

NG CHEE KEAN

**DETERMINANTS OF EMPLOYEE TURNOVER
IN MANUFACTURING COMPANY**

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**DETERMINANTS OF EMPLOYEE TURNOVER
IN MANUFACTURING COMPANY**

**By
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UUM
Universiti Utara Malaysia

**Thesis Submitted to
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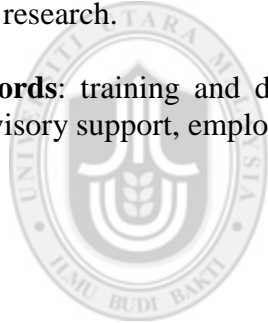
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ABSTRACT

The main objective of this research is to focus on determinants of employee turnover in manufacturing company. Employee turnover is always a major issue being discussed in the manufacturing company in Malaysia therefore the objective of this research is to find out the correlation of employee turnover and human resources practices which consist of training and development, compensation and benefit, career development, and supervisor support. The Pearson's correlation and multiple regression tests were used to identify the relationship between employee turnover and training and development, compensation and benefit, career development and supervisory support. The result of the correlation analysis suggested that training and development, compensation and benefits, career development and supervisory support are correlated to the employee turnover. The multiple regression results indicated that there is a negative relationship between employee turnover and compensation and benefits. However, training and development, career development and supervisory support showed no significant relationship to the employee turnover. Based on the results, some recommendation are proposed and the limitations of the study being discussed. These shall provide opportunity to improve for future research.

Keywords: training and development, compensation and benefit, career development, supervisory support, employee turnover.

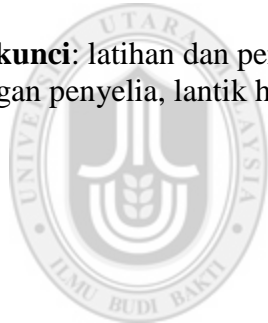


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ABSTRAK

Objektif utama kajian ini adalah untuk memberi tumpuan kepada faktor-faktor penentu yang mempengaruhi lantik henti pekerja di syarikat pembuatan. Lantik henti pekerja sentiasa menjadi isu utama yang dibincang dalam syarikat pembuatan di Malaysia, oleh itu objektif kajian ini adalah untuk mengetahui korelasi antara lantik henti pekerja dan amalan sumber manusia yang terdiri dari latihan dan pembangunan, pampasan dan faedah, pembangunan kerjaya dan sokongan penyelia. Ujian pearson korelasi dan regresi telah digunakan untuk pengenalan hubungan antara lantik henti pekerja dengan latihan dan pembangunan, pampasan dan faedah, pembangunan kerjaya dan sokongan penyelia. Keputusan analisis korelasi menunjukkan bahawa latihan dan pembangunan, pampasan dan faedah, pembangunan kerjaya dan sokongan penyelia mempunyai korelasi dengan lantik henti pekerja. Keputusan dari regresi berganda menunjukkan bahawa terdapat hubungan negatif antara lantik henti pekerja dengan pampasan dan faedah. Walaubagaimanapun, latihan dan pembangunan, pembangunan kerjaya dan sokongan penyelia tidak menunjukkan hubungan ketara dengan lantik henti pekerja. Berdasarkan dengan keputusan ini, beberapa cadangan telah dicadangkan dan batasan kajian juga dibincangkan. Ini akan memberi peluang untuk memperbaiki kajian pada masa depan

Kata kunci: latihan dan pembangunan, pampasan dan faedah, pembangunan kerjaya dan sokongan penyelia, lantik henti pekerja.



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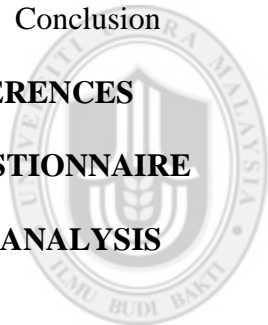


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CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Employee turnover is a crucial topic to study especially in the development country. Employee turnover is a hot topic in majority companies in Malaysia and required the company attention for solution to ensure stability of manpower, productivity, skills workforce for the effective and efficiency of the organization.

Many companies in Malaysia whether is local owned company, semi-local owned company, and foreigner owned company or multinational company have implemented a lot of policies to improve employee benefits and working conditions with the objective to reduce the employee turnover rate and improve the organizational productivity (FMM Salary Survey, 2013).

With the current economy expansion in Malaysia, high demand of labor force in many companies in Malaysia has indirectly created the high employees turnover of certain companies due to compete with each other to hire competent staff, has developed opportunities for job hopper among employees in the labor market. Reference is made to the labor market in 2013, the employment recorded a strong growth of 4.8% representing a new additional of 613,000 jobs from the previous year and manufacturing sector remained the second largest employer at 17% after the services sector at 60%.

Reference is made to the Federal of Malaysia Manufacturing (FMM) salary survey (2013) showed that, the average monthly turnover rate for non-executive by Industry still maintained at the high level, the average employee turnover rate was fell under the range from 1.05% to 3.29%. The electronic and electrical product companies were achieved the highest employee turnover rate and Machinery & Equipment companies were achieved the lower employee turnover rate. However refer to the upper quartile record showed that the employee turnover rate can hit up to 5.17% for the transport equipment manufacturing companies in Malaysia.

Table 1.1
Turnover rate for Non-Executive by Industry from FMM year 2013

Industry Sub-Sector	Average Monthly Turnover Rate			
	Average	Lower Quartile	Median	Upper Quartile
Chemicals Product	2.08	0.51	1.18	2.19
Food & Beverage	3.22	1.53	2.59	4.00
Fabricated Metal Products	1.95	0.96	1.90	2.67
Electrical Machinery	2.80	0.61	2.55	5.05
Non-Metallic Mineral Products	1.38	0.42	0.97	1.96
Basic Metal	2.13	0.87	1.97	2.99
Plastics Products	2.18	1.12	1.90	3.02
Wood, Paper and Furniture Products	1.90	0.99	1.62	2.19
Machinery and Equipment	1.05	0.80	1.08	1.30
Electronic and Electrical Products	3.29	0.69	2.13	4.92
Transport Equipment	3.14	1.43	2.51	5.17
Rubber Products	2.41	1.29	2.31	3.46
Textiles Products	2.23	0.90	2.80	3.29

Further refer to the average monthly turnover rate for non-executive by company size from FMM year 2013, the highest employee turnover rate was achieved by small size

companies with 4.51% but for large company was only 2.51% at the upper quartile. This may showed that the large size company is at the financial afford to provide excellent salary and benefits and implemented a lot of policies and process to reduce their employee resignation if compare to small company.

Table 1.2
Turnover rate for Non-Executive by Company size from FMM year 2013

Industry Sub-Sector	Average Monthly Turnover Rate			
	Average	Lower Quartile	Median	Upper Quartile
Small	2.81	1.01	2.07	4.51
Medium	2.15	0.97	1.91	3.01
Large	2.10	0,87	1.67	2.51

However when refer to the average monthly turnover rate for non-executive by unionization from FMM year 2013, non-unionized company is achieving the highest employee turnover rate at 3.5% for upper quartile if compare to unionized company with 2.09% only. This may show that the employees are felt secure and manpower is stable in the unionized environment whereby their benefits and compensation is secured under collective agreement.

Table 1.3
Turnover rate for Non-Executive by Unionization from FMM year 2013

Industry Sub-Sector	Average Monthly Turnover Rate			
	Average	Lower Quartile	Median	Upper Quartile
Unionized Company	1.54	0.76	1.17	2.09
Non-Unionized Company	2.57	1.07	1.99	3.50

Continuous expansion of economy has showed the demand of labor over than the supply of labor in the manufacturing industry in Malaysia. This scenario had caused companies in Malaysia offering the huge number of employment opportunities to the Malaysian to work, but manufacturing industry always encounter the high employee turnover regardless small, medium or large companies. High employee turnover will cause the shortages of skilled and non-skilled employees has force the Government to change its policy and permit the companies in manufacturing industry to import foreign employees from different countries such as Nepal, Bangladesh, Vietnam, Myanmar and Indonesia to work in Malaysia to overcome the issue of shortage of manpower due to high employee turnover and assist the companies in growth of their sales and productivity but in the revert side are creating a lot of social problem to Malaysian and Malaysia.

