (1991) criticized that performance appraisal always over emphasize process of the analysis of results. The employees are not involved in the analysis of outcome process. Additionally, Mathis and Jackson (2004) showed the rating errors are frequently decreases the employee performance because they do not trust in performance appraisal outcome are accurate. Employees will believe the performance appraisal is unfair process that conducted by wrong

person and wrong procedure. The validity and reliability of assessment becomes the important issues to the employees. The bias and unfair rating process will cause the employees react negatively to appraisal system.

Most of rating inaccuracies of performance appraisal approach has viewed as unconscious or unintentional process in such errors (Cardy & Dobbins, 1986). However, Cleveland, Murphy and Williams (1989) claimed that the rating error incurred when the raters give employee inaccurate performance ratings to control the consequences of appraisal ratings. The raters manipulate rating errors to motivate employees and maintain a good relationship with employees which relates with some special goals. There are some types of performance appraisal biases and error that will influence the accuracy of performance appraisal process. Scott (2001) explained that this is a common phenomenon of horns and halo effect in many organizations. The raters will make the assumption that a particular employee is really good or bad in job performance. The raters will review employee's performance based on the viewpoint obtained previously and ignore the perspective of employees. There are many organizations use one type of appraisal form that applies to every type of employees will cause appraisal bias. Sales and marketing employees may score higher marks in communication and interpersonal skills part but production employees may score lower marks. Therefore, the appraisal form should be adapted to fit with different position condition. He also indicated the error of emphasis in the recent past. This is because appraisal might be conducted once a year. The raters find it difficult to review back the records of employee's performance and actual work performance throughout the year. Therefore, the raters will make informal record in reporting process to help them complete appraisal assessment.

Approaches to conduct performance appraisal are vary from relative simple techniques to more complex rating scales. Burnes (2004) explained some of performance appraisal techniques. First is critical incident method. This is identifying and describing special incidents to indicate the employees had done well at work or they need to improve during the performance process. Second is essay evaluation. During performance period, the managers need to identify the employees' strengths and weaknesses with qualitative method. Third is behavioral anchored rating scale. The sets of behavioral aspects will be used as indicators to be measure to assess the employee performance. This is a combination of both rating scale and critical incident techniques to measure the effectiveness of job performance.

## **2.4 Employee Engagement**

### **2.4.1 Definitions**

Kahn (1990) defined employee engagement as “the harnessing of organization members’ selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances”(p.694). There are three aspects of employee engagement namely, cognitive aspect, emotional aspect and physical aspect. Cognitive aspects is beliefs of employees towards the leaders and working conditions in the organization are. The emotional aspect is positive or negative attitudes of employees towards the leaders and organizations. The physical aspect is the physical energies of employees in role of accomplishment. Similarly, Richman (2006) defined employee engagement as intellectual commitment and emotional aspect towards the organizations. Truss et al. (2006) concluded three employee engagement aspects that discussed by Kahn (1990) simply as passion for work in psychological way. However, it had been reported that employee engagement

has some connection with employee attitudes, behaviors and intentions which are differ from other researchers' opinion (Saks, 2006)

Saks (2006) found that two types of engagement. He argued that job engagement and organization engagement were related but distinct in its constructs. He argued the relationships between job and organization engagement distinct in many ways due to psychological conditions that lead to antecedents of job and organizations engagement and also its consequences are differed. The study provided a new insight into the body of knowledge on employee engagement as this is the first study to make a distinction between job and organization engagement and clarify the antecedents and consequences of these two types of engagement. Therefore, it is important to increase engagement level among employees in the organizations. This is because employee engagement has some degree of relationship towards employees' job and the length of service in the organizations (Truss et al., 2006). In addition, some researchers (Bates, 2004; Richman, 2006) found that the level of employee engagement is on the trend of declining and the disengagement among employees is on the rise in recent days.

Job engagement has been described as a fulfilling, positive work-related experience and state of mind in the experience of engagement (Schaufeli & Bakker, 2004). Demerouti, Bakker, Nachreiner and Schaufeli (2001) found that lack of job resources could predict work disengagement while job demands could predict feeling of exhaustion. Similarly, Hakanen, Bakker and Schaufeli (2006) explained that a lack of job resources to fulfill job demands could lead to work disengagement and burnout. This is because the availability of job resources could make employees more engaged to their job and encourage organizational citizenship behavior (Salanova, Bakker & Llorens, 2006). Therefore, the employees who have enjoyed the benefits of these

strong job resources are more willing to invest in these job resources (Bakker & Demerouti, 2007).

Some researchers (Kahn, 1990; Saks, 2006) defined organization engagement as changeable psychological and dynamic state which relates employees to the organizations. It can be expressed physically, cognitively and emotionally in organization employees' role performances. Internal communication at organizational level could influence organization engagement. In addition to have better understanding of role-related engagement, Saks (2006) explained it reflects the extent to individual's psychologically present in a particular organizational role. The two dominant roles of organizational members are work role and role as a member of an organization.

## **2.5 EMPIRICAL STUDIES BETWEEN HRM PRACTICES AND TURNOVER INTENTION**

HRM practices are seen to have a great impact on turnover intention. Huselid (1995) extended his survey of the literature found that human resource practices such as effective employee recruitment and selection procedures, compensation and benefits, performance management systems and job security are crucial to determine the level of employee turnover and productivity. This can be supported by a statement from Arthur (1994) that human resource systems can build commitment and statistically significant impact on lower turnover and higher productivity. Similarly, several previous empirical studies found the negative relationship between working conditions and voluntary turnover in the organization (Mowday, Porter & Steers 1983; Gupta & Jenkins, 1991). In other research, Gruber and Madrian (1994) indicated that human resource practices that are compensation, benefits and training and

development have negative relationship with turnover because employees will be motivated and being 'locked' in their job.

In this study, there are four human resource practices namely training and development, career development, rewards and recognitions, and performance appraisal and achievement were selected. The impact of these human resource practices on relationship with the effect of turnover intention will be discussed.

### **2.5.1 Relationship between Training and Development and Turnover Intention**

To some extent, training and development has a major impact on turnover intention and actual turnover. Huselid (1995) explained that organizations provide formal and informal training to employees, such as on-the-job training, basic skills training, coaching, mentoring and development activities which can lead to higher job performance. After training program, it has implication on productivity of the organizations. Productivity of employees will increase and it could maximize the profit of the organizations. It will also reduce turnover among employees. Similarly, Lam and Zhang (2003) reported that improvement of training could reduce understaffing and inadequate training could lead to turnover among the staffs and other problems in the hospitality sector. In addition, Benson (2006) examined the relationship between employee development, organizational commitment and intention to turnover. The findings showed that on the job training were positively associated with organizational commitment and negatively with turnover intention.

Frazis, Gittleman, Horrigan and Joyce (1998) indicated that training activities which involves the development of specific skills is likely to achieve higher productivity and it may raise the wages of employees and thus it provides an incentive to stay among employees. Some researchers indicated that training and development is one of the

most important functions of human resource management could reduce actual turnover and turnover decisions and increase job satisfaction among employees (Rosser, 2004). The above statements can be supported by Chang (1999) which illustrated that professional training and development will increase employee satisfaction so the employee are unlikely to leave the current job. In this study, the author claimed that training and development programs that provided by organizations may affect the psychological states of individuals. Employees will become more loyal and committed to the organization which could lead to lower turnover intentions among them.

### **2.5.2 Relationship between Career Development and Turnover Intention**

Career development has a significant relationship with turnover intention and actual turnover. March and Simon (1958) were one of the earliest research to propose that individual's career reward such as monetary rewards or recognition reduce turnover among employees. If employees have a good career prospect and achieve a successful career in an organization, they will have fewer incentives to leave the job. They argued that turnover decision of employees based on a constant evaluation of career advancement in current organizations if compared to the career prospect in other organizations. Similarly, Huselid (1995) recommended that career-related activities which under human resource practices can help employees to improve their knowledge, skills and abilities and also increase the retention of talented employees. The above statement can be supported by Rhoades and Eisenberger (2002) which claimed that career development opportunities in the organization could affect the level of turnover intention among employees.

Feldman and Weitz (1988) explained that organizations who have invested in career development programs to manage incurred costs such as training and development programs can reduce opportunity costs such as dissatisfaction and turnover among employees. Rhoades and Eisenberger (2002) suggested organizational support, exposure of personal development and training might extend employees potential to stay in the organization. This means employees who have the opportunities for developmental activities could increase their confidence level and motivation in their work. Through the values of employee's contribution and cares about their well-being in the organization, it will increase commitment, loyalty, job performance and extent employees' potential to stay. This can be supported by Mathieu and Zajac (1990) which indicated that employees who are emotionally committed to the organization are likely to increase their job performance, reduced absenteeism and also intention of quitting from the job.

### **2.5.3 Relationship between Rewards and Recognition and Turnover Intention**

To some extent, there is a relationship between rewards and recognitions and turnover intention and also actual turnover. Chew and Chan (2008) revealed that remuneration and recognition are positively predicted organizational commitment, thus intention to stay in their study on Australian public and private organizations. This is because lack of competitive compensation systems and lack of recognition are some reasons that employees leave the organizations (Abassi & Hollman, 2000). Similarly, Vandenberghe and Tremblay (2008) reported that compensation satisfaction is crucial in retention policies because it has a strong link with the organization. The study revealed that overall pay satisfaction has a significant relationship with turnover intention. However, other study found that compensation is not a primary concern when the organizations intend to invest in long term relationship. This is because

retention policies that focus on compensation and benefits are less likely to increase loyalty, intention to stay and commitment of employees.

Additionally, Trevor, Gerhart and Boudreau (1997) indicated that salary growth has an impact on employee turnover. The study showed high salary growth could reduce turnover for high performers in the organization. The study can be supported by Lum et al. (1998) which explained that pay satisfaction have direct and also indirect effects on turnover intention, organizational commitment and job satisfaction. In their findings, pay satisfaction are significant increased job satisfaction, organizational commitment and lower turnover intention. Similarly, an empirical research by Wang, Chen, Hyde and Hsieh (2010) found that pay satisfaction could increase organizational commitment and lower turnover intention among employees. The study conducted a survey in the semiconductor industry in Shanghai, China where Chinese workers tend to seek recognition and rewards which tied to financial or monetary rewards. They are likely to leave the organization if they do not receive the expected financial rewards. Therefore, the study revealed that when pay satisfaction was fulfilled, the intention to leave the organizations will reduce. Some researchers found that compensation is one of the important components of human resource management in determining job satisfaction of employees which could lead to lower levels of turnover intention. Therefore, these researchers claimed that compensation is significant related to turnover to leave (Cotton & Tuttle, 1986; Chew & Chan, 2008). Besides that, several studies found that there is a strong negative relationship between pay and turnover intention in the findings (Batt, Colvin & Keefe, 2002).

## **2.5.4 Relationship between Performance Appraisal and Achievements and Turnover Intention**

Performance appraisal and achievement has a major relationship with turnover intention. Some researchers claimed that organizations implement the employee involvement and performance management such as performance appraisal would reduce the level of employee turnover and increase the productivity (Delery & Doty, 1996; Pfeffer, 1994). This statement can be supported by Egan, Yang and Bartlett (2004) which reported that performance appraisal will influence turnover intention among employee from leaving the current organizations to look for a new job where it cause a actual employee turnover. This means performance appraisal is significant with the level of turnover intention among employees to stay or to leave the organizations.

Allen and Griffeth (1999) explained that negative feedback during performance appraisal period could lead to employees' intention to leave the organizations or immediate actual turnover. This is because negative job performance appraisal showed that the employees are unlikely to receive financial rewards, promotions, and other valued outcomes. Furthermore, this is a chance to being fired by organizations due to the lower score in their job performance appraisals. The above statement can be supported by Griffeth, Hom and Gaertner (2000) which indicated that the employees may leave the present job if they have been evaluated as poor performance. They will also be a poor performer for the new job and get a similar low score results. Poor performers have the probability to be terminated and have fewer years of tenure rather than good performers in the organizations. According to an empirical study of Poon (2004), if there is a manipulation of appraisal ratings during performance assessment because of the managers' or supervisors' bias and intend to control the

consequences of performance outcomes, the level of job satisfaction will reduce and lead to higher level of turnover intention. This is because the managers will punish the employees by controlling performance ratings that could lead intention to leave. On the contrary, when the managers intend to motivate the employees through the manipulation of ratings, it will lead lower of turnover intention among employees.