With reference made to the vacancies report by Industry from Labor Department, Ministry of Human Resource has showed that the manufacturing company in Malaysia was achieving the highest number of job vacancy in year 2010, 2011 and 2012 if compared to other industry. Therefore, manufacturing company in Malaysia always facing unstable of manpower and high employee turnover cause the vacancy left without being fill-in.

Table 1.4
Vacancy report from Labor Department, Ministry of Human Resource

Industry	Year		
	2010	2011	2012
Agriculture, Forestry and Fishing	169,037	399,522	337,466
Mining	1,142	3,369	2,180
Manufacturing	296,749	689,422	59,8890
Electricity, Gas, Steam and Air Conditioning supply	1,080	4,285	2,107
Water Supply, Sewerage and Waste Management	2,631	10,806	4,414
Construction	117,801	388,241	31,0954
Wholesale, Retail Trade, Repair of Motor Vehicle	15,616	49,724	30,955
Transportation and Storage	3,283	11,553	11,184
Accommodation and Food Services	51,919	135,853	78,162
Information and Communication	5,456	8,547	6,737
Financial and Insurance	35,892	25,4656	62,156
Real Estate Activities	1,122	1,921	1,296

High employee turnover will cause a negative significant impact to the organization especially in its daily business activities regardless the employee turnover are from front-line or staff-line from various departments within the organization. It will seriously affect the productivity of the company due to shortage of manpower in running the operations of the department, delay in producing the goods or late delivering of the goods to the customer as per date promised, high reject goods due to shortage of manpower in performing quality checking and inspection, high cost incur in overtime work or hiring outsourcing employees to temporary overcome the shortage of manpower, affecting company image & business due to regular fail customer on product deliver or penalty due to fail in submitting the documents as required by government agencies. To overcome the employee turnover problem in manufacturing industry, the companies shall analyze the reasons of employee turnover and develop a corrective action and preventive action to

tackle the high employee turnover to ensure a stability of manpower supply and helping the companies in manufacturing industry in continuously growth in sales and productivity value.

In generally people are viewing employee turnover carried more negative impact than the positive impact to the department as well as the organization. Generally there are seven major excuses that the resigning employee given to the organization when they tendered their resignation or during the exit interview session (Branham, 2005). The reasons have been category to no recognition being given from Head of Department/Management on good performance, employee is unhappy to the current job being assigned, organization fail to develop the future career path to the employee, the organization is practicing a poor management skills that cannot be accepted by the employee, lack of trust of employee against leadership from manager and the organization cultures that cannot adapted by the employee. If the employee turnover in an organization cannot manage effectively, it will generate unwanted monetary cost to the organization and costly to the business problem (Taylor, 2002).

According to the turnover report in Malaysia in year 2012, the average turnover rate is 10.8% whether the employee leaving in voluntary basis such as normal resignation due to job dissatisfaction or personal reasons, etc., retirement or involuntary basis such as dismissed by company due to misconduct basis, voluntary separation scheme or retrenchment due to company business operations problems and medical brought-out by

SOCISO due to health problem. The employee turnover is potentially costly and has negative impact to the organization effectiveness.

Therefore employee turnover is a crucial issue that the organization needs to analyze in detail and then develop several proper solutions with objective to minimize it for the benefits of the organization in present and future and remain it competitive in the business market.

1.2 Problem Statement

Employee turnover is a major problem faced by many manufacturing companies in Malaysia. The employee turnover rate showed from FMM Salary Survey year 2013 and report of vacancy from Labor Department showed that many manufacturing companies in Malaysia encountered a high employee turnover especially in the non-executive employee category which has carried a significant impact to the performance of the organization.

There is a limited study on the non-executive employee turnover. Most of the respondents from the previous research targeted for both the executive and non-executive categories. Results showed that the majority of resigned employees are from non-executive category. This reflects the inaccuracy of finding from the previous research on non-executive employee turnover due to assumption that there is an equally high rate of employee turnover on both non-executive and executive category. This trend of research

developed an incorrect perception and actions in assisting the organization to overcome the high turnover of non-executive employees.

The influence of training and development on employee turnover, particularly among non-executive employees is crucial. Non-executive employees generally required more training to develop their ability to perform their routine tasks efficiently. However, little is known about the influence of effective training and development implemented on the non-executive employees in an organization. Several researchers found that effective training and development programs implemented had caused lower employee turnover, (Samuel & Chipunza, 2009; Martin, 2003). It is also true that if the respondents are targeted on non-executive employees it might reflect the different results of findings for the benefit of future reference and study.

In practice, compensation and benefit packages are always related to employee turnover. Grace and Khalsa (2003); Cotton and Turtle (1986) found that developing an effective compensation package will increase employee job satisfaction and reduce employee turnover. However, Iverson and Deery (1997) reported that a good pay package might not have a positive influence on employee turnover. The above researchers are using the similar scope of study but derived a different result from the findings. Hence, this study has narrowed down the scope of study to non-executive employee category only and hoping to generate more accurate results in this category.

Most of the organizations mentioned that career development is one of the most preferred reasons that the resigned employee select during the exit interview. Employees, especially the non-executive employees are always looking for opportunities of promotions, challenging jobs or on-going career prospect within the organization. The ineffective career plan developed by an organization will result in job dissatisfaction and high non-executive employee turnover which will bring a negative impact to the organization in terms of cost, time, efficiency and effectiveness.

Supervisory support is always an essential practice in developing and motivating workers. Job mentoring in the organization assists in reducing the employee turnover (Bigliardi, Petroni, & Dormio, 2005). Hence, an organization will encounter a high non-executive employee turnover if there is a failure in implementing a supervisory support role especially on the non-executive employee whereby their duties required much coaching, mentoring and supervision if compared to the executive level employees.

1.3 Research Questions

- 1.3.1 Is there a relationship between training and development and the non-executive employee turnover in manufacturing company?
- 1.3.2 Is there a relationship between compensation and benefits and the non-executive employee turnover in manufacturing company?

1.3.3 Is there a relationship between career development and the non-executive employee turnover in manufacturing company?

1.3.4 Is there a relationship between supervisor support and the non-executive employee turnover in manufacturing company?

1.4 Research Objectives

The below objectives, plan to be achieved for conducting this research:

1.4.1 To determine the significant relationship between training and development and non-executive employee turnover in the manufacturing company.

1.4.2 To determine the significant relationship between compensation and benefits and non-executive employee turnover in the manufacturing company.

1.4.3 To determine the significant relationship between career development and non-executive employee turnover in the manufacturing company.

1.4.4 To determine the significant relationship between supervisor support and non-executive employee turnover in the manufacturing company.

1.5 Scope of Study

The research shall focus on five selected manufacturing companies in Malaysia. The five selected companies are from the steel industry field in Malaysia. Companies in the steel industry always encounter high employee turnover due to several reasons. The unfavorable working conditions such as not facilitate with air conditioner environment, exposure to high risk of industrial accidents, unhealthy environment such as metal dust, high degree of noise level, radioactive and chemical usage had caused high turnover. Results showed that these selected companies had a high employee turnover rate especially in the non-executive category.

The non-executive employees are selected as the respondents for this research because the turnover for non-executive is always the higher if compared to executive employee. According to the FMM survey 2013, the average employee turnover rate for non-executive in manufacturing industry is 2.3% if compared to executive employee of 1.2% only. In addition, the selected companies have encountered high employee turnover especially in non-executive category. Tatt Giap Steel Centre Sdn Bhd has recorded the average monthly employee turnover rate for the first half of 2015, non-executive is 4.9% whereas executive is 1.2%.

The non-executive employees consist of operators, line leaders, clerical staff, supervisors and officers from various departments in the selected companies.

1.6 Significance of Study

Employee turnover is a difficult matter to be solved. Most of the manufacturing companies in Malaysia provided better compensation and benefits packages, offering good career development plans, promoting flexible working hours and work life balance environment with the objective to attract employees to stay in the organization. Although this practice has developed an unhealthy competition among organizations in the labor market but the high non-executive employee turnover still remain unsolved.

Therefore, the significance of this study is to identify the actual reasons of high non-executive employee turnover in the manufacturing companies, to analyze the effectiveness of imposing human resource activities such as training and development, compensation and benefit, career development and supervisory support in causing the impact to the non-executive employee turnover in the manufacturing companies. Moreover, the finding of this study will give an opportunity in proposing the solutions in helping the manufacturing companies in overcoming their high non-executive employee turnover.

1.7 Organization of the Research

This project shall consist of five chapters. Chapter One covers the introduction of the study. Chapter Two discusses the literature review pertaining to the study, Chapter Three describe in detail the research methodology selected for the study. Chapter Four describe the findings and analysis of the study and Chapter Five offers recommendation for future research and present the conclusion derived from the study.



CHAPTER 2 LITERATURE REVIEW

2.1 Introduction

This chapter shall cover the definition and concept of the variables used in related to previous studies. The theories about the employee turnover and factors which affect it are described in this chapter. The result of finding from previous studies on the variables shall be discussed to support this study.

2.2 Employee Turnover

Employee turnover is defined as the rate of employees leaving an organization at the organization's request as well as leaving on their own initiative (Jeffrey, 2011). According to Ahmad & Omar (2010) employee turnover is considered a serious issue encountered by many organizations and this phenomenon is a persistent problem to the organizations, therefore the organization is required to study and closely monitoring the employee turnover by ensuring the value employee being retain. The organization has invested in items of money and time to develop the employees' competency in performing their job. If the retention strategies are not good enough, they will cause the organization to lose their employees and at the same time, their time and money that had been invested in the employees. Given to the significant of employee turnover in an organization, managers shall facilitate with necessary competency to develop an effective method to manage employee turnover issue (Mobley, 1982)

Employee turnover means employee leaving the organization. Employee leaving organization can be consists of several patterns which include, volunteer resignation, contract termination, contract expired, retirement, dismissal and retrenchment. The turnover rate using by organization generally expressed as a percentage for a specific period of time. Several different turnover index measures can be used by human resource practitioners by referring to the formula of Price (1977) and Van der Merwe and Miller (1971) that the employee turnover can be measured with using the formula of total number of resignation employee divided by average number of employee during that particular period. The result from the measurement is fair in term of measurement of employee turnover because it was taking the total resignation employee regardless the employee's grading, gender, education and position.

2.3 Determinants of Employee Turnover

2.3.1 Relationship between Training and Development and Employee Turnover

Training is defined as providing employees with specific skills, abilities and knowledge in assisting them to close the gap of their competency in a particular position, however development is defined as necessary abilities being given by organization whether is internally or externally to meet the future requirement of the organization (Gomez-Mejia, 2012). Therefore training is involved in the process to enhance employees existing knowledge, skills and abilities to meet the desired level (Robbins, 1998), however development is to facilities employee with required skills & knowledge for promotion to higher level of positions in future such as career development.

Nankervis, Compton and Carty (1999) indicates that organization developed an effective training plan is to ensure the employees able to perform their tasks effectively and efficiently and at the same time will assist the organization to achieve its vision, mission, objective and reduction the number of employee turnover. Investment in the development of people in an organization through dedicated training program should be continuous and organization shall develop an effective performance management system to identify the employee development requirements to prepare achievement of its future business plan. In the COI path to HR success, Lockhead (2005) mentioned that in every organization, staff development is an important topic that the organization shall serious look into and hiring a right employee at the right position with positive mindset on learning shall be the objective on every Human Resource Department, as it indirectly will assist the organization in reducing their employee turnover rate.

An effective training plan implemented will assist the organization to increase the employee productivity due to employee knowledge and skills have been upgraded. Employee themselves also being motivated due to organization has pay attention on their development. When the training offered is able to assist for the employee personal development which can achieve their personal need which will create mutual benefit to organization and employees and eventually the problem on employee turnover will be eliminated.

The organization shall develop an opportunity for every employee to enhance their knowledge, skills and abilities otherwise the employee will be felt demotivated and under perform on the task assigned because of insufficient training provided. The employees will plan to quit and look for opportunities at other organization which care about employee development and able to fulfill their personal objective (Zig Zigla, 2013).

A research has been by Benson et al., (2004) by collecting of 9439 employees from a high technology manufacturing company with the objective to study the influence of organization investment in tuition reimbursement program offered to employee on employee turnover. The result from the finding showed that while employee still taking their tuition class and do their tuition fee reimbursement to organization, it has reduced the employee intention to leave. However when employee completed their tuition class and stop their reimbursement of tuition fee and no promotion being offered after their graduated, then the employee turnover will increase. Therefore organization shall develop an effective training and development on an on-going program and the outcome from the program will assist employee and organization in achieving their objective via process of performance management system (Aguinis & Kraiger, 2009).

The organization shall educate the employee that the training and development plan is to develop the employee and enhance their competency but it is not an employee assistance program. Training and development shall be initiated by the

organization with the objective for employees retention and minimize employee turnover rate.

2.3.2 Relationship between Compensation and Benefits and Employee Turnover

Compensation consists of intrinsic and extrinsic rewards that employees received in performing their tasks (Martochio, 2011). Intrinsic compensation is defined as the recognition, sense of achievement and job satisfaction that the employees received for their own interest to continue perform their jobs whereas extrinsic compensation is defined as monetary reward such as salary, bonus, allowances, incentive pay, commission and non-monetary reward such annual leave, medical benefits, public holiday, insurance and SOCSO.

Compensation systems within the company traditional being designed to attract, retain and motivate the employees to increase their productivity and to achieve the organization objective and mission. Bergmann and Carpello (2001) and Armknecht and Early (1972) found that the level of employee turnover rate is depending on the employees earning's level. When employees in an organization are receiving a high and satisfaction earning, then the turnover rate in that organization will be lower. Although there is ample of evidence of the aggregate relationship between pay levels of employee turnover rate, however pay may be one of the factor that caused to staff resignation but there are many other reasons that caused employee to quit. Even though organization always thinks that pay is

a significant factor to retain employee and increase productivity at the workplace(Marsden, 2011), but the result getting from Clarian Human Resource Great New Zealand employment survey 2011 had shown that pay is not significant related to employee turnover.

Pay is the most important human resource activity that every organization required to continue study and review in order to maintain the employee membership in the organization (Gupta & Shaw, 2001). When the organization is sufficiently paying employee with good earning, the chance of the employee continuous to stay in the organization is high (Phillips, 2003). Therefore pay is an independent party and will result an employee to resign regardless of the organization is a multinational company, local company or best employer.

However, in certain cases the employee is care on the benefits and may tender their resignation due to organization fail to fulfill their benefits need. Some organization is using good benefits package as a tool to retain it employee. Therefore developing an effective compensation and benefits is an important role for organization to reduce its turnover rate.

Reward and recognition practice by organization not only carry an effect to the employee job satisfaction and high productivity but it will assist the organization to reduce the employee turnover and future business plan achievement. A Harvard University study found that organization shall increase the number of reward

awarded to employee as an intention to eliminate high employee turnover which will caused interruption to the business operation of the organization. Therefore, it means that reward and recognition for employee that are achievable will generate greatest impact on the organization employee turnover (Phillips, 2003).

2.3.3 Relationship between Career Development and Employee Turnover

Career development is defined as a continuous process plan which established by the organization with the objective to develop the employee career path or managing the employee career within the organization or within the group of companies. Generally, the career development activities in an organization shall consist of opportunity to act for higher position, involvement in new project implementation, to acquire required skills for new machines operations and abroad assignment whether within the organization or other related organization.