Fairness of performance appraisal is an important component of human resource management practices and impact on both employees and organization. A fair performance appraisal system is used to reward or punish the employees based on the employees' performance outcome. The irrelevant appraisal rating criteria should not include in a fair performance appraisal system. Therefore, this is necessary for management to emphasize fair performance appraisal concept in the organizations (Roberson & Stewart, 2006). Performance appraisals' fairness has a relationship with productivity and employee turnover. Thomas and Bretz (1994) explained that a fair performance appraisal could reduce employee turnover and increase the productivity. Performance appraisal helps in communication between managers and subordinates to achieve the organizational goals. Performance appraisal could increase employees' perception to be a part of the organization that influences the level of intention to quit and improve the effectiveness of organizations. Similarly, Kuvaas (2006) found that the positive relationship between performance appraisal satisfaction and turnover intention. The findings showed that performance appraisal could improve organizational commitment and performance which led to lower turnover levels intentions. This means the employees who satisfied with the performance appraisal system are likely to have a lower intention to quit from the organizations. On the contrary, Poon (2004) reported in his findings that the dissatisfaction of performance appraisal will increase the turnover intention of employees and reduce the job

satisfaction and commitment. In this empirical study, the white collar employees had been selected from various organizations to participate in the survey. The managers' bias and intent to punish employees by manipulating rating will influence the level of intention to quit.

## **2.6 EMPIRICAL STUDIES BETWEEN HRM PRACTICES AND EMPLOYEE ENGAGEMENT**

There is a relationship between HRM practices and employee engagement. Delery and Doty (1996) examined the three different theoretical foundations to test the arguments on organizational performance. They found that there is a significant relationship between HRM practices and work engagement among employees in bank sectors. This is because rewards and recognition, training and development, growth opportunities could promote employee engagement in such working environments. Muhammad Masroor and Jamilha Fakir (2010) also investigated the level of job satisfaction and intention to quit among nurses in Malaysian context. The scholars indicated HRM practices which are supervision, job variety, human resource policies, compensation, closure and relationship with colleagues have significant relationship with engagement and turnover intention. They claimed that satisfaction with human resource policies and compensation could lead to higher employees' engagement level in the organizations. Both researchers have similar study to examine the relationship between human resource management practices and employee engagement. They claimed HR practices such as performance appraisal, decision making, employee involvement, reward and recognition have a great deal of implications on employee engagement. Their findings showed the significant relationship among employee engagements with those HRM practices (Sardar, Rehman, Yousaf & Aijaz, 2011). Similarly, a recent study by Lakshmi (2012) indicated that effective top management,

working environments, employee participation and human resource in organizations could increase the employee engagement level, and thus improving organizational performance.

### **2.6.1 Relationship between Training and Development and Employee Engagement**

There is a relationship between training and development and employee engagement. Training and development plays an important role of human resource management practices to foster employee engagement. Keaveney (1995) reported that organizations improve knowledge, skills and abilities of employees could improve the organizational effectiveness. Training programs also helps to improve their knowledge, skills and abilities that could improve employee engagement and job performance. Similarly, a recent study by Sardar et al. (2011) reported that training is used to improve performance and enhance employee engagement. The survey questionnaires were collected from private commercial bank service lines employees. The findings showed that human resource practices such as training has a significant impact on employee engagement. This is because training is important program to all managers and supervisors in order to acquire the knowledge, skills and abilities to face the latest technologies, knowledge based system and critical decision making. Training program is designed to meet those needs and requirements for all managers and supervisors. Therefore, training is a vital component of human resource management practices to enhance employee engagement. In addition, Frank, Finnegan and Taylor (2004) suggested that training and development programs especially talent management could lead to retention and higher levels of engagement among employees.

## **2.6.2 Relationship between Career Development and Employee Engagement**

There is a relationship between career development and employee engagement. Roberts and Davenport (2002) claimed that career development is an opportunity provided by organizations to develop careers and enhance skills. The opportunities help employees to identify competencies and skills and develop their careers in the future. They found that appropriate rewarding system and career development of working environment could facilitate the work engagements among employees. This is because employees could develop their careers successfully throughout the high levels of engagements. Gong and Chang (2008) found that career advancement opportunities and career development was positively associated with employee commitment, citizenship behavior and extra effort to strive for success in the organizations. This behavioral outcome is the psychological state construct of employee engagement. Similarly, Truss et al. (2006) indicated that career advance opportunities are the most important component to determine the levels of employee engagement in the company.

## **2.6.3 Relationship between Rewards and Recognition and Employee Engagement**

The previous researches showed that reward and recognition is related to employee engagement. In an empirical study by Cohen and Gattiker (1994) summarized that the findings by using meta-analysis on the relationship of organizational commitment and pay or income satisfaction. They found that there is significant relationship between organizational commitment and pay satisfaction. Especially employee engagement is significant strongly related to rewards such as pay satisfaction. According to Omolayo and Owolabi (2007), monetary rewards influence the levels of commitment among employees. The organizations need to fulfill employees' monetary reward needs.

Inadequate monetary rewards and recognition system will cause tardiness, poor performance and employees less engaged to organizations. The above statements can be supported by Saks (2006) which examined that nonfinancial rewards or recognition play an important role in employee engagement that could affect the levels of commitment and engagements among employees. A study by Maslach and Leiter (2008) claimed that reward and recognition is the predictor of employee engagement. They conducted a longitudinal study on burnout or employee engagement in 466 employees within one year. The findings showed that rewards and recognition is the appropriate method to rewards employee for the job and responsibilities done. Rewards and recognition could motivate employee and enhance their levels of employee engagements.

#### **2.6.4 Relationship between Performance Appraisal and Achievements and Employee Engagement**

There is a relationship between performance appraisal and achievements and employee engagement. Gruman and Saks (2011) reported that performance management is positively related with work engagement. The researchers found that if the managers conduct performance appraisal to assess the employee performance without bias and unfair manner, the level of engagement among employees will increase due to a fair performance appraisal and effective feedback procedures. Similarly, Nitin (2007) explained that a fair evaluation of performance management will affect the level of employee engagement. The organization uses the transparent and unbiased performance appraisal approach will have a high level of engagement among employees. Aguinis, Joo and Gottfredson (2011) pointed out that individual performance helps to build the success of organizations. Performance management will add value and benefit the employees, managers and also organizations.

Appropriate performance management systems such as performance appraisal and feedback have the potential to boost motivation and employee engagement level among employees.

## **2.7 EMPIRICAL STUDIES BETWEEN EMPLOYEE ENGAGEMENT AND TURNOVER INTENTION**

Employee engagement contributes to turnover intention. Truss et al. (2006) described that how employees feel about their work are likely to influence intention to leave. Similarly, Harter, Schmidt and Hayes (2002) explained that intentions to stay are positively associated with employee engagement in the organization. Another current study by Ellis and Sorensen (2007) reported that higher levels of engagement among employees will lead to lower levels of turnover intentions. Schaufeli and Bakker (2004) reported engagement has a significant negative relation with turnover intention and it acts as mediator between job resources and turnover intention. They also found that engagement is positively related to organizational commitment, job performance and extra-role behavior. They claimed that engaged employees are likely attached to the organizations and it could lead to a lower intention to leave. This can be supported in detail by Bakker, Demerouti and Schaufeli (2003) which reported that specific job resources like supervisory coaching, performance feedback, social support by co-workers and time control have significantly inverse relation to turnover intention, while organizational commitment mediates the causal relationship. They claimed that job resources are the sole predictor of work engagement and engagement mediates job resources and turnover intention.

Some researchers reported that engaged employees are significant predictor of turnover intention because they are engaged to their job and committed to

organization that could lead to lower levels intention to quit the organizations (Lockwood, 2007). This can be supported by recent scholars that more engaged employees are likely to stay longer in the organizations because they have no intention to leave the organizations and current job position (Brummelhuis, Bakker & Euwema, 2010; Ngobeni & Bezuidenhout, 2011). Similarly, Shuck, Reio and Rocco (2011) claimed that employee engagements are significantly associated with turnover intention. The study conducted a survey in manufacturing and service lines and revealed that less engaged employees are poor performance. The more engaged employees perform better and help organizations to achieve organizational goals.

## **2.8 EMPIRICAL STUDIES BETWEEN HRM PRACTICES, EMPLOYEE ENGAGEMENT AND TURNOVER INTENTION**

Engaged employees has a positive impact on employee outcomes. There is lack of literature on engagement to investigate the impact of human resource management practices on engagement. The recent literature has a great deal of interest on engagement, the literature and empirical research about the mediating effect of engagement is less been studied (Schaufeli & Bakker, 2004; Saks, 2006). The mediating role of employee engagement has been explored by Schaufeli and Bakker (2004) indicated that engagement is the mediating variables between job resources and turnover intentions. The study found that engagement has negative relationship with turnover intentions. Similarly, some researchers also concluded that engagement was negatively related to turnover intention (Saks, 2006; Halbesleben & Wheeler, 2008). Similarly, Chughtai and Naeem (2013) found that the mediating role of employee engagement on effective use of human resource management practices and turnover intention by conducting survey in telecom companies.

According to Nishii and Wright (2008), there is a relationships between human resource management practices, employee behavior or attitude and employee outcomes. They explained that human resource practices have positive impact on employee behavioral which can lead to positive outcomes. For instance, employees will put extra effort in their jobs when they are engaged to the jobs and organizations. The positive outcome is they will stay within the organizations. Another study by Schaufeli and Bakker (2004) reported that engagement was negatively associated with intention to leave. They claimed that engagement plays the role to mediate the relationship between job resources and turnover intention. Job resources are related to human resource practices in their study. This can be supported by Ram and Prabhakar (2011) which explained that the effective use of human resource practices can enhance engagement among employees and increase productivity. The engagement can increase intention to stay in the organizations.

Branham (2005) pointed out the reasons of disengagement employee will leave the organization due to seven hidden factors which relate to human resource practices. The first reason is job or workplace was not as expected. This is important for human resource manager to create a realistic job description. The second reason is mismatch between job and person. The human resource should make a best fit selection process. The third reason is too little coaching and feedback. The role of training and development is crucial to make employee more engaged. The fourth reason is too few growth and advancement opportunities. This is related to career development and its relationship with turnover intention. The fifth reason is feeling devalued and unrecognized. Here, rewards and recognition is important to those disengaged employees in order to retain them in the organizations. The sixth reason is stress from overwork and work-life imbalance. The last reason is loss of trust and confidence in

senior leaders. Overall, human resource practices have great effect on the process of disengagement among employees and intention to leave or stay. Therefore, employees will repay their organizations through the level of engagement. The vary degrees of engagement reflect to the resources they receive from their organization (Saks, 2006).

Kuvaas (2008) reported that contemporary research on best practice, high-performance, high-commitment, high involvement, progressive, and human-capital-enhancing human resource management (HRM) implies that organizations offer resources and opportunities that improve the motivation, skills, attitudes and behaviors of their employees. The management policies and practices, high performance work system will increase the skills of employees, productivity and lead to lower rates of absenteeism and voluntary turnover (Guthrie, Flood, Liu & MacCurtain, 2009).

In this study, the relationship between HRM practices and turnover intention among technicians and engineers will be examined. Employee engagement is used to mediate the proposed relationship. There are not many researches examines the three-way relationships between turnover intention, human resources practices and employee engagement. However, these researches are important to predict the consequences of employees' behavior to quit or stay in the organizations.

## **2.9 THEORETICAL SUPPORT**

In this study, social exchange theory will be discussed to clarify the implication of human resource practices on employee engagement, and identify the consequences of employee engagement which is turnover intention.

### **2.9.1 Social Exchange Theory**

In developing the theoretical framework in this study, the related of employee engagement research and theories will be examined to explain how employee perceptions of human resource management practices are related to variable of employee engagement (Kahn, 1990; Rich, LePine & Crawford, 2010). Social exchange theory plays an important role to provide explanatory framework to clarify how perceived of human resource management practices are linked to behavioral outcomes in enhancing employee engagement in the organizations.

According to Emerson (1976), social exchange theory suggests that how employee perceptions of employment exchange relationship are positively associated with their willingness to benefit other parties in a certain way in the relationship. Indeed, social exchange theory is based on the social relationships with the concept of reciprocity (Eisenberger, Huntington, Hutchison & Sowa, 1986; Rhoades & Eisenberger, 2002). The reciprocity norm is a social rule that maintains, among other things that people should return favors and other acts of kindness. This is the shared understanding that resources given or taken will be recouped (Gouldner, 1960). Therefore, human resource management practices show organizations' willingness to invest in the relationship with the employees which result in the perceptions of the individual-organization exchange relationship.

Social exchange theory is a theoretical concept to explain employee engagement and how it relates with job resources and also behavioral outcomes. This is because social exchange theory provides a theoretical foundation to explain why employees choose to become more or less engaged in their work and organization. It is a series of interactions between parties in a relationship of reciprocal interdependence.