Career development is directly linked to the goals and objectives set by an individual. It starts with self-actualization and self-assessment of employee's interests and capabilities. The interests are then matched with the available options. The individual needs to train him to acquire the skills needed for the career path chosen by him.

Now a day, employee is desired to enhance their competencies which can contribute to their career grow with objective to prepare for higher position or

new challenges by taking a special project. Unless leader able to develop a career development for their employees, otherwise the employee will look for opportunities in other organization which can fulfil their needs (Storey, 2002).

The Mobley (1979) model of turnover argues that employee turnover is related to employee current satisfaction, to future expectation, evaluation of job within and outside the organization. Although employees may satisfy the present roles and responsibilities but they may leave the organization due to do not anticipate satisfying the future roles and responsibilities.

In more specific terms, the organization shall discuss in details with employees the career development plan developed and regularly perform the necessary assessment and feedback to ensure the employee are in line with organization plan and reward for their self-development. Miller and Wheeler (1992) found that employee turnover is significantly related to employee satisfied in job perform and opportunities for promotion to the next level. Other than opportunities for promotion, reward system for promotion also had significant influence to employees' turnover within an organization.

However, employee with high career commitment and low organizational commitment also tend to leave because they do not believe that the organization can satisfy their career needs or goals. This is consistent with other studies that high career committers consider leaving the company if development opportunities are not provided by the organization.

Therefore the organization shall develop a career path to the employee to ensure employee committed to the job and organization to reduce employee turnover rate.

2.3.4 Relationship between Supervisory Support and Employee Turnover

Supervisor support is defined as the leaders to care about employees on the job perform and other well-being and showed appreciation on the employee contribution to the organization (Powell, 2011). A supervisor with strong commitment to support the employee on job will make the employee feel heard, sense of belonging and committed to the job assigned. Supervisory support is one of criteria of effective managerial skills for every competent manager. In fact, it leads to positive outcomes at all levels of leadership and increased job satisfaction, increased organizational citizenship behaviors (OCB), improved employee perceptions of organizational support, improved relationships with employees, reduced job tension and finally reduced employee turnover (Powell, 2011).

Quality of leadership & supervisor skills is an important source and it assist employee on to increase productivity, to provide coaching on performance, to recommend reward for performance, provide valuable feedback for improvement and assisting the organization to retain the employee. As the result, effective supervisor support will develop a positive evaluation and instruction to employee performance via career mentoring (Tan, 2008) and the positive inter relationship between the supervisor and the employees will contribute to job satisfaction and

sense of belonging and eventually will assist the organization in reducing the employee turnover (Zhao & Zhou, 2008).

People leave a manager more than they leave an organization. A leader is a strongest factor that caused an employee inmaking decision whether to stay or go. People look to their leader to provide direction, support and feedback. They need a leader who can influence and lead changes, remove any obstacles to success and importantly a leader who provides trust, recognition and support (Behrnes, 2012).

Supervisory support delivers an important benefit to the organization. An effective supervisor support will manage to assist the organization to develop the trust of employee to the organization and generate the positive relationship which will bring mutual benefit to the organization and employee (Dirks & Ferrin, 2002). The supervisory support in an organization is playing a significant role in assisting the organization in reducing their employee intention to leave (Tuzun, 2012).

2.4 Summary

This chapter has covered the concept and finding from previous studies related to the employee turnover, the impact and influence of training and development, compensation and benefits, career development and supervisory support to the non-executive of employee turnover. In the next chapter, the discussion will focus on theoretical framework and research methodology on this study.



CHAPTER 3 RESEARCH METHODOLOGY

3.1 Introduction

This chapter shall discuss the form of data to be analyzed for the research. This section is divided into several parts which will be described in details, which including the research framework, hypotheses of the study, research design, quantitative research, unit of analysis, measures of the variables, population, sampling techniques, data collection process, data collection procedure, and statistical analysis technique. A descriptive analysis is used to present the data as frequencies, means and percentages.

3.2 Research Framework

The main objective of the research is to determine the significant relationship between the independent variables of training and development, compensation and benefits, career development and supervisor support with the dependent variable of employee turnover. Based on the previous studies of employee turnover research, Allen and Meyer (1990) found that an organization managed to develop a practice in human resource management practice reduce the employee turnover, a research framework has been illustrated in illustrate 3.1. This research framework shows the relationship between the independent variables and the dependent variable which is employee turnover in manufacturing companies.

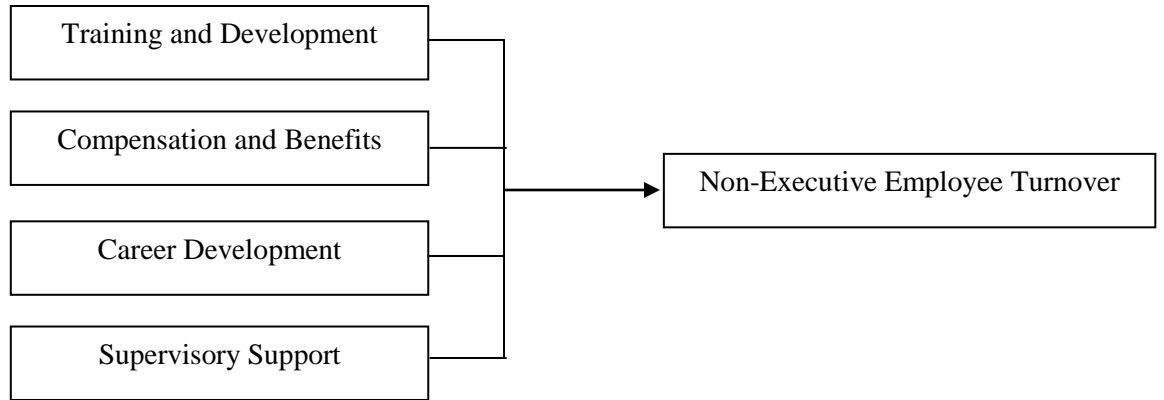


Figure 3.1: Research Framework

3.3 Hypotheses of the Study

The main focus is to examine the influence of independent variables to the dependent variable. Based on the different background of the employees, especially in terms of gender, age, marital status, year of service, education background and level of position grading, this study will assume that there is a different in terms of their opinion on independent variable toward to their intention to leave the organization.

Based on these assumptions, several significant hypotheses have been developed to confirm the research as follows:-

- H1: There is a significant relationship between the training and development given and the non-executive employee turnover.
- H2: There is a significant relationship between compensation and benefits and the non-executive employee turnover.
- H3: There is a significant relationship between career development and the non-executive employee turnover.
- H4: There is a significant relationship between supervisor support and the non-executive employee turnover.

3.4 Research Design

This study was conducted in the form of a quantitative method that is on questionnaires study, the questionnaires shall be distributed to the large number of targeted respondents with the objective for data collection for research (Creswell, 2004). Moreover, according to Kerlinger (1973) the survey method must perform in a systematical way even though the survey method is targeted for the large scale of respondent. It is one of the data collection techniques that have been developed for the reason of predicting, making descriptions and analyzing the significant relationships between two variables in the study. According to Sabitha (2005) the survey on questionnaire is a suitable and preferred method because it is very effective and the data collected from respondents are the evidence to the research.

3.4.1 Quantitative Research

Quantitative research design is used for this study because it involves an objective and systematic way whereby the numerical data are using to obtain information for the research (Cresswell, 2004). The survey in questionnaires will be distributed to the targeted companies. The quantitative research in questionnaires method is the most popular survey method for data collection in business and management studies (Reduan, 2002).

3.4.2 Unit of Analysis

The non-executive employees in the manufacturing company are targeted for this research and those employees who work as operators, line leaders, supervisors, clerks and officers from the non-executive category will be selected as a data collection for this research.

3.5 Measures of the Variables

3.5.1 Measurement of Employee Turnover

Employee turnover is defined as termination or cessation of employee and employer relationship permanently within the organization by an individual employee (Mobley, 1982).