Cropanzano and Mitchell (2005) defined social exchange theory as the relationship between parties that abide by rules of exchange that evolves over time into mutual commitments, trusts and loyalty. He argued that the norm of reciprocity is necessary when individuals experience the needs to reciprocate the support from other parties in exchange relationship. The statements are similar with Eisenberger et al. (1986) and Rhoades and Eisenberger (2002) claimed that social exchange theory is the norm of reciprocate. Employees will continue the favorable reciprocal exchange with other parties by engaging themselves. As a result, more engaged of employee are likely to be more in trusting and loyalty relationship and thus, be more positive behavioral outcomes and attitudes toward the company. This is because Cropanzano and Mitchell (2005) claimed that the employee will be more or less engaged depends on the job resources that organizations could provide to them. This means if employees have more resources, they are likely be more engaged in the organizations that could lead to lower turnover intentions. They argued employees will appreciate and feel valued if they receive more resources that lead to positive behavioral outcomes and also less intention to leave.

The above statements can be supported by Saks (2006) which explained that employee more or less engaged in varying degrees is corresponding to the resources allocated in organizations. He argued that if organizations failed to provide such resources to employees, employees are unlikely to be engaged to their job. This is because organizations provide more economic and emotional benefits to employees will make them feel more obligated to respond in positive way.

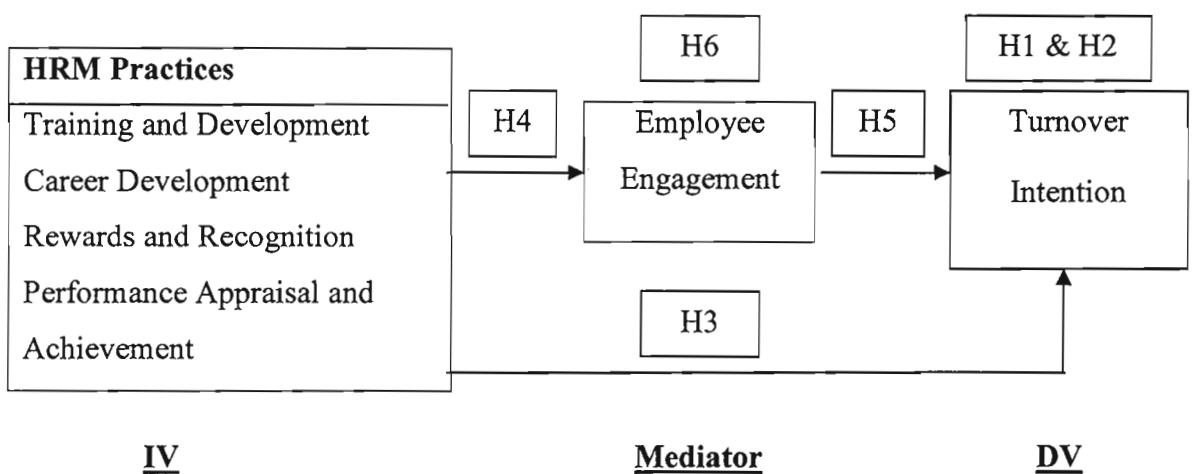
Some researchers indicated that employees satisfied with human resource management practices will enhance their commitment to the organizations with reciprocated back the organizations through positive attitudes and behavioral

outcomes like employee engagement (Bowen & Ostroff, 2004; Kinnie, Hutchinson, Purcell, Rayton & Swart, 2005). Therefore, employees are likely to exchange their engagement for resources and benefits allocated by the company (Saks, 2006). Kuvaas (2008) explained that organizations could obtain potential benefits by developing human resource management practices. This is because human resource practices can influence employees' attitude such as extra effort and employee engagement when they are more engaged and dedicated to their work. Thus, employees received valuable resources given by organizations and they reciprocate by demonstrating affective commitment (Eisenberger et al., 1986), employee engagement (Saks, 2006) and other positive behavioral outcomes like task related and extra-role of performance and less turnover intention (Cropanzano & Mitchell, 2005).

In a recent study, Rich et al. (2010) suggested that social exchange theory is based on high performance human resource practices to make employee more engaged with their job through discretionary effort, positive socio-emotional and trusting. They claimed that engagement led higher levels of job identification that employee are unlikely to leave the organizations. Similarly, Saks (2006) argued that engaged employees are unlikely to quit their job and detach their role in the organizations. Another study by Schaufeli and Bakker (2004) showed in the empirical research to predict engagement, job resources and self efficacy are used to predict employee engagement. Job resources are antecedent of engagement like training, perceived organizational support and autonomy. This kind of job resources are related to human resource practices and positive associated with engagement. Therefore, they claimed that engaged employees have greater attachment to their company and less turnover intention through the relationship of favorable reciprocal exchanges between employees and their company.

## 2.10 RESEARCH FRAMEWORK

The research framework is based upon the literature review and the problem statement stated above. Numerous researchers (Huselid, 1995; Guest, 1999; Branham, 2005; Chew & Chan, 2008) found that human resources practices have a great impact on turnover intention and employee engagement. Human resource management practices like training and development, career development, rewards and recognition, and performance appraisal and achievement have been discussed in order to understand the relationship between human resource management practices and employee engagement and also turnover intention. Besides that, Chughtai and Naeem (2013) conducted the research in the telecom industry found that the engagement plays the important role to mediates the relationship between human resource management practices and turnover intention. However, there is lack of study to find out the relationship between human resource management practices and turnover intention with the presence of employee engagement as mediator. The proposed research framework is based on literature studies and theoretical supports mentioned in this chapter. Figure 2.2 represents research framework in this chapter.



**Figure 2.2 Research Framework**

Based on the proposed relationships described above, a set of hypothesis were developed to empirically address the research questions.

For H1 and H2, the hypotheses represent the test to understand the significant difference of turnover intention between demographic groups of the respondents. H1 represents the test to understand the significant difference of turnover intention between male and female among the technicians and engineers. Miller and Wheeler (1992) found that in their empirical studies that female employees have higher turnover intention as compared to male employees. On the contrary, Khatri et al. (2001) revealed that men have higher turnover intention as compared to women.

H2 is to investigate the significant difference of turnover intention between age, academic qualifications and length of service among technicians and engineers. Cotton and Tuttle (1986), Griffeth et al. (2000) and Randhawa (2007) concluded that age and the level of education have an inverse relationship with turnover intention. On the other hand, Kabungaidze, Mahlatshana and Ngirande (2013) found in empirical research that there is a significant difference between length of service and turnover intention among teachers.

The dependent variable is turnover intention in this study. According to the literatures review, several studies have examined the relationship between human resources management practices and turnover intention (Gruber & Madrian, 1994; Huselid, 1995; Delery & Doty, 1996; Masroor & Fakir, 2009). Huselid (1995) found that human resource practices such as comprehensive employee recruitment and selection procedures, incentive compensation, performance management systems and job security are crucial to determine the level of employee turnover and productivity. Thus, the relationship between HRM practices and turnover intention is represented by H3.

H4 in the theoretical framework represents the relationship between HRM practices and employee engagement. Some studies indicated that human resource management practices have significant positive relationship with employee engagement, the results of studies showed that the effective use of human resource management practices could enhance levels of engagement (Delery & Doty, 1996; Sardar, Rehman, Yousaf & Aijaz, 2011; Lakshmi, 2012). Gruman and Saks (2011) reported that HRM practice which is performance management is positively related to work engagement. Sardar et al. (2011) also reported that training is used to improve performance and enhance employee engagement.

H5 in the theoretical framework represents the relationship between employee engagement and turnover intention. According to Harter, Schmidt and Hayes (2002), intentions to stay are positively associated with employee engagement in the organization. Similarly, Truss et al. (2006) explained that the levels of engagement among employee can influence turnover intention. Another current study by Ellis and Sorensen (2007) also reported that higher levels of engagement among employees will lead to lower levels of turnover intentions.

Employee engagement will be presented and test in order to understand the mediation effect on the relationship between HRM practices and turnover intention. Chughtai and Naeem (2013) conducted the research in the telecom industry found that the engagement plays the important role to mediates the relationship between human resource management practices and turnover intention. This can be supported by Schaufeli and Bakker (2004) which explained that engagement is the mediating variable between job resources and turnover intentions. Job resources are related to HRM practices in their study. Therefore, the test of the relationship between HRM practices and turnover intention with the presence of employee engagement as a mediator is represented by H6.

## **2.11 HYPOTHESES**

The following hypotheses are formulated in order to understand the relationship between the variables based on the literatures and statements have been hypothesized in theoretical framework to empirically address the research questions. The hypotheses are:

H1: There is a difference of turnover intention between men and women.

H2: There is a difference of turnover intention between technicians and engineers based on age, academic qualifications and length of service.

H3: There is significant relationship between human resource management practices namely training and development, career development, reward and recognition, and performance appraisal and achievements with turnover intention.

H4: There is significant relationship between human resource management practices and employee engagement.

H5: There is a significant relationship between employee engagement and turnover intention.

H6: Employee engagement mediates the relationship between human resource management practices and turnover intention.

## **2.12 CONCLUSION**

This chapter provides the reviews of literature of relationships between turnover intention, human resources practices and employee engagement. The following chapter discusses the methodology and the procedures that were used to collect data and analysis of data in this study.

## CHAPTER 3

### METHODOLOGY

#### 3.1 INTRODUCTION

This chapter presents a description of the research design and methodology used in this research. The methodology looks into the research design, scope of the population and sample, measurement on dependent variables, mediating variables and independent variables, questionnaire design, data collection and survey procedures.

The primary focus of this study is to examine the relationship of HRM practices and turnover intention with the presence of employee engagement as mediator. The current study uses the survey research method to collect the data. Survey research has the advantages and disadvantages. According to Bates (2004), the employee survey is the diagnostic tool of choice in the battle for the hearts of employees. Some companies ask workers about their work experiences as infrequently as every other year, looking for major trends. Others take the pulse of the people as often as every month to address the little things that get in the way of employees doing their jobs. Regardless of frequency, the most effective surveys ask questions that can lead to specific corrective action and that demonstrate a long-term commitment to provide a rewarding work experience, as several organizations have found. On the other hand, the disadvantages of using survey research is the limitation of time, money and energy, sampling error, low response rates, respondents do not share sensitive information and the related knowledge that requires to conduct survey research. This study also identifies the relationship between HRM practices with engagement, the relationship between HRM practices with turnover intention and the relationship between employee engagement with turnover intention.

### **3.2 RESEARCH DESIGN**

Quantitative research will be used in this study. Quantitative research is the numerical method to represent and manipulate observation in order to explain the phenomena. According to Cohen and Manion (1980), quantitative research can be defined as empirical methods and statements of social research. Empirical statement is descriptive statement to describe the real world cases. This is the step to collect numerical data to explain the phenomena by using statistics method. Cohen and Manion (1980) stated that there are several types of quantitative research. Survey research is one of the methods that use scientific sampling and questionnaire design uses statistical method for measurement. They explained that the benefit for quantitative research is it provides estimation of population at large. It can also use statistics method to measure the results and it is precision, definitive and standardized. Turnover intention was used as dependent variable in this study (Huselid 1995, Lum, Kervin, Clark, Reid, & Sirola, 1998, Wang, Chen, Hyde, & Hsieh, 2010). In order to gather the valuable data and examine the relationship between the variables, a quantitative method is used to assure the gathered data are reliable and valid. Quantitative method is used for the researcher to have a specific aim in this research. The outcome of the research will focus on the views and opinion of the subjects rather than material gathered. Therefore, a set of questionnaire will be developed and employed as an instrument for this study.

The independent variables are HRM practices and the mediator is employee engagement in this study. The HRM practices have four dimensions, namely training and development, career development, rewards and recognition and performance appraisal and achievement, while employee engagements will be examined to test the mediating effect on HRM practices and turnover intention.

### **3.2.1 Sources of Data**

In this study, primary data will be used as the source of data. The primary data can be obtained from the results of the survey administered. According to Hox and Boeije (2005), there are different data collection strategies. Social scientist can use either primary data or secondary data in data collection. He claimed that primary data collected to fit the specific research problems. In their study, data is used to ask the new questions for the previous data that were not addressed. It can also be used for learning and teaching purpose. Primary data can be used to compare and replicate the original research throughout research design. The advantages of using primary data may include validity and reliability. Validity is the major concern of social scientist to make research logical and acceptable by using first hand information from sample survey that represent the target of population at large. While reliability is the data collected is enough true and represent the real facts, so it is important to make sure the results of questionnaire is highly reliable.

A set of survey questionnaire were distributed to the technicians and engineers at company X in Johor for the specific purpose of the research. The technicians and engineers were answered the self administered designed questionnaire.

### **3.2.2 Unit of Analysis**

The aim of this research is to examine the relationship of human resource management (HRM) practices and turnover intentions with the presence of employee engagement as mediator among technicians and engineers level at company X. The current study also determines the relationship between HRM practices with employee engagement, the relationship between HRM practices with turnover intention and finally the relationship between employee engagement and turnover intention. The

unit of analysis determines the level at which variability is measured. The unit of analysis in this study is at individual level. Individual level of analysis is each observation is treated an individual in the outcome. The results of the survey questionnaire will be used as individual data source.

### **3.2.3 Population and Sampling**

According to Gall, Gall and Borg (2003), population is the overall group that researcher intend to study on. Therefore, researchers always learn a population by using the sample in smaller group to conduct the research. They defined that a sample can be considered as a smaller group of an identified population. Sampling technique used is probability sampling in this study. This method used in which every member of the population will have an equal chance of being selected as sample in the study and this is nonzero probability of selection. This sampling technique is considered less time consuming, low cost technique, easily accessible and easy to measure if compared to other sampling technique.

The selection of the sample from the set of population is through simple random sampling. According to Sekaran (2002), simple random sampling is every element in the population has a known and equal chance of being selected as a subject. This sample design is least biases and offers the most generalizability.

The survey was conducted at company X among technicians and engineers. This is because technicians and engineers contributed a large number in turnover at company X. The total manpower of technicians and engineers are roughly recorded as 208 headcount in year 2013. The production technicians will perform the job in various items of machinery, work processes, assembling, layout, maintenance and repair of machine. Technicians should acquire the knowledge of electrical wiring control,

routine equipment maintenance, trouble shooting and testing of the machine. Technicians need direct supervision from the engineers' level employees and senior employees. While the job of engineers at company X emphasizes of product developments and new products testing. The quality of products is prior concerns and it can be achieved and sustained through efficiency and effective at work. Engineers need to prepare work instructions, equipment logs, standard operating procedures, proposal for improvement and other research and development activities. The sample units are randomly selected from the group of technicians and engineers.

Sekaran (2002) explained that sampling design and sample size are important to draw the conclusions that would be the representatives of the sample for generalizability. Thus, sampling decisions should consider the use of both sampling design and sample size. The sample size can refer to the size of population based on the Table of Sample Size. According to the Table of Sample Size, total population of technicians and engineers at company X are 208, while the sample size should be 136. Thus, a total of 180 questionnaires were distributed among the technicians and engineers randomly.

### **3.3 MEASUREMENT**

The questionnaire survey has two sections. Section A contains information regarding the respondent's demographic features which includes information about personal and demographic data of respondents. The questions cover gender, age, highest academic qualification, and length of service in the company in this section. Section B of the questionnaire comprised 6 parts of questions. Part 1 consists of questions related to a dependent variable of turnover intention. There are five questions in Part 1. Part 2 questions related to mediating variables of employee engagement. In part 2, there are twelve questions which related to employee engagement. Part 3 to 6 consist of

questions related to independent variables of Human Resource Management (HRM) practices, namely training and development, career development, and rewards and recognition. There are twenty four questions which are related to HRM practices.

Table 3.1 illustrates the distribution of variables in questionnaire design. The five-point scale is used to measure the variable. A rating scale from 1 (strongly disagreed), 2(disagreed), 3(neutral), 4(agreed), and 5(strongly agreed) were used. In order to answer the survey questionnaire, respondents have to select their choice of answer based on five-point scale. Each answer will be given a score. It is easier for the respondents to understand the format and structure more accurate answers.

**Table 3.1**  
**Questionnaire Design**

<b>Section</b>	<b>Content</b>
Section A	Demographic Profile
Section B	Turnover Intention Employee Engagement Human Resource Management Practices

### **3.3.1 Measurement for Turnover Intention**

Employees' retention is measured using five items previously used by Bozeman & Perrewe (2001). The items have a reliability value between 0.90 and 0.94. Below are the details of items and operational definition for employees' retention used as turnover intention in this study.

**Table 3.2****Operational Definition and Items for Turnover Cognitions Items (Turnover Intention)**

Variable	Operational Definition	Items
<b>Turnover Cognitions</b>	The cognitive process of employees' decision making to leave the organization and seek for new opportunities in other organizations.	<p>1. I will probably look for a new job in the near future.</p> <p>2. At the present time, I am actively searching for another job in a different organization.</p> <p>3. I do not intend to quit my job (R).</p> <p>4. It is unlikely that I will actively look for a different organization to work for in the next year (R).</p> <p>5. I am not thinking about quitting my job at the present time(R).</p>

Source: Bozeman &amp; Perrewe, 2001

R= Reversed Question

**3.3.2 Measurement for Employee Engagement**

The questions are based on Five-point Likert scales were designed to measure employee engagement. Table 3.3 below is the items to assess respondent's psychological presence in their job and organization. Employee engagement questionnaire was adapted from Gallup (2008) as illustrated in Table 3.3. The Gallup 12 questions have been used among approximately 1.5 million employees over the world for more than fifty years. Gallup questions have been conducted based on thousands of interviews and several focus groups in identifying the key areas of measurement employee engagement. Hence, Gallup 12 questions can be considered as an ideal instrument to be the survey questions in this study.

**Table 3.3 Operational Definition and Items for Job Engagement and Organization Engagement**

Variable	Operational Definition	Items
<b>Employee Engagement</b>	The extent to which employees commit to their job, how hard they work and how long they stay as a result of the commitment.	<p>1. I know what is expected of me at work.</p> <p>2. I have the materials and equipment I need to my work right.</p> <p>3. At work, I have the opportunity to do what I do best every day.</p> <p>4. In the last seven days, I have received recognition or praise for doing good work.</p> <p>5. My supervisor or someone at work seems to care about me as a person.</p> <p>6. There is someone at work who encourages my development.</p> <p>7. At work, my opinions seem to count.</p> <p>8. The mission or purpose of my company makes me feel my job is important</p> <p>9. My associates are committed to do quality work</p> <p>10. I have a best friend at work.</p> <p>11. In the last six months has someone at work talked to me about my progress.</p> <p>12. In last year, I have had opportunities at work to learn and grow.</p>

Source: Gallup, 2008

### 3.3.3 Measurement for HRM Practices

The four dimensions of HRM practices were measured using a 14 items on Likert-scale 1-5. The questions are adapted from Delery & Doty (1996) research paper on “Modes of theorizing in strategic human resource management: tests of universalistic, contingency, and configurational performance predictions.”

**Table 3.4 Operational Definition and Items for HRM practices**

Variable	Operational Definition	Items
<b>Training and Development</b>	Perception of training, pertaining to the existence and availability of formal training programs, effectiveness and the needs of training programs.	<ol style="list-style-type: none"> <li>1. I am encouraged to attend training and development programs that are available for me.</li> <li>2. My immediate supervisor determines the training and development program that I need.</li> <li>3. I am given opportunities to upgrade my knowledge and skills and to improve my performance through continuous training.</li> <li>4. I received necessary training to perform my job well.</li> <li>5. I am given the opportunity to be involved in activities that promote my professional development.</li> </ol>
<b>Career Development</b>	The process by which employees' progress through a series of stages, each characterized by a different set of developmental tasks, activities and relationships.	<ol style="list-style-type: none"> <li>1. I have access to information for my career planning.</li> <li>2. My immediate supervisor and I discussed my career development opportunities.</li> <li>3. I am given ample opportunities for advancement on my job.</li> <li>4. I am satisfied with the way promotions are given out in the company.</li> <li>5. Promotion is rewarded merit based on performance.</li> <li>6. Promotion is rewarded fairly within the company.</li> </ol>
<b>Rewards and Recognition</b>	Refer to financial rewards and non-financial reward given to employees and also recognition for work done.	<ol style="list-style-type: none"> <li>1. The salary I receive encourages me to perform better.</li> <li>2. Incentives, such as bonuses motivate me to do more than required.</li> <li>3. I received recognition for my achievements.</li> <li>4. I received the amount of pay that commensurate the work I do.</li> </ol>

<b>Performance Appraisal and Achievement</b>	Refer to formalize and organizationally structured event to evaluate performance annually or semi annually based on performance standard procedures and dimensions
	1. I am evaluated fairly based on my performance.
	2. Performance appraisal is based on individual performance.
	3. Individual contributions are encouraged and recognized.
	4. My immediate supervisor supports and encourages me by providing regular feedback on my performance.
	5. I am able to see the results of the work I do.
	6. I am able to take pride in my job well done.
	7. I am able to do something worthwhile on my job.
	8. I am given the chance to do my best at all times.
	9. I get a feeling of accomplishment from the job I do.

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Source: Delery & Doty, 1996

### 3.4 DATA COLLECTION

In this study, questionnaire surveys are used as the main instrument to collect primary data from the respondents. The target of population is technicians and engineers at company X. The advantages of using questionnaire include the relatively least expensive method and the facts of anonymity among respondents that will lead to more open and truthful answers. Survey questionnaires had been distributed to the target respondents and collected personally from those technicians and engineers. 180 sets of questionnaire had been distributed to the respondents. Besides that, the respondents were given 10-15 minutes to complete the questionnaires. 150 sets of questionnaire were collected back progressively and personally. The survey questionnaire is exhibited in Appendix 1.

### **3.5 DATA ANALYSIS TECHNIQUE**

Data is analyzed using Statistical Package for Social Science (SPSS) Version 16.0.

The results were summarized using appropriate descriptive and inferential statistics.

The test for reliability using Cronbach's Alpha which was widely used and accepted by Cavana, Delahaye and Sekaran (2001) as reliability test tool with the following measures

- A reliability of less than 0.6 is considered weak.
- A reliability in the range of 0.7 is considered moderate.
- A reliability of more than 0.8 is considered good.

Pearson Correlation Coefficient was used to test the significance of the relationship among independent variables and dependent variables. Davies (1971) suggested use of the scale model to test the relationships between the independent variables and the dependent variable, which are shown below:

- 0.7 and above refers to very strong relationship.
- 0.50 to 0.59 refers to strong relationship.
- 0.30 to 0.49 refers to moderate relationship.
- 0.10 to 0.29 refers to low relationship and
- 0.01 to 0.09 refers to very low relationship.

Independent Sample T-test was used to test the difference of turnover intention between men and women. Additionally, One-way ANOVA was used to compare difference of turnover intention between groups and samples based on the demographic variables. Finally, Multiple Regression Analysis were carried out to determine the variance between dimensions of independent variables and the

dependent variable. According to Sekaran (2002), the correlation coefficient, R indicates the strength of relationship between two variables. Regression will work well when each independent variable is strongly associated with dependent variable. The relationship between human resource management practices and turnover intention with the presence of employee engagement as mediator was tested in Multiple Regression Analysis. According to Baron and Kenny (1986), there are four conditions are necessary to establish mediation. First, the researchers claimed that the independent variables and dependent variables must be significantly related. Second, the independent variables and mediator variables must be significantly related. Third, the mediator and the dependent variable must be significantly related and fourth, when the mediator is included in the regression equation, the relationship between the independent variable and dependent variable should be weaker which refers to partial mediation or fully mediation.

### **3.6 PILOT TEST**

In this study, pilot test was used to test the goodness of measure. Pilot studies test the design and method to be used before the main survey is conducted. 40 technicians and engineers at company X were selected as respondents to participate in the pilot test in order to test the effectiveness of the survey questionnaires in terms of understanding of respondents towards the questions to be asked and time given to complete the test. The pilot test was also aimed to test the reliability of the survey questionnaire for each variable used in this study.

Cronbach's coefficient alphas were computed to examine the internal consistency of the instruments of each dimension. The test of reliability using Cronbach's Alpha which was widely used and accepted by Cavana, Delahaye and Sekaran (2001) as

reliability test tool with the measures of reliability of less than 0.6 is considered weak, 0.7 is considered moderate and more than 0.8 is considered good.

**Table 3.5 Summary of Reliability Analysis for Pilot Test**

<b>Variables and Dimensions</b>	<b>No. of Items</b>	<b>Cronbach's Alpha</b>
Turnover Intention	5	0.847
Employee Engagement	12	0.716
Training and Development	5	0.696
Career Development	6	0.631
Rewards and Recognition	4	0.856
Performance Appraisal	9	0.802

Based on the summary of reliability analysis above, the findings showed that the instruments used to measure dependent variable (turnover intention), independent variables (training and development, career development, rewards and recognition and performance appraisal), and also mediating variable (employee engagement) were between the range of 0.63 and 0.86. This reflects an acceptable range of reliability results for those variables in this study. Rewards and recognition has the highest Cronbach's Alpha of 0.856 indicating the instrument to be the most reliable amongst all the variables. Based on the results of reliability analysis above, the questionnaire will be used to conduct the survey of the research.