The items were developed by Mobley, Horner and Holingsworth theory (1978). The questionnaire consists of 4 items. These questions were measured by using a five point Likert Scale ranging from “Strongly Disagree” to Strongly Agree”. Example of the questionnaire consists of “I often think about quitting” and “It is likely that I will actively look for a new job next year”.

3.5.2 Measurement of Training and Development

Training and development is defined as providing the employees with specific skills, abilities and knowledge in assisting them to close the gap of competency in their performance and to facilitate employees with necessary abilities for the needs of organization in the future (Gomez-Mejia, 2012).

The items were developed by Mobley, Horner and Holingsworth theory (1978). The questionnaire consists of 5 items. These questions were measured by using a five point Likert Scale ranging from “Strongly Disagree” to Strongly Agree”. Example of the questionnaire consists of “My Organization established a training and development policy applicable to all employees” and “I was given the opportunity to attend the training to upgrade my skills”.

3.5.3 Measurement of Compensation and benefits

Compensation is defined as the extrinsic reward which consist monetary reward and non-monetary reward and intrinsic rewards which reflect on employee's psychology mind-set as a result of performing their duties (Martochio, 2011).

The items were developed by Mobley, Horner and Holingsworth theory (1978).

The questionnaire consists of 6 items. These questions were measured by using a five point Likert Scale ranging from "Strongly Disagree" to Strongly Agree".

Example of the questionnaire consists of "My salary earned is market competitive" and "There is a consistent and equitable system of reward".

3.5.4 Measurement of Career Development

Career Development is defined as an ongoing organized and formalized effort that focus on developing enriched and more capable employee within the organization (Gomez-Mejia, 2012).

The items were developed by Mobley, Horner and Holingsworth theory (1978).

The questionnaire consists of 5 items. These questions were measured by using a five point Likert Scale ranging from "Strongly Disagree" to Strongly Agree".

Example of the questionnaire consists of "My superior always discussed with me on my career path" and "I was given opportunity to act for higher position task".

3.5.5 Measurement of Supervisory Support

Supervisory support is defined as superior positive coaching, mentoring and directing toward the employees for better performance and expansion of career network and such supervisor support will carry an effect for reducing employee turnover and developing employee competency and skills in an organization (Tan, 2008).

The items were developed by Mobley, Horner and Holingsworth theory (1978). The questionnaire consists of 7 items. These questions were measured by using a five point Likert Scale ranging from “Strongly Disagree” to Strongly Agree”. Example of the questionnaire consists of “My superior assists me to identify my training needs” and “My superior provides support when I encounter problem on work”.

3.5.6 Measurement of Individual Characteristics

The section of the questionnaires on the employee characteristics consists of 6 items. Data of the age and year of service period are measured in the number of year. The other factors that are objectively measured are gender, educational level and position level in the company. The research subject are given the option to choose the most suitable response for the accurately of finding.

3.6 Population

3.6.1 Population and Sample Size

Population is defined as a complete group, such as people, employees or territory that sharing a common characteristics (Zikmund, 2010).The population for this research is non-executive employee in the manufacturing companies.The decision to study non-executive employee turnover is relevant because the non-executive employee turnover in the manufacturing company is always the highest if compared to the executive employee (FMM Survey, 2013). Furthermore, referring to the data collected from the interview made to the selected five companies, the organizations have feedback that the employee turnover from non-executive is always higher if compared to executive. In addition, non-executive employees especially the operators and the line leaders always like to absent from work without giving reasons of resignation or notice of resignation.

The sample for this research consists of employees who hold the position of operators, line leaders, supervisors, clerks and officers. These positions are categories under non-executive employees (Tatt Giap Group Berhad salary grading, 2013; FMM Salary Survey, 2013, Jobstreet Malaysia). According to the feedback from one of the selected company, Tatt Giap Steel Centre Sdn Bhd, the average monthly employee turnover rate in year 2014 is 4.0% and from the total of 61 resigned employees, the top 4 ranking are from operators (26 persons), officers (7 persons), line leaders (6 persons), supervisors (4 persons) and clerks (3 persons). The rest are from employees who work as forklift driver, storehand,

storekeeper, executive, QC inspector, lorry driver, secretary and technician who only causing a small percentage of the employee turnover rate. Below are the population targeted for this research.

Table 3.1
Non-executive employee in the selected company.

No	Company	No of Non-Executive Employees
1	Tatt Giap Group Berhad	33
2	Superinox Pipe Industry Sdn Bhd	48
3	Superinox Max Fitting Industry Sdn Bhd	16
4	TG Oriental Steel Sdn Bhd	10
5	Tatt Giap Steel Centre Sdn Bhd	112
	Total	220

3.7 Sampling Techniques

3.7.1 Sample Size

After non-executive employee has been identified as the population in this study, the efficient method of determining the sample size as proposed by Krecjie and Morgan (1970) is the formula as follows:-

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

- S = required sample size
- X² = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.8416) = (1.96 x 1.96)
- N = the population size
- P = the population proportion (assumed to be 0.50 since this would provide the maximum sample size)
- d = the degree of accuracy expressed as a proportion (0.05).

The sample size of this study will be calculated by using above formula with detail as follows:-

$$S = 3.8416 \times 220 \times 0.5 (1-0.5) / 0.052 (220-1) + 3.8416 \times 0.5 (1-0.5)$$

$$S = 422.576 (0.5) / 0.0025 (219) + 1.9208 (0.5)$$

$$S = 211.288 / 0.5475 + 0.9604$$

$$S = 211.288 / 1.5079$$

$$S = 140$$

3.7.2 Proportionate Stratified Sampling

After determining the sample size of one hundred and forty from the population of two hundred and twenty non-executive employees, the appropriate sample to be used in this research is proportionate stratified sampling to ensure the ensure the reliability and accuracy of the sample chosen.

The proportionate stratified sampling technique is defined as a stratified sample in which the number of sampling units drawn from each stratum is in proportionate to the population size of that stratum (Zikmund, 2010). Therefore they wouldn't be any overlapping occur in this study as the sample are taking from different companies and the companies are located at different location.

Sekaran and Bougie (2013) found that proportionate stratified random sampling is the most suitable sample to be used in research which consists of a lot of different

groupbreak from the large population selected with same characteristic. In addition that this sample technique is simple and less cost in data collection. Respondents were selected using proportionate random sampling as shown in table 3.2.

Table 3.2
Proportionate Stratified Sampling of Respondents

No	Companies	Population		Proportionate Stratified Sample
		Frequency	%	No of Sample
1	Tatt Giap Group Berhad	33	15%	21 (140 x 15%)
2	Superinox Pipe Industry Sdn Bhd	48	22%	31 (140 x 22%)
3	Superinox Max Fitting Industry SdnBhd	16	7%	10 (140 x 7%)
4	TG Oriental Steel Sdn Bhd	10	5%	7 (140 x 5%)
5	Tatt Giap Steel Centre Sdn Bhd	113	51%	71 (140 x 51%)
		220	100%	140

3.8 Data Collection Process

The primary data collection method or known as primary data will be used for this process. In order to conduct an effective research, a researcher shall identify the population clearly, precisely and correctly (Malhotra, Steel & Grover, 2007). Every individual in a population may have many differences but it must have at least one identical characteristics. Sekaran (2003) mentioned that there are several types of primary data collection techniques applied by previous researchers. These include observation, regular surveys, participation and observation of the probability sample method. After reading the theories and methods used from previous studies, the suitable technique for data collection in this research is questionnaires. According to Sabitha (2005) the

questionnaires is a suitable method because it is more effective and the written questionnaires are the evident of data collected, in addition the research costs is lower and save more time if compared to other research methods.

This research has used the questionnaires for data collection. The questionnaires are divided into five parts, part one, part two, part three, part four and part five. Part one is used to ask respondent pertaining to the organization training & development. Part two consist of questionnaires on compensation and benefits. Part three is used to ask respondent pertaining to their career development in the organization. Part four consist of questionnaires on supervisor support and part five is used to collect information on employees consist of service period, gender, educational level, position and marital status.