### **3.7 CONCLUSION**

This chapter has explained the methodology used in this study, which include the introduction of research design, sources of data, units of analysis, population and sampling, measurement, data collection and data analysis. The next chapter will discuss the findings of the research.

## CHAPTER 4

### FINDINGS

#### 4.1 INTRODUCTION

This chapter presented results of the data analyses. The research focuses on the relationship between Human Resource Management (HRM) practices and turnover intention with the presence of employee engagement as mediator. Firstly, descriptive analysis results would be highlighted based on the analysis of demographic characteristics. The second part of this chapter covers the results of inferential analysis of T-Test. The third statistical method is One-way ANOVA to examine the significant difference of turnover intention between employees based on age, academic qualifications and length of service. Lastly, multiple regressions will be conducted to examine the presented hypotheses.

#### 4.2 FINDINGS

##### 4.2.1 Demographic Descriptions

A total of 180 questionnaires were distributed to the respondents and only 150 questionnaires were collected. All the 150 set of survey questionnaires returned were used for the further analyses, made up a response rate of 83%. Descriptive analysis was conducted to obtain respondents' background information based on the Section A of survey questionnaire. The demographical factors will be discussed as the frequency distribution shown below. Additionally, means and standard deviation of each of the variables will be presented and discussed.

**Table 4.1 Profile of Respondents**

		Frequency	Percent (%)
<b>Gender</b>	Male	119	79.3
	Female	31	20.7
<b>Age</b>	Below 25	34	22.7
	Between 26-35	65	43.3
	Between 36-45	37	24.7
	More than 45	14	9.3
<b>Qualification</b>	SPM	47	31.3
	Certificate	46	30.7
	Diploma	26	17.3
	Bachelor Degree	29	19.3
	Master	2	1.3
<b>Length of Service</b>	Less than 1 year	23	15.3
	1-5 years	68	45.3
	6-10 years	18	12.0
	11-15 years	11	7.3
	More than 15 years	30	20.0

The frequency analysis revealed that 119 respondents (79.3%) were male, while 31 respondents (20.7%) were female. Findings show that majority of the respondents were male.

Based on the table above, 34 of the respondents (22.7%) were below 25 years of age. While the majority of respondents were in the age range between 26 to 35 years old (43.3%) and 37 respondents (24.7%) were in the age range between 36 to 45 years old. There is only 14 respondents (9.3%) are more than 45 years old.

In terms of qualification, majority of the respondents' qualification is SPM (31.3%) and Certificate (30.7%) while 29 respondents (19.3%) were graduated with a bachelor's degree, followed by diploma with 26 respondents (17.3%). There is only 2 respondents (1.3%) obtain a master's degree.

In terms of length of service, most of the respondents that took part in the survey worked in the organization between 1 to 5 years which consists of 68 respondents (45.3%), followed by 30 of respondents (20%) that worked more than 15 years and 23 of respondents (15.3%) worked less than 1 year. 18 of respondents (12%) are worked between 6 to 10 years and only 11 respondents (7.3%) has a length of service between 11 to 15 years.

#### 4.2.2 Descriptive analysis of variables

Means and standard deviations were obtained from the independent and dependent variables by using descriptive analysis of variables. The descriptive analysis of variables was being conducted to find out the feelings of the respondents towards the variables to be asked in the survey questionnaires. With reference to Table 4.2, mean represents the overall level of how the respondents are satisfied towards the factors being asked in the questionnaires. All variables were evaluated based on a 5 point scale. The questions to be asked with using Likert scale type with 1 represents that the respondents are “strongly disagreed” to 5 represent that “strongly agreed”. Therefore, mean value below than 3.00 indicates that the respondents are not satisfied in general while the mean value is above 3.00 shows that the respondents are satisfied with the current situation in general.

**Table 4.2 Descriptive Analysis of Variables**

	Minimum	Maximum	Mean	Error	Std. Deviation
Turnover	1.60	4.40	2.949	0.052	0.643
Employee Engagement	1.83	4.42	3.093	0.042	0.509
Training and Development	1.60	4.60	3.513	0.046	0.565
Career Development	2.00	3.83	2.953	0.039	0.480
Rewards and Recognition	1.50	4.75	3.078	0.062	0.758
Performance Appraisal	2.00	4.22	3.096	0.040	0.488

Based on the Table 4.2, the mean for training and development is 3.513 which show that the overall respondents are satisfied with training and development provided by the organization. The means for both rewards and recognition and also performance appraisal are 3.078 and 3.096 which indicates that overall respondents are satisfied with rewards and recognition and performance appraisal at their current organization. On the other hand, in general the respondents are quite dissatisfied with the career development in the organization with a mean of 2.953.

Table 4.2 shows that the mean of employee engagement is 3.093. Therefore, overall respondents are engaged to their current organization. In general, the respondents love their jobs and exhibits their passion and effort to perform their job at workplace.

In the meantime, descriptive analysis findings indicate that overall respondents have low level of intention to leave their current organization which the mean of turnover intention is 2.949. The standard deviation of each variable below 1.00 indicates a general consensus among the respondents on the table shown above.

#### **4.2.3 Reliability Analysis**

Cronbach's coefficient alphas were computed to examine the internal consistency of the instruments for each dimension used. The test for reliability using Cronbach's Alpha which was widely used and accepted by Cavana, Delahaye and Sekaran (2001) as reliability test tool with the following measures

- A reliability of less than 0.6 is considered weak.
- A reliability in the range of 0.7 is considered moderate.
- A reliability of more than 0.8 is considered good.

The Cronbach's alpha values of each variable are illustrated in Table 4.3

**Table 4.3 Summary of Reliability Analysis**

Variables and Dimensions	No. of Items	Cronbach's Alpha
Turnover Intention	5	0.834
Employee Engagement	12	0.877
Training and Development	5	0.826
Career Development	6	0.713
Rewards and Recognition	4	0.804
Performance Appraisal	9	0.770

Based on the summary of reliability analysis above, the findings show the instruments used to measure dependent variable (turnover intention), independent variables (training and development, career development, rewards and recognition and performance appraisal), and also mediating variable (employee engagement) were between the range of 0.7 and 0.88. This reflects an acceptable range of reliability results for all the variables in this study. Employee engagement has the highest Cronbach's Alpha of 0.877 indicating the instrument to be the most reliable amongst all the variables.

#### **4.2.4 Differences in Turnover Intention by Demographic Variables**

This part will give the understanding of how different groups perceived turnover intention through Independent sample T-test and one-way ANOVA.

##### **4.2.4.1 Independent Sample T-test**

Independent Sample T-test will be conducted to test the hypothesis:

Hypothesis 1 (H1): There is a difference of turnover intention between men and women.

**Table 4.4 Results of Independent T-test to analyze difference in turnover intention by gender**

	Levene's Test for Equality of Variances		t-test for Equality of Means						95% Confidence Interval of the Difference	
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper	
T Equal variances assumed	.386	.535	1.586	148	.115	.2045	.1289	-.050	.459	
Equal variances not assumed			1.615	47.987	.113	.2045	.1266	-.050	.459	

An independent-samples t-test is used to compare the mean score, on some continuous variable, for two different groups of subjects. This analysis was conducted to analyze the difference of turnover intention between by male (n=119) and female (n=31) respondents. Table 4.4 shows that Levene's test was non-significant where ( $F = 0.39, p > 0.05$ ), thus equal variances can be assumed. The findings show that  $t(148) = 1.586, p = 0.115$  where  $p > 0.05$ . Thus, it could be concluded that H1 is not supported whereby there is no significant difference in turnover intention reported by male and female respondents. Specifically, the results indicated that both male and female respondents perceived the same way towards turnover intention.

#### 4.2.4.2 Analysis of Variances

One-way ANOVA helps to determine the significant mean differences among more than two groups on an interval or ratio-scaled dependent variable. One-way anova will be conducted to test hypothesis:

Hypothesis 2 (H2): There is a difference of turnover intention between technicians and engineers based on age, academic qualifications and length of service.

**Table 4.5 Results of One-way ANOVA to analyze difference in turnover intention among age**

**Table 4.5 (a) Test of Homogeneity of Variances**

Test of Homogeneity of Variances			
TI Levene Statistics	df1	df2	Sig.
1.623	3	146	0.187

**Table 4.5 (b) ANOVA**

	Sum of Squares	df	Mean Square	F	Sig.
TI Between Groups	4.621	3	1.540	3.951	0.01
Within Groups	56.914	146	0.390		
Total	61.535	149			

**Table 4.5 (c) Post Hoc Tests**

(I) Age	(J) Age	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
below 25	between 26-35	.39982*	.13215	.015	.0564	.7432
	between 36-45	.41653*	.14833	.029	.0311	.8020
	more than 45	.48487	.19827	.073	-.0304	1.0001
between 26-35	below 25	-.39982*	.13215	.015	-.7432	-.0564
	between 36-45	.01672	.12858	.999	-.3174	.3509
	more than 45	.08505	.18396	.967	-.3930	.5631
between 36-45	below 25	-.41653*	.14833	.029	-.8020	-.0311
	between 26-35	-.01672	.12858	.999	-.3509	.3174
	more than 45	.06834	.19591	.985	-.4408	.5775
more than 45	below 25	-.48487	.19827	.073	-.1.0001	.0304
	between 26-35	-.08505	.18396	.967	-.5631	.3930
	between 36-45	-.06834	.19591	.985	-.5775	.4408

Based on the Table 4.5 (a), Levene's test for homogeneity of variances was not significant ( $p > 0.05$ ). Thus, the population variances for each group were approximately equal. Table 4.5 (b) shows a significant effect for the four range of aged group,  $F (3, 146) = 3.951, p < 0.05$ . Therefore, it could be concluded that there is a difference of turnover intention among technicians and engineers in terms of aged group. Post Hoc tests as in Table 4.5 (c) identified that below 25 age group and the 26-35 age group are statistically significant different from one another. Age group of below 25 and the 36-45 age group are also differ significantly from one another.

**Table 4.6 Results of One-way ANOVA to analyze difference in turnover intention among academic qualification**

**Table 4.6 (a) Test of Homogeneity of Variances**

Test of Homogeneity of Variances			
TI Levene Statistics	df1	df2	Sig.
0.767	4	145	0.548

**Table 4.6 (b) ANOVA**

	Sum of Squares	df	Mean Square	F	Sig.
TI Between Groups	4.481	4	1.120	2.847	0.03
Within Groups	57.054	145	0.393		
Total	61.535	149			

**Table 4.6 (c) Post Hoc Tests**

(I) Academic	(J) Academic	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
SPM	Certificate	.01582	.13010	1.000	-.3436	.3752
	Diploma	-.07381	.15331	.989	-.4973	.3497
	Degree	-.39663	.14812	.062	-.8058	.0125
	Master	.57234	.45289	.714	-.6787	1.8234
Certificate	SPM	-.01582	.13010	1.000	-.3752	.3436

	Diploma	-.08963	.15391	.977	-.5148	.3355
	Degree	-.41244*	.14873	.049	-.8233	-.0016
	Master	.55652	.45309	.735	-.6951	1.8081
Diploma	SPM	.07381	.15331	.989	-.3497	.4973
	Certificate	.08963	.15391	.977	-.3355	.5148
	Degree	-.32281	.16942	.319	-.7908	.1452
	Master	.64615	.46029	.626	-.6254	1.9177
Degree	SPM	.39663	.14812	.062	-.0125	.8058
	Certificate	.41244*	.14873	.049	.0016	.8233
	Diploma	.32281	.16942	.319	-.1452	.7908
	Master	.96897	.45859	.220	-.2978	2.2358
Master	SPM	-.57234	.45289	.714	-1.8234	.6787
	Certificate	-.55652	.45309	.735	-1.8081	.6951
	Diploma	-.64615	.46029	.626	-1.9177	.6254
	Degree	-.96897	.45859	.220	-2.2358	.2978

Based on the Table 4.6 (a), Levene's test for homogeneity of variances was not significant ( $p > 0.05$ ). Thus, the population variances for each group were approximately equal. Table 4.6 (b) shows a significant effect for the five range of academic qualification group,  $F (4, 145) = 2.847$ ,  $p < 0.05$ . Therefore, it could be concluded that there is a difference of turnover intention among technicians and engineers based on academic qualification group. Post Hoc tests as in Table 4.6 (c) identified that certificate qualification and bachelor's degree qualification are statistically significant different from one another.

**Table 4.7 Results of One-way ANOVA to analyze difference in turnover intention among length of service**

**Table 4.7 (a) Test of Homogeneity of Variances**

Test of Homogeneity of Variances			
TI Levene Statistics	df1	df2	Sig.
1.392	4	145	0.240

**Table 4.7 (b) ANOVA**

	Sum of Squares	df	Mean Square	F	Sig.
TI Between Groups	1.977	4	0.494	1.203	0.31
Within Groups	59.558	145	0.411		
Total	61.535	149			

Based on Table 4.7, it shows that there is no difference between turnover intention and length of service where  $F(4, 145) = 1.203$ ,  $P > 0.05$ . Therefore, it could be concluded that H2 is partially supported whereby there is a difference of turnover intention among technicians and engineers in terms of age and academic qualification while there is no significant difference in turnover intention based on length of service.

#### 4.2.5 Correlation Analysis

Pearson Correlation will be used to examine the inter-relationship among the variables in this study. According to Sekaran (2002), correlation coefficients of .10, .30, and .50, regardless of sign, are interpreted as low, medium, and large coefficients respectively. Pearson Correlation was used to assess co-relations between dependent variable (turnover intention), independent variables (human resource practices) and mediating variable (employee engagement).

**Table 4.8 Correlation results between human resource practices, employee engagement and turnover intention**

	1	2	3	4	5	6
1. Training and Development						
2. Career Development	0.098					
3. Rewards and Recognition	0.229**	0.273**				
4. Performance Appraisal	0.142	0.274**	0.454**			
5. Employee Engagement	0.107	0.311**	0.474**	0.340**		
6. Turnover Intention	-0.108	-0.261**	-0.537**	-0.424**	-0.418**	

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

Based on Table 4.8, the results of Pearson Correlation exhibited the nature of relationship between the variables. Both career development ( $r = 0.261, p < 0.01$ ) and performance appraisal and achievements ( $r = 0.424, p < 0.01$ ) have a moderate, negative and significant relationship with turnover intention. The highest correlation amongst the human resource management practices were the rewards and recognition. Rewards and recognition ( $r = 0.537, p < 0.01$ ) has a high, negative and significant relationship with turnover intention. On the contrary, training and development has no significant correlation with turnover intention. ( $r = 0.108, p > 0.01$ ). The findings showed that employee engagement has a moderate, negative and significant correlations with turnover intention ( $r = 0.481, p < 0.01$ ). The negative relationship explained that the increased of employee engagement level will decrease in turnover intention.

#### **4.2.6 Multiple Regression Analysis**

This section reported the multiple regression results between human resource management practices, employee engagement and turnover intention. Regression allows the researcher to make statement about how well one or more independent variables will predict the value of the dependent variables. Regression can be used to investigate the effect of mediating variables on one or more predictor variables (independent variables) and outcome variable (dependent variable). The four step approach that proposed by Baron and Kenny (1986) will be conducted to examine the coefficients relationship at each step. Step 1 to 3 is to establish the zero-order relationships among the variables in this study. The relationships should be significant from step 1 to 3. If the relationship is not significant, hypothesized mediating variable cannot be a mediator. In the step 4, if the independent variables become weaker but significant when mediator is controlled, the findings explain that some form of

mediation is supported. If the independent variables become not significant when mediator is controlled, thus the findings show the full mediation in regression model.

#### **4.2.6.1 Multiple regressions between HRM practices and turnover intention**

Table 4.9 illustrated the multiple regression results of the HRM practices and turnover intention. Multiple regression will be used to test hypothesis:

Hypothesis 3 (H3): There is significant relationship between human resource management practices namely training and development, career development, reward and recognition, and performance appraisal and achievements with turnover intention.

**Table 4.9 Regression analysis between HRM practices and turnover intention**

**Model Summary (b)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.580(a)	0.337	0.318	0.53054

a. Predictors: (Constant), Training and Development, Career Development, Rewards and Recognition, Performance Appraisal and Achievement

b. Dependent Variable: Turnover Intention

Table above showed the results of the four independent variables are entered the regression model and R (0.58) is the correlation of the four independent variables with the turnover intention, after all the inter-correlations among the four independent variables are taken into account. The findings explained that 31.8% of the variance (R square) in the turnover intention has significantly explained by four independent variables. It illustrated that the employee involvement is 31.8 % explained by independent variables while the remaining 68.2% still leave unexplained.

### ANOVA (b)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	20.721	4	5.180	18.404	0.00(a)
Residual	40.814	145	0.281		
Total	61.535	149			

a. Predictors: (Constant), Training and Development, Career Development, Rewards and Recognition, Performance Appraisal and Achievement

b. Dependent Variable: Turnover Intention

The ANOVA (b) results showed that there is significant relationship between HRM practices and turnover intention among technicians and engineers ( $F = 18.404, p < 0.05$ ).

### Coefficients (a)

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta	VIF			Tolerance		
1 (Constant)	5.157	.409			12.621	.000			
training	.032	.079	.028	1.058	.405	.686	.945		
career	-.121	.096	-.090	1.115	-1.264	.208	.896		
rewards	-.358	.066	-.422	1.342	-5.393	.000	.745		
performance	-.278	.102	-.211	1.302	-2.737	.007	.768		

a. Dependent Variable: Turnover Intention

In order to test H3, the results of HRM practices were regressed on to turnover intention are tabulated in Table coefficients above. The highest beta ( $\beta$ ) value for rewards and recognition ( $\beta = 0.422, p < 0.05$ ) explained the most significance of the dimensions related to turnover intention. The results showed that there is a strong, negative and significant co-relation between rewards and recognition and turnover intention, followed by performance appraisal and achievements ( $\beta = 0.211, p < 0.05$ ). From the table, the HRM practices such as career development were statistically

insignificant and negatively related to turnover intention while training and development were statistically insignificant but positively related to turnover intention. This means career development and training and development did not influence employee's turnover intention. Thus, H3 is partially supported.

#### **4.2.6.2 Multiple regressions between HRM practices and employee engagement**

Table 4.10 illustrated the multiple regression results of the HRM practices and employee engagement. Multiple regression will be used to test hypothesis:

Hypothesis 4 (H4): There is significant relationship between human resource management practices and employee engagement.

**Table 4.10 Regression analysis between HRM practices and employee engagement**

**Model Summary (b)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.522(a)	0.272	0.252	0.44038

- a. Predictors: (Constant), Training and Development, Career Development, Rewards and Recognition, Performance Appraisal and Achievement
- b. Dependent Variable: Employee Engagement

Table above showed the results of the four independent variables are entered the regression model and R (0.522) is the correlation of the four independent variables with the employee engagement, after all the inter-correlations among the four independent variables are taken into account. The findings explained that 27.2% of the variance (R square) in the employee engagement has significantly explained by four independent variables. It illustrated that the employee involvement is 27.2 % explained by independent variables while the remaining 72.8% still leave unexplained.

### ANOVA (b)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	10.532	4	2.633	13.577	0.00(a)
Residual	28.120	145	0.194		
Total	38.652	149			

a. Predictors: (Constant), Training and Development, Career Development, Rewards and Recognition, Performance Appraisal and Achievement

b. Dependent Variable: Employee Engagement

The ANOVA (b) results showed that there is significant relationship between HRM practices and employee engagement among technicians and engineers ( $F = 13.577, p < 0.05$ ).

### Coefficients (a)

Model	Unstandardized Coefficients		Beta	t	Sig.	Collinearity Statistics	
	B	Std. Error				Tolerance	VIF
1	(Constant)	1.410	.339		4.157	.000	
	training	-.012	.066	-.014	-.186	.853	.945
	career	.187	.079	.176	2.358	.020	.896
	rewards	.250	.055	.372	4.539	.000	.745
	performance	.130	.084	.125	1.546	.124	.768

a. Dependent Variable: Employee Engagement

In order to test H4, the results of HRM practices were regressed on to employee engagement are depicted in Table coefficients above. The highest beta ( $\beta$ ) value for rewards and recognition ( $\beta = 0.372, p < 0.05$ ) explained the most significance of the dimensions related to employee engagement. The results showed that there is a highly significant and positive co-relation between rewards and recognition and employee engagement, followed by career development ( $\beta = 0.176, p < 0.05$ ). From the table, the HRM practices such as performance appraisal and achievement were statistically insignificant and positively related to employee engagement while training and

development were statistically insignificant but negatively related to employee engagement. Thus, H4 is also partially supported.

#### **4.2.6.3 Linear regressions between employee engagement and turnover intention**

Table 4.11 illustrated the linear regression results of the employee engagement and turnover intention. Linear regression will be used to test hypothesis:

Hypothesis 5 (H5): There is a significant relationship between employee engagement and turnover intention

**Table 4.11 Regression analysis between employee engagement and turnover intention**

**Model Summary (b)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.418(a)	0.175	0.170	0.58564

a. Predictors: (Constant), Employee Engagement

b. Dependent Variable: Turnover Intention

Table above showed the results of the employee engagement is entered the regression model and R (0.418) is the correlation of the employee engagement with the turnover intention. The findings explained that 17.5% of the variance (R square) in the turnover intention has significantly predicted by employee engagement. It illustrated that the employee involvement is 17.5 % explained by employee engagement while the remaining 82.5% still leave unexplained.

### ANOVA (b)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	10.775	1	10.775	31.415	0.00(a)
Residual	50.760	148	0.343		
Total	61.535	149			

a. Predictors: (Constant), Employee Engagement

b. Dependent Variable: Turnover Intention

The ANOVA (b) results showed that there is significant relationship between employee engagement and turnover intention among technicians and engineers ( $F = 31.415, p < 0.05$ ).

### Coefficients (a)

Model	Unstandardized Coefficients		Beta	t	Sig.	Collinearity Statistics	
	B	Std. Error				Tolerance	VIF
1 (Constant)	4.583	.295		15.519	.000		
engagement	-.528	.094	-.418	-5.605	.000	1.000	1.000

a. Dependent Variable: Turnover Intention

The results of employee engagement were regressed on to turnover intention are depicted in Table coefficients above to test H5. The beta ( $\beta$ ) value for employee engagement ( $\beta = 0.418, p < 0.05$ ) showed that there is a strong, negative and significant co-relation between employee engagement and turnover intention. From the table, employee engagement has a significant negative relationship with turnover intention among technicians and engineers. Thus, H5 is fully supported.

#### **4.2.6.4 Multiple regressions between HRM practices and turnover intention with the presence of employee engagement as mediator**

In order to test mediation effect on independent variables and independent variables, 4 step approach need to be followed. The previous multiple regression analysis indicated that there are significant relationships from Step 1 to step 3. The requirement for the first 3 steps is fulfilled which proposed by Baron and Kenny (1986). Thus, Step 4 can be conducted to test mediation effect of employee engagement on the relationship between HRM practices and turnover intention.

Multiple regression will be conducted to test:

Hypothesis 6 (H6): Employee engagement mediates the relationship between human resource management practices and turnover intention.

**Table 4.12 Regression analysis between HRM practices and turnover intention with employee engagement as a mediating variable**

**Model Summary (b)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.594(a)	0.353	0.340	0.52213

a. Predictors: (Constant), Rewards and Recognition, Performance Appraisal and Achievement, Employee Engagement

b. Dependent Variable: Turnover Intention

Table above explained that 35.3% of the variance (R square) in the turnover intention has significantly explained by rewards and recognition, performance appraisal and achievement and also employee engagement. It illustrated that the employee involvement is 35.3% while the remaining 64.7% still leave unexplained.

### ANOVA (b)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	21.732	3	7.244	26.572	0.00(a)
Residual	39.803	146	0.273		
Total	61.535	149			

a. Predictors: (Constant), Rewards and Recognition, Performance Appraisal and Achievement, Employee Engagement

b. Dependent Variable: Turnover Intention

The ANOVA (b) results showed that there is significant relationship between the predictors (rewards and recognition and performance appraisal and achievement) and turnover intention among technicians and engineers ( $F = 26.572, p < 0.05$ ).

### Coefficients (a)

Model	Unstandardized Coefficients		Beta	t	Sig.	Collinearity Statistics	
	B	Std. Error				Tolerance	VIF
1 (Constant)	5.403	.328		16.491	.000		
rewards	-.306	.069	-.361	-4.470	.000	.678	1.474
performance	-.262	.100	-.199	-2.624	.010	.774	1.293
engagement	-.227	.097	-.180	-2.345	.020	.755	1.324

a. Dependent Variable: Turnover Intention

Based on results shown above, the beta ( $\beta$ ) value for rewards and recognition ( $\beta = 0.361, p < 0.05$ ), followed by performance appraisal and achievement ( $\beta = 0.199, p < 0.05$ ) explained the significance of the dimensions related to turnover intention when employee engagement is controlled or mediated.