3.8.1 Data Collection Procedure

This research shall follow the data collection procedure as stated below to ensure the research will carry up in a systematic and complete method.

1. To select the company in the manufacturing industry for research.
2. To make appointment with the human resource manager of the organization, explain to them the objective of the research. Interview the manager on the employee turnover rate, reason of resignation, solutions taken by organization to reduce employee turnover.

3. To seek assistance from the human resource manager to distribute the research questionnaires to the employees and set the dateline for returning the questionnaires to the human resource department.
4. To make another appointment with the human resource manager for questionnaires collection and do recording on the number of questionnaires returned.
5. To analyze the data collected by using the SPSS system and generate the reports of finding from the system.
6. To propose the recommendation and solution in assisting the organization to reduce the employee turnover.
7. To summarize the research and complete the research report.

3.9 Reliability Analysis

It is a measurement technique used by research to indicate the reliability result from data collected via questionnaires method and to ensure that the result from the research is true score and the measurement is consistent by taking into the consideration of other items related in the measurement. Moreover, there are several techniques used to conduct reliability analysis as a measurement tool such as Cronbach's Alpha, strictly parallel and parallel models. However for this study, the reliability of Cronbach Alpha has been selected because it is one of the commonly used reliability coefficients to analyze the reliability of the scale used in questionnaires. The closer the value of Cronbach's Alpha

to 1.00 is indicated that the higher the reliability of the research instruments (Sekaran, 2003).

3.10 Descriptive and Inferential Analysis

There are two types of analysis used in the study namely descriptive and inferential analysis. Descriptions of these two analyses in this study are as follow:

3.10.1 Descriptive Analysis

It is a statistic use to measure the basis feature of the research. The data collected will be analysis and convert it to the information which has been summarize in report which can let people to view and easy for understanding (Sekaran, 2000). The result from the analysis will show the information on maximum, minimum; means standard deviation and variance were taken from the data collection from the variables.

3.10.2 Inferential Analysis

3.10.2.1 Pearson Correlation

It is a technique to describe the strength and direction of linear relationship between independent variables and dependent variable. A correlation measures three things: the direction of the relationship i.e. whether there is a positive or negative relationship, the form of the relationship (linear or

curvilinear) and the degree of the relationship. Range is from +1(a perfect positive relationship, as one variable increase and the other is increase too); to -1 (a perfect negative relationship: as one increases the other decreases). This is sometime called an inverse relationship.

In the other words, the correlation coefficient is to measure a linear correlation between two variables. The result shall be in index number and should fall in between the range of -1.0 and +1.0, Sekaran (2000). If the index number show +1.0 is means a positive correlation, 0 is no correlation and -1.0 is negative correlation between the two variables.

According to Cohen (1988) the strength value of the significant relationship is as follows:-

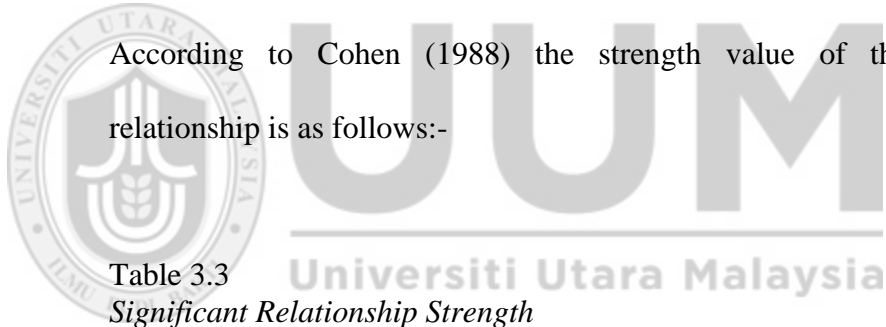


Table 3.3
Significant Relationship Strength

No	Value	Relationship Strength
1	0.1 to 0.29 or -0.1 to -0.29	Weak
2	0.30 to 0.49 or -0.30 to -0.49	Moderate
3	0.50 to 1.0 or -0.50 to -1.0	Strong

3.10.2.2 Multiple Linear Regression Analysis

It is a measurement for the influence of independent variables on dependent variable. Gujarati (2005) defines the study of regression analysis as a research on the relationship of variables with other variables.

The multiple linear regression analysis is a method that generally used by

many researchers in determining the influence and cause and effect of independent variables and dependent variable.

The process will involve using several tests to determine the significant relationship of independent variables on dependent variable. The tests used are the statistics F test and if the test result is not significant then the model should be dismissed. Then follow up by examining the individual statistical test for each parameter estimate and the model R^2 . The level of significance in the study has been set to 0.05. From this analysis, the Pearson correlation: R is tested to describe the influence strength of the variables and beta value will express the significant relationship between the independent variables and dependent variable.



3.11 Summary

This chapter has covered the research methods that that will use to achieve the objectives of this study. The method used to analyze every hypothesis has been described in generally.

CHAPTER 4 DATA ANALYSIS

4.1 Introduction

This chapter analyses the relationship between the independent variables of training and development, compensations and benefit, career development, supervisory support and the dependent variable (employee turnover). The first section explains the response rate, describes the study sample, and the soundness of the measure through reliability analysis. The second section provides a descriptive analysis of variables, and the use of multiple regressions to test the hypotheses.

4.2 Response rate

The total targeted respondent of the research is one hundred and forty who are the employees of the selected companies and used to analyze the main objective of the research which is to research about the determinants of employee turnover in the manufacturing companies. From one hundred and forty questionnaires as the population sample, only 88 questionnaires giving a response rate of 63% but this is deemed valid for data analysis. The summary of the data collection was as table 4-1.

Table 4.1
Summary of the Data Collection

Population	Sample	Submitted Questionnaires	Response	Response Percentage
220	140	140	88	63%

4.3 Demographic of Respondents

Based on the data collected from the respondents, 29% were employee with service less than 1 year, follow up by service from 1 to 2 years and 3 to 5 years with 25% respectively and the lesser percentage were 20.5% represent from employees with service of more than 5 years of service. In terms of gender, majority are from male respondent with 54.5% however female respondent were 45.5% only. However in term of respondent's age, majority are from 20 – 29 year-old with 50%, follow up by 35.2% from respondent with age from 30 – 39 year-old, then 13.6% from 40 to 49 year-old and the minority is respondent with age less than 20 year-old of 1.1% only. In term of marital status, both respondents from single and married status respondents were carried the same percentage of 48.9% and the other status is 2.2%. In terms of respondent's education level, the majority respondents were the bachelor degree holder from university with 29.5%, however SPM holder was 27.3%, Diploma holder was 26.1%, Certificate holder was 10.2%, PMR holder was 5.7%, and the lesser is STPM holder with 1.1% only. When referred to the job grading level of the respondents, majority of the respondents were holding the Officer level with 33% follow up by Line Leader level with 25%, Clerical level was 18.2%, Operator level was 15.9% and the lesser is Supervisor level was 8% only. The Descriptive statistic has been used to explain the demographic as shown on Table 4.2.

Table 4.2
Description on Sample of study

Description of Samples	Number	Percentage
Year of Service		
Less than 1 Year	26	29.5
1 to 2 years	22	25.0
3 to 5 years	22	25.0
More than 5 years	18	20.5
Gender		
Male	48	54.5
Female	40	45.5
Age		
Less than 20 year-old	1	1.1
20 - 29 year-old	44	50.0
30 - 39 year-old	31	35.2
40 - 49 year-old	12	13.6
Marital Status		
Single	43	48.9
Married	43	48.9
Other	2	2.2
Education Status		
PMR	5	5.7
SPM	24	27.3
STPM	1	1.1
Certificate	9	10.2
Diploma	23	26.1
Degree	26	29.5
Job Grade		
Operator Level	14	15.9
Line Leader Level	22	25.0
Supervisor Level	7	8.0
Clerical Level	16	18.2
Officer level	29	33.0

4.4 Reliability Test

The reliability test is a measure to indicate the extent to which the result collected from the respondents and the information generated are true and no bias. The Cronbach Alpha technique shows how items used are interrelated among each other. The nearest the

Cronbach Alpha result to the value of 1, the higher the reliability of the result. Table 4.2 show the result of the reliability test of the independent variables and dependent variable of the data.