**Table 4.13 The mediation effect of employee engagement on HRM practices and turnover intention**

Variables	TI (without EE)	TI (with EE)
	( $\beta$ , p)	( $\beta$ , p)
Rewards and Recognition	$\beta = -0.422, p < 0.05$	$\beta = -0.361, p < 0.05$
Performance Appraisal and Achievement	$\beta = -0.211, p < 0.05$	$\beta = -0.199, p < 0.05$
EE	-----	$\beta = -0.180, p < 0.05$

a TI: Turnover Intention

b EE: Employee Engagement

In order to test the mediation effect of employee engagement on HRM practices and turnover intention relationship, a 4 steps approach suggested by Baron and Kenny (1986) was undertaken. The results showed that both HRM practices were able to meet the conditions for mediation. From Table 4.16, the effects of rewards and recognition ( $\beta = 0.361, p < 0.05$ ), and also performance appraisal and achievement ( $\beta = 0.199, p < 0.05$ ) became little weaker but remain significant with the presence of employee engagement as a mediator in the regression equation. The finding implies that the relationship of rewards and recognition, performance appraisal and achievements and turnover intention is partially mediated by employee engagement. Thus, the hypothesis 6 is also fully supported.

### 4.3 SUMMARY OF HYPOTHESIS TESTING

The summary of the hypothesis testing results based on the multiple regression analysis shown as below:

**Table 4.14 Summary of Hypothesis Testing**

	Hypothesis	Result
H1	There is a difference of turnover intention between men and women	Not Supported
H2	There is a difference of turnover intention between technicians and engineers based on age, academic qualifications and length of service	Supported
H3	There is significant relationship between human resource management practices namely training and development, career development, reward and recognition, and performance appraisal and achievements with turnover intention	Partial Supported
H4	There is a significant difference of human resource practices and employee engagement	Partial Supported
H5	There is a significant difference of employee engagement and turnover intention	Supported
H6	Employee engagement mediates the relationship between human resource practices and turnover intention	Partial Supported

Based on the summary of hypothesis testing above, it could be conclude that H1 is not supported by using Independent Sample T-test. However, H2 is supported by using One-way ANOVA and H3, H4, H5, and H6 are supported based on the 4 steps procedure of multiple regression analysis as suggested by Baron and Kenny (1986). The findings indicated that rewards and recognition is the dominant factor to influence both employee engagement and turnover intention among technicians and engineers.

#### **4.4 CONCLUSION**

This chapter had presented the results of the analyses. The results had been obtained using SPSS version 16. The analyses were carried out using the descriptive, frequency, reliability, Independent Sample T-test, One-way ANOVA, Pearson Correlation and multiple regression analysis. The next chapter will discuss the findings in relation to the literature review.

## CHAPTER 5

### DISCUSSION, RECOMMENDATIONS AND CONCLUSION

#### 5.1 INTRODUCTION

This chapter summarizes and concludes the findings of the study. This study was aimed at examining the relationship of Human Resource Management (HRM) practices and turnover intention among technicians and engineers as survey participants with the presence of employee engagement as mediator. This chapter also included the research discussion, limitation of the research, research implications and recommendation for future research.

#### 5.2 DISCUSSION

The purpose of this study is aimed to examine the mediation effect of employee engagement on the relationship of HRM practices namely training and development, career development, rewards and recognition, and performance appraisal and achievements with turnover intention. It also examined the significant difference of turnover intention between gender (male and female) among the technicians and engineers. In addition, the study also identifies the significant difference of turnover intention between age, academic qualifications and length of service. The results of the study are important for company X to retain the employees through high level of employee engagement by using the appropriate HRM practices and business strategies. These research questions were used to help meet the objectives of the study as shown below:

- i) Will men and women differ in their turnover intention?
- ii) Will engineers and technicians differ in their turnover intention?

- iii) Is there significant relationship between HRM practices namely training and development, career development, reward and recognition and performance appraisal and achievement with turnover intentions?
- iv) Is there significant relationship between HRM practices and employee engagements?
- v) Is there significant relationship between employee engagements with turnover intention?
- vi) Does employee engagement mediates the relationship between HRM practices and turnover intentions?

The following discussion provides a review of the results of the objective and a comparison with previous literature.

#### **5.2.1 Objective 1: To examine the difference in turnover intention between men and women.**

According to the analysis conducted by using Independent Sample T-test, H1 is not supported whereby there is no significant difference in turnover intention between male and female of the technicians and engineers in company X ( $f = 0.386, p > 0.05$ ). Thus, it could be concluded that there is no difference in turnover intention reported by male and female respondents. The findings are inconsistent with Miller and Wheeler (1992) and Khatri et al. (2001) that reported male and female employees differ in turnover intention. However, the finding in this study is similar with Weisberg and Kirschenbaum (1993) and Abdali (2011) which illustrated that there is no difference between male and female towards turnover intention in their empirical

studies. This means both male and female employee perceived the same way towards turnover intention.

**5.2.2 Objective 2: To examine the difference in turnover intention between technicians and engineers based on age, academic qualification and length of service.**

Based on the analysis conducted by using One-way ANOVA, H2 is partially supported whereby there is a difference of turnover intention between age and academic qualifications among the technicians and engineers. The findings are consistent with Cotton and Tuttle (1986), Griffeth et al. (2000) and Randhawa (2007) that concluded that age and the level of education have an inverse relationship with turnover intention. For the results, there is a difference of turnover intention between age ( $f = 3.951, p < 0.05$ ) whereby the group of below 25 years old and 26-35 years old are statistically significant different from one another, and also the group of below 25 years old and 36-45 years old are differ significantly from one another. This can be supported by Blomme, Tromp and van Rheede (2010) which reported that age was a significant variable that could influence turnover intention. They claimed that younger respondents were more likely to leave as compared to older respondents. Additionally, there is a difference of turnover intention between academic qualification group ( $f = 2.847, p < 0.05$ ) whereby certificate qualification and bachelor's degree qualification are statistically significant different from one another. Griffeth et al. (2000) had reported that education level could influence turnover intention among employees.

However, the results showed that there is no difference in turnover intention between technicians and engineers in terms of length of service ( $f = 1.203, p > 0.05$ ). The

results support the studies by Abdali (2011) that there is no difference in turnover intention among employees based on length of service.

Therefore, it could be concluded that there is a difference in turnover intention between technicians and engineers based on age and academic qualification but there is no difference in terms of length of service, thus, hypothesis 2 is partially supported.

### **5.2.3 Objective 3: To examine the significant relationship between HRM practices and turnover intention**

One of the objectives is to examine the relationship between HRM practices (training and development, career development, compensation and benefits, and performance appraisal and achievements) and turnover intention. Based on the results shown as Table 4.12, hypothesis 3 is supported whereby both rewards and recognition and performance appraisal and achievements have negative significant relationship with turnover intention.

The finding in this study is consistent with previous research by Mowday, Porter and Steers (1983), Cotton and Tuttle (1986), Guptar and Jenkins (1991), Arthur (1994), Gruber and Madrian (1994) and Huselid (1995). They concluded that the HRM practices like compensation, performance management and training and development have negative relationship on employee turnover. In addition, Trevor et al. (1997) and Abassi and Hollman (2000) had proven in their studies that there is a relationship between HRM practices and turnover intention.

An empirical study by Rosser (2004), professional development activity is important aspect for faculty members to increase the quality of their work life and results positively on their overall satisfaction and reduce intention to leave their institutional work life. Training was an important factor in HRM practices. However, the training

and development in this study did not support the previous researcher results whereby it had no significant relationship with turnover intention. This findings was similar to the finding by Chew and Chan (2008), they found that training has no significant effect on employee turnover with the firm. The findings can also be supported by Levine (1993) which indicated that there was no negative significant effect between on the job training and turnover intentions in Japan and the US.

Even though there was no significant relationship, but company X's management recognized the training needs and provides the employee with an opportunity to acquire the necessary skills required for efficient execution of tasks in the workplace and expose employees to perform additional tasks. In company X, the technicians would be put into skill monitoring program and also floor management to learn the basic product knowledge. Skill monitoring program is on the job training. This training program will be led by a senior trainer to guide the new staffs in the workplace. There is a simple practical test to evaluate the understanding of the new staffs towards the products and the operation after skill monitoring program is done. While for floor management training 2 hours is allocated for class training of new staffs. The employees can get information about the standard operating procedures of the job and product knowledge through the classroom training. These two types of training are in-house training that are carried out by knowledgeable and experienced trainer. While development program is talent acceleration resource plan in order to create motivated and capable group of employees that are ready to move forward and lead the company to keep up with the rapid growth. All employees have to comply with the rules of the company to attend some types of compulsory training. It might shape desired employee behaviors and attitudes by forging their psychological linkage

between company and individual's objectives, this may contribute to the insignificant relationship between training and development and turnover intention.

Another HRM practices dimension, career development was not significantly related to turnover intention. The findings did not support the previous studies such as Huselid (1995) and also Rhoades and Eisenberger (2002) who claimed that career development opportunities in the organization could affect the level of turnover intention among employees. There is a lack of career development opportunities among technicians and engineers in company X. The employee has lack of career prospect and career planning for successful career in the job. This is because employees could not develop their careers successfully through the career development opportunities that are available in company X. In order to manage the risks, technicians and engineers may proactively enhance their employability and career adaptability within and outside company X (Arthur, 1994). Employees will adapt to change and take advantage of opportunities within and outside the company and thus, they become more qualified for seeking employment opportunities in other companies. It will results in employee's voluntary turnover and indirectly career development became not related to turnover intention in company X in this context.

The rewards and recognition in this study were negative significantly related to turnover intention among technicians and engineers in company X. Based on the table 4.12, rewards and recognition is the most significant HRM practices relating to turnover intention. The rewards and recognition is the key area to be focused in order to enhance the level of commitment and engagement. The findings were similar with Match and Simon (1958), Trevor, Gerhart and Boudreau (1997) and Abassi and Hollman (2000) which illustrated that rewards like compensation and recognition have a strong link with retention policies that could affect the turnover intention

among employees. Technicians and engineers were motivated by extrinsic factors like rewards and pay that make them to recommend the organization to others and put extraordinary effort and time to help the company succeed. The fairness of compensation system will motivate the employees to keep contributing to the organization and increase their loyalty. Besides that, recognition is one of the appropriate methods to rewards the employees for the job that had been done and their service for the company, for example, company X has the Long Service Awards awarding those who has worked 5 years and above with shopping vouchers. Besides that, employees can enjoy the company dinner provided every year. Additionally, company X will select a group of excellent employees every half of the year. The excellent employees will receive certificate of excellent in work, cash vouchers and the opportunity to join the excellent group exchange trip in Japan. This is similar to the findings of Chew and Chan (2008) that explained remuneration and recognition has a positive significant relationship to predict organizational commitment and intention to stay. In other words, the remuneration and recognition has a negative significant relationship with turnover intention. The negative relationship means that when an employee is satisfied with the rewards and recognition, there will be a low level of intention to quit.

The performance appraisal and achievements were negatively significant related to turnover intention. In company X, the management team has the responsibility to create the awareness among the employees and make them have a better understanding of appraisal system in the workplace. All supervisors and heads have been trained to develop performance plans and reviews to provide a clear formal evaluation process. The management of performance appraisal and achievement is half yearly activities. During appraisal process, employees are evaluated by his/her

superior and also self-appraisal. Rewards are allocated based on the performance achieved. The results of performance evaluation are used to calculate the incentives, bonuses and yearly pay increment of employees. Besides that, the manager will meet their subordinates to discuss the employee's strengths and weaknesses according to the appraisal findings. The superior will set high level of expectations and development plans for the following year. The findings were similar to previous studies carried out by Preffer (1994), Delery and Doty (1996) and Egan, Yang and Bartlett (2004) that that performance appraisal will give the impact on turnover intention among employee from leaving the current organizations to look for a new job to cause actual employee turnover. This means employee involvement and performance appraisal would reduce the employee turnover and increase the productivity.

#### **5.2.4 Objective 4: To determine the significant relationship between HRM practices and employee engagement**

This objective is to examine the relationship between HRM practices (training and development, career development, compensation and benefits, and performance appraisal and achievements) and employee engagement. Based on the results shown as Table 4.13, hypothesis 4 is supported whereby both career development and rewards and recognition have positive significant relationship with employee engagement.