Table 4.3
Summary of Cronbach Alpha value and the items deleted from the questionnaires.

Variables	Cronbach's Alpha	No of Items
Training and Development	0.876	5
Compensation and Benefits	0.897	6
Career Development	0.714	5
Supervisory Support	0.855	7
Employee Turnover	0.969	4

4.5 Description of Items

4.5.1 Employee Turnover

Regarding the question about the dependent variable of Employee Turnover, question with highest mean score was question number 3 = "I will probably look for a new job in the next year" with 3.33 and the standard deviation for the question was 0.919. Meanwhile, the lowest mean score was question number 4 = "I often think of changing my job" with 2.92 and the standard deviation for the question was 0.805. The questions regarding the variable of Employee Turnover were as Table 4.4. Result from the survey has showed that the employees are fall at the average level in determining whether to look for new job new opportunity or continuous to say within the company due to the economic are unstable and job unsecure in market.

Table 4.4
Description on Item of Employee Turnover

Items	N	Mean	Std. Deviation
1. I often think about quitting.	88	2.94	.807
2. It is likely that I will actively look for a new job next year.	88	2.98	.802
3. I will probably look for a new job in the next year	88	3.33	.919
4. I often think of changing my job.	88	2.92	.805

4.5.2 Training and Development

Regarding the question about the independent variable of training & development, question with highest mean score was question number 2 = “I was given the opportunity to attend the training to upgrade my skills” with 3.31 and the standard deviation for the question was 0.862. Meanwhile, the lowest mean score was question number 5 = “Supervisor give me the change to tryout the training on the job immediately” with 3.05 and the standard deviation for the question was 0.787. The questions regarding the variable of supervisory support were as Table 4.5. Result from the survey has showed that average of employee responded that the company has developed a good training and development structure and overall being accepted by the employees.

Table 4.5
Description on Item of Training and Development

Items	N	Mean	Std. Deviation
1. My Organization established a training & development policy applicable to all employees.	88	3.22	.702
2. I was given the opportunity to attend the training to upgrade my skills.	88	3.31	.862
3. I was given the opportunity to discuss with my superior on my knowledge & skills upgrading.	88	3.114	.7941
4. I was assessed by my superior for my skills & knowledge improvement.	88	3.28	.726
5. Supervisor give me the change to try out the training on the job immediately.	88	3.05	.787

4.5.3 Compensation and Benefits

Regarding the question about the independent variable of compensation and benefits, question with highest mean score was question number 3 = “My benefits given are market competitive” with 2.73 and the standard deviation for the question was 0.754. Meanwhile, the lowest mean score was question number 5 = “I satisfied with current salary increment system” with 2.47 and the standard deviation for the question was 0.922. The questions regarding the variable of compensation and benefits were as Table 4.6. Result from the survey has showed that most of the employees are not happy to the company compensation and benefit system. The Company is facing a financial lost for several years due to economic uncertainty and unable to revise a competitive compensation and benefits system.

Table 4.6
Description on Item of Compensations and Benefit

Items	N	Mean	Std. Deviation
1. My salary earned is market competitive.	88	2.66	.786
2. My allowances earned are market competitive.	88	2.61	.836
3. My benefits given are market competitive.	88	2.73	.754
4. There is a consistent and equitable system of reward.	88	2.65	.831
5. I satisfied with current salary increment system.	88	2.47	.922
6. I satisfied with current bonus payout system.	88	2.65	.858

4.5.4 Career Development

Regarding the question about the independent variable of career development, question with highest mean score was question number 5 = “I feel my job is challenging” with 3.53 and the standard deviation for the question was 0.787. Meanwhile, the lowest mean score was question number 3 = “I was given opportunities to act for higher position task” with 3.08 and the standard deviation for the question was 0.731. The questions regarding the variable of career development were as Table 4.7. Result from the survey has showed that there is a positive feedback from employees that the company is having an average toward the good level of career development program in the company even though the company has making a financial lost for several year.

Table 4.7
Description on Item of Career Development

Items	N	Mean	Std. Deviation
1. I am happy to my current duties & responsibilities.	88	3.35	.695
2. My superior always discussed with me on my career path.	88	3.12	.800
3. I was given opportunities to act for higher position task.	88	3.08	.731
4. I was coached to perform better.	88	3.14	.776
5. I feel my job is challenging.	88	3.53	.787

4.5.5 Supervisory Support

Regarding the question about the independent variable of supervisory support, question with highest mean score was question number 1 = “I aware of my department objection/direction” with 3.47 and the standard deviation for the question was 0.694. Meanwhile, the lowest mean score was question number 3 = “I receive recognition from my superior when I do a good job” with 2.99 and the standard deviation for the question was 0.795. The questions regarding the variable of supervisory support were as Table 4.8. Result from the survey has showed that the company currently is fall under average level in terms of supervisory support and required to put in more effort to increase the program in supervisory supporting to the employees.

Table 4.8
Description of Item of Supervisory Support

Items	N	Mean	Std. Deviation
1. I aware of my department objection/direction.	88	3.47	.694
2. My superior assists me to identify my training need	88	3.18	.720
3. I receive recognition from my superior when I do a good job.	88	2.99	.795
4. My superior updating me the company policy changes.	88	3.13	.785
5. My superior responding to suggestions from me.	88	3.33	.690
6. My superior provide support when I encounter problem on work	88	3.44	.814
7. My superior fairly treat every employee in the Department	88	3.10	.858

4.6 Correlation Analysis

This technique is to determine the linear relationship between independent variables and the dependent variable. The result of Pearson's correlations analysis is presented in Table 4.9.

The result show that $r = -.824$ has indicated that compensation and benefits has showed strength relationship with employee turnover where. The second highest linear relationship was found between supervisory support and employee turnover where $r = -.307$. The third highest linear relationship was found between training and development and employee turnover where $r = -.231$ and the least relationship was to found exist between career development and employee turnover where $r = -.101$. The correlations of dependent and independent are show in Table 4.9, has showed strong relationship

between employee turnover and compensation and benefit if compare to other independent variable. The effectiveness of compensation and benefits systems will affect the employee turnover level in the company.

Table 4.9
Pearson correlations analysis

Variable	Training and Development	Compensation and Benefits	Career Development	Supervisory Support	Employee Turnover
Training and Development	1				
Compensation and Benefits	.129	1			
Career Development	.534**	.098	1		
Supervisory Support	.502**	.242*	.518**	1	
Employee Turnover	-.231*	-.824**	-.101	-.307**	1

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

* . Correlation is significant at the 0.05 level (2-tailed).

4.7 Multiple Regressions

Multiple regression analysis was used to test whether there was an influence on independent variables and dependent variables.

The result shows that the R square is .705. This implies that the 4 independent variables explained about 70.5% of the variable in the dependent variables of employee turnover.

The biggest beta coefficient was -.793 which was compensation and benefit. This implies

that there is a strongest related of independent variable of compensation and benefit and dependent variable of employee turnover. It has showed that an increase in standard deviation in compensation and benefit resulted in a -.793 standard deviation decrease in employee turnover.

The second highest beta value of .131 was obtained on the independent variable of training and development. It also suggested that a one standard deviation increase in training and development is followed by .131 standard deviation increase in employee turnover. However only the compensation and benefit showed significant influence on the test results since the significance value was lesser than 0.05 and the other 3 independent variables of training and development, career development and supervisory support showed no significant influence on the test results since the significance value was larger than 0.05. The significant results showed were .820 for training & development, .000 for compensation & benefits, .189 for career development and .179 for supervisory support. The result of the multiple regression analysis is shown in Table 4.10.