The previous research by Keaveney (1995) and Sardar et al. (2011) found that training has significant impact on employee engagement. Their studies explained that training can improve performance and enhance employee engagement. However, the results in this study indicated that training and development had no relationship with employee

engagement. This dissimilarity is due to employees has to follow the rules of the company to attend some types of compulsory training. Employees forced to attend the training may reduce the level of engagement and commitment and thus, training and development did not related to turnover intention in company X.

The findings showed career development were significantly correlated positively to employee engagement. This study was similar to previous studies carried out by Roberts and Davenport (2002), Truss et al. (2006) and Gong and Chang (2008) that career development is an important component to determine the levels of employee engagement in the organizations. This means the career development opportunities that were provide to employees could enhance the level of employee engagement in company X. The management team has to focus on succession planning to identify and develop the potential talent. The employees should have more opportunities to communicate with their supervisor on their career path and plans so that they are more engaged to the company.

The results of the study indicated that rewards and recognition were significantly correlated and positively influenced the employee engagement of employees in company X. Company X has good pay structure and comprehensive recognition program that had been discussed previously to reward the employees. Cohen and Gattiker (1994) used meta-analysis to test the relationship of organizational commitment and pay or income satisfaction. The results showed that there were significant relationship between organizational commitment and pay satisfaction. They claimed that employee engagement was significant related to rewards such as pay satisfaction. The findings also similar to Saks (2006) and Omolayo and Owolabi (2007) that monetary rewards and recognition system would influence the levels of

commitments and engagements among the employees. They claimed that rewards and recognition is the appropriate method to motivate employees at workplaces.

Nitin (2007), Aguinis, Joo and Gottfredson (2011) and Gruman and Saks (2011) explained that performance management is positively related to employee engagement. They indicated that performance management will add value and benefit to both employees and organizations. Therefore, the fair performance appraisal is important to enhance the level of employee engagement. However, performance appraisal and achievements were not significant with employee engagement in this study even though performance appraisal is evaluated based on pay for performance. The fair performance appraisal is the primary concern of the employees. There is the recency bias issue that the recent behavior of employees becomes the primary focus to be evaluated. Some poor performers do not perform well but their past performance is forgotten. This is because the appraisal is being conducted in half yearly basis. The job nature of technicians and engineers are more in production or machinery area. The supervisors are hardly to monitor their employees directly. The supervisors as rater tend to forget the monthly performance of each employee in the past and thus, indirectly performance appraisal and achievement did not influence the level of engagement among technicians and engineers in this study.

#### **5.2.5 Objective 5: To examine the significant relationship between employee engagement and turnover intention**

According to the results shown in Table 4.14, there is negative significant relationship between employee engagement and turnover intention. The findings explained that when employees are highly engaged to the organizations, they are unlikely to leave from the organizations. The findings from this study similar to Harter, Schmidt and

Hayes (2002) and Schaufeli and Bakker (2004) shows that engagement has significant negative relation to turnover intention. They found that engagement is positively related to organizational commitment, job performance and extra-role behavior. They claimed that engaged employees are likely attached to the organizations and it could lead to a lower intention to leave. In other words, engaged employees are likely to stay longer in the organization because they have low intention to leave from the current position. In a recent study, Shuck, Reio and Rocco (2011) claimed that employee engagements are significantly associated with turnover intention in their empirical study. They also found that the more engaged employees could perform better and help organizations to achieve the goals and target setting. Company X is a highly technological company to renovate and produce the eco-friendly and captivating products to the customers. The vision, mission, philosophy and company's goals align with the global trends drive the organizational culture in term of effective leadership style, group dynamics and strong teamwork among the employees. There are some possible reasons of strong employee engagement. Firstly, there is a comprehensive compensation and recognition program which make the employees feel they are treated fairly, valued and recognized what they had done in the job. Secondly, the friendly working environment in the workplace create the emotional attachment of employees to company X especially who have worked more than ten years and above. Additionally, company X is a multinational company which headquarter is located in Japan. Company X has a strong ethical value in conducting the business. It complies with government procurement laws and regulations in Malaysia. The operation of the business would not influence the nearest residential area in terms of environmental and pollution issues. Lastly, employees are encouraged to match their personal fit to the company culture. This will make employees get

along in a team to interact with each other and eventually foster employee engagement. Therefore, hypothesis 5 is supported whereby there is a significant relationship between employee engagement and turnover intention.

#### **5.2.6 Objective 6: To identify whether employee engagement mediates the relationship between HRM practices and turnover intentions.**

Hypothesis 6 is supported whereby employee engagement mediates the relationship between human resource management practices and turnover intention among technicians and engineers. These findings were similar with Shaufeli and Bakker (2004) explained that engagement is the mediating variables between job resources and turnover intention. Job resources are related to human resource practices in their study. They reported that engagement was negatively associated with intention to leave and engagement also plays the roles to mediate the relationship between job resources and turnover intention. Another study was conducted by Nishii and Wright (2008) indicated that there are relationships between human resource management practices, employee behavior or attitude and employee outcomes. They found that HRM practices had positive effect on employee behavioral which could lead to positive outcome among employees. This means employee will put extraordinary effort into their jobs when they are engaged to the jobs and organization and they are likely to stay within the organizations. The results were also similar with a recent study which was conducted by Chughtai and Naeem (2013) explained the mediating role of employee engagement with effective use of human resource management practices and turnover intention. They found that competency development practices, competitive pay structures, recognition and empowerment with responsibility to make employee more loyal and engaged and thus, resulting in lowest turnover rates.

When effective uses of HRM practices have impact on positive employee behavior and attitudes, they are more engaged and committed to organization and reduce the intention to leave the organization. Emerson (1976) explained that social exchange theory suggests that how employee perceptions of employment exchange relationship are positively associated with their willingness to benefit other parties in a certain way in the relationship. This theory is based on the social relationships with the concept of reciprocity (Eisenberger, Huntington, Hutchison & Sowa, 1986; Rhoades & Eisenberger, 2002). Employees will continue the favorable reciprocal exchange with other parties by engaging themselves. Hence, more engaged of employee are likely to be more in trusting and loyalty relationship, resulting in more positive behavioral outcomes and attitudes toward the company. Another similar study was conducted by Saks (2006) that when organizations failed to provide job resources to employees, employees are unlikely to be engaged to their job. This is because the organizations provide more economic and emotional benefits to employees will make them feel more obligated to respond positively and thus, they are more likely to stay within the organizations. Social exchange theory can be used to explain and support the proposed hypotheses in this study. Hypothesis 6 is also supported whereby employee engagement mediates the relationship between HRM practices and turnover intention.

### **5.3 LIMITATIONS OF THE STUDY**

There are several limitations encountered in this study. The major limitation is related to the sample size of the study. The study is focused on a group of 150 manufacturing technicians and engineers in company X. Due to the small sample, the findings of the study may not be generalizable to represent the entire workforce in company X.

The second constraint is related to the dimensions of the HRM practices had been chosen in this study. There are only 4 dimensions of HRM practices namely training and development, career development, rewards and recognition and performance appraisal and achievements being investigated for this study. Other HRM practices such as working conditions, supervisor role, job security and communication that could influence turnover intention among employees were not being considered and included in this study.

Finally, responses of subjects have limited the results of this study. Particularly, the freedom that subjects felt disclosing their beliefs towards their job and work climate may have limited the responses of subjects. Therefore the answer given in the survey questionnaire may not reflect the true message they wish to deliver.

#### **5.4 RECOMMENDATIONS AND IMPLICATION OF THIS STUDY**

It is important to understand the relationship between HRM practices and turnover intention and what other factors that can mediate the relationship among employees. The study clearly shows that employee engagement mediates the relationship between HRM practices and turnover intention.

##### **5.4.1 Research Implications**

The findings of this study have several implications to company X. First of all, the findings of this study provides suggestion on how compensation packages for technicians and engineers should be considered in designing compensation structure and determine the compensation policies. Since rewards and recognition is most significant to influence turnover intention, company X could consider a more competitive performance-based pay and create the fairness of remuneration package.

In early 2013, the government minimum pay gives a great impact on remuneration package. This became the major consideration for company X to do the adjustment of salary and new competitive remuneration package to retain the employees.

Secondly, the employee engagement could mediate the relationship between HRM practices and turnover intention which may give inputs on how employee attitudes can be changed to make employees be more engaged to the company. In order to improve the level of engagement among employees, HR and management should improve the relationship that exists between supervisor and employee. Supervisors could manage technicians and engineers with more personalized and approach that emphasized on human relations instead of strict rules to monitor them. If supervisors can know better the employee behavior and attitude, so organizations can encourage positive employee-supervisor relationship to improve the level of engagement and thus, reduce the possibilities of turnover intention.

Thirdly, the findings of the main as well as the mediating effects of employee engagement of this study have contributed to new insights to the existing body of knowledge in human resource management and turnover literature. Based on the analysis done, this study has contributed in terms of employee engagement has a partial mediation effect on the relationship between HRM practices namely rewards and recognition and performance appraisal and achievements and turnover intention among employees. Additionally, the present study investigated the relationship between HRM practices and turnover intention in the context of non-western organizations. This is because most of the empirical studies on HRM practices and turnover intention were conducted in the context of western organization. Therefore, the present of the study could add the new knowledge of employee perceptions of

HRM practices that influence their attitude and behavior that lead to employee outcome in the Malaysian context.

Finally, Tziner and Birati (1996) explained that turnover cost is expensive. The impact of actual turnover among employees will influence organizations to achieve its goals and objectives. Therefore, an effective retention strategy to reduce the turnover intention among technicians and engineers in company X is imperative. In this study, the findings reveal that technicians and engineers are particularly sensitive to two types of HRM practices: rewards and recognition and performance appraisal and achievements. This study is aimed to examine the relationship between HRM practices and turnover intention with the presence of employee engagement as mediator. Company X is serious about to reduce turnover intention may need to consider the mediation effect of employee engagement on these relationships in deploying their strategy to retain the employees.

#### **5.4.2 Suggestions for Future Research**

For future research, it would be interesting to evaluate the relationship between the HRM practices and turnover intention with the present of employee engagement as mediator in a larger sample and across different industries especially services industries. The studies with different industries like manufacturing area, services area and education field could bring the different insights to the body of knowledge in HRM practices and turnover intention literature. This is because the different industries might have different needs in HRM practices to influence the employee behavior in determining the employee outcome.

In this study, it only included four HRM practices as independent variables namely training and development, career development, rewards and recognition, and

performance appraisal and achievements for the research. Future researches could also include more and expanded variables under HRM practices such as working conditions, job security, employee communication and recruitment and selection in the turnover intention research. For instance, recruitment and selection could be involved in the study due to it is important to make sure the candidate has right skills, knowledge and attitudes required to help the organizations achieve its goal and objectives and better fit to the organizational culture. Therefore, include other HRM practices will increase the accuracy of understanding pertaining the relationship between HRM practices, employee engagement and turnover intention. Different attitudinal variables other than employee engagement such as organizational citizenship behavior and organizational commitment can be introduced as mediating variables in the relationships of HRM practices and turnover intention.

Additionally, last part of recommendation for future research is extending the current study's quantitative design into a mixed-methods design. The study should include additional data collection technique such as interviews to investigate the issues in depth way and deepen understanding of information collected. Interviews allow the more detailed questions to be asked and respondents are not influenced by other participants in this condition. Therefore, future research could use mixed methods to involve the intentional collection of both quantitative and qualitative data and it will increase the understanding of the impact of HRM practices on turnover intention with the present of employee engagement as mediator.

## **5.5 CONCLUSION**

The purposes of this study have been fulfilled with both the research questions answered and research objectives achieved. The present study had provided

informative insights on the variables of human resource management practices, employee engagement and turnover intention as well as the relationships between these variables among technicians and engineers. The regression analysis has indicated employee engagement mediates the relationships of HRM practices and turnover intention. It also showed that HRM practices have significant relationship with turnover intention and employee engagement. There is also significant relationship between employee engagement and turnover intention.

The study has given some practical implications to the present Human Resource (HR) practitioners of company X which can put into practice by managers and supervisors to improve the level of engagement among technicians and engineers. HR managers could use the findings from the research to generally reduce the turnover intention and improve the level of engagement through HRM practices. This is because satisfied and engaged employees enhance more stable attitudes towards the company and exert extraordinary effort in their job which could lead to high productivity and low intention to leave.

The results of study also provides some new insights to the body of knowledge in HRM practices and turnover intention literature and give suggestions in term of improvements for future research or other related study. In spite of its limitations, this research could be one of the basic in order to understand the relationship of HRM practices and turnover intention with the present of employee engagement as a mediator among technicians and engineers.

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