Table 4.10
Result of multiple regression analysis

Dependent Variable	Independent Variable	R	R ²	Adjusted R ²	Std Error of the Estimate	Beta	t	Sig.
Employee Turnover	(Constant)	.840 ^a	.705	.691	1.77770	-	16.622	.000
	Training and Development					-.131	-1.760	.082
	Compensation and Benefits					-.793	-12.88	.000
	Career Development					.100	1.326	.189
	Supervisory Support					-.102	-1.354	.179

4.8 Summary

As analysis being made in the mode of multiple regressions, the results are summarized in table 4.10. Results obtained through multiple regression analysis show that only one of the independent variables (compensation and benefit) has negative influence the dependent variable of employee turnover. However, independent variables of training and development, career development and supervisory support have no significant in influencing dependent variable of employee turnover.

Table 4.11
Summary of Analyses Results

No	Hypotheses	Result
H1	There is a significant relationship between training and development and the non-executive employee turnover.	Not Supported
H2	There is a significant relationship between compensation and benefits and the non-executive employee turnover.	Supported
H3	There is a significant relationship between career development and the non-executive employee turnover.	Not Supported
H4	There is a significant relationship between supervisor support and the non-executive employee turnover.	Not Supported

CHAPTER 5

DISCUSSION AND RECOMMENDATIONS

5.1 Introduction

This chapter is focus on the discussion of the finding and recommendations of this study. The discussion shall be done base on the result of finding on relationship between the employee turnover and the training and development, compensation and benefit, career development and supervisory support. Follow up by theory & practical implication of the research and suggestion for future research will be shared for research improvement and data accuracy. Finally, the limitation of the present research will be highlighted in this chapter.

5.2 Recapitulation of Result

This study was primarily concern with examining the relationship between the independent variables of training and development, compensation and benefit, career development and supervisory support with the dependent variable of non-executive employee turnover. Within the population of two hundred and twenty employees consists of five selected companies, a sample of one hundred and forty employees had been selected to distribute the questionnaire. From one hundred and forty targeted respondent only eighty eight respondents with equivalent to 63% response rate.



Based on the Multiple Regression analysis, the study has found that only compensation and benefits has a significant relationship with the non- executive staff turnover while three were variables, training and development, career development and supervisory support not significantly influence on non- executive staff turnover. The result of findings of this research shall be discussed as follow.

5.3 Discussion

5.3.1 The Relationship between Training and Development and Non-Executive Employee Turnover.

The first research question was to determine the relationship between training and development and non-executive employee turnover. The result of the analysis showed that training and development has no significant relationship with non-executive staff turnover. This finding is not consistent with the early assumption of negative influence of training and development on employee turnover (Benson et al., 2004). However, there was a previous study found similar results on this relationship (Joarder, Sharif & Ahmmed, 2011; Way, 2002). For instance, Joarder, Sharif and Yazam (2011) found that training and development did not play a significant influence on turnover intention among faculty member at private university in Bangladesh. The possible reason was Bangladesh is still ranking behind under the developed countries and private universities is a new context for country, training and development was not taken as one of the important activity in improving faculty member knowledge, skills and abilities if compare to other developed counties.

Below are several possible reasons to explain the finding. Firstly, the match between the training programs and employee's job requirement. The companies failed to develop an effective analysis by analyzing the training and development need of non-executive employee against their job requirements. The superiors did not conduct a proper skills assessment or discussion with the employees in determining the training requirements in their job. The training organized might not be relevant to the job requirements of the employee hence caused the non-executive employee lost interest to attend the training organized by the company and eventually the training plan failed to close the competency gap of the employees. Secondly, lack of attention of company on non-executive employee's training and development need. The companies did not view the significant need of training and development programs for the non-executive employees. Not much training programs were organized for non-executive employee for their skill and knowledge upgrading and future development due to their nature of job which is consider more on routine task and less involvement in the operations decision making. The companies do not have action plans in providing the opportunity for non-executive employee to perform their new skill gained after attending the training and no proper technic to be used for evaluating the employees' skill, knowledge and abilities after returning from the training given.

5.3.2 The Relationship between Compensation and Benefits and Non-Executive Employee Turnover.

The second research question was to determine the relationship between compensation and benefit and non-executive employee turnover. The result of the analysis showed that compensation and benefit has significant negative relationship with non-executive employee turnover.

The finding of the research is consistence to the research from Batt, Colvin and Keefe (2002) on the studied of employee voice in the telecommunication industry which has indicated that effective wages offered was significantly and negative effect to the employee turnover rate. Ovadje (2009) found that there is a strong negative relationship between pay and turnover decision. Nigerian consists of higher poor population, even though the research sample was targeted for middle level manager but this group of people was under economic pressure to pay for their family household expenses, religious and communities they stay with.

Below are several possible reasons to explain the finding. Firstly, organizations have to review the existing salary scale. The companies shall pay attention to the existing employee salary scale with comparison to the market salary survey to ensure that the employees' salary scale is competitive in the market. The salary scale can be reviewed by referring to the data from salary survey at JobStreet, Malaysia Employer Federation, Federation of Malaysia Manufacturing or information sharing among the Human Resource Practitioner in the industry.

Secondly, favor salary increment and promotion scheme. A favor increment and promotion scheme should be introduced and uncompetitive existing increment policy should be eliminated otherwise it will make the company salary scheme become uncompetitive if compared to the market standard. The introduction of an effective salary increment and promotion scheme will able to motivate the employees by ensuring the employees that their earning is competitive in the market and at the same time will reduce the employees' intention to leave. Thirdly, employee's fringe benefits enhancement. The company overall fringe benefits such as insurance protection to employee and family members, introduction of new allowances, uniform, medicals treatment, employee leave entitlement, flexible working hours and etc .These benefits should be revised according to the market standard by fulfilling the needs of employees and continue to stay with the company.



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5.3.3 The Relationship between Career Development and Non-Executive Employee Turnover

The third research question was to determine the relationship between career development and non-executive employee turnover. The result of the analysis showed that career development has no significant relationship with non-executive employee turnover. This research is inconsistent with Nel et al., (2004) that career development such as offering greater internal opportunities for advancement to employee will decrease an organization's employee turnover

rate, because the career development plan may not seem to be important to the non-executive staff in an organization.

Below are several possible reasons to explain the finding. Firstly, fail to formulate a proper career development plan for the non-executive employee. Even though there are promotion opportunities being given to non-executive employees but there is a lack of informative acknowledgements. The managers failed to conduct discussions with non-executive employees on their career development in the organization. Non-executive employees are not brief in detail on when they will be promoted to the next higher level and a lot of higher position were being fill-up externally rather than offer for internal promotion or opportunities of acting for higher position. Secondly, no policy and guideline were being developed for career development plan. No attentions were given on career development policies and guidelines. It looks like the organization is not care on non-executive employee career path. There is no guideline being developed on promotion opportunity to an employee who is the most excellent performer for consecutively several years. The promotion opportunity is at the sole discretion of manager and director which may create bias and unfair treatment and eventually will develop employee job dissatisfaction.

5.3.4 The Relationship between Supervisory Support and Non-Executive Employee Turnover

The fourth research question was to determine the relationship between supervisory support and non-executive employee turnover. The result of the analysis showed that supervisory support has no significant relationship with non-executive employee turnover. The finding is consistent with studies conducted by Abeysekera (2007) and Billah (2009). For example, Abeysekera, (2007) found no significant relationship between supervisory support and marketing executive turnover of leasing companies in Sri Lanka. The marketing executives are the backbone of the leasing companies and work in the competitive environment. They have been trained to be independently due to individual challenging sales target whereby the supervisory support is no important to them anymore.

Below are several possible reasons to explain the finding in this study. Firstly, ineffectively in carry up the role of supervisory support. Some of the supervisors performed poor supervisory support on their non-executive employees. No initiative actions were being carried out by the supervisors to improve the relationship with the non-executive employees, failure in providing immediate advice and coaching when the non-executive employees encountered with problems at work, lack of recognitions from the supervisor to the non-executive employee who gave outstanding performance, less discussion session being carried out with non-executive employee on matters arose from work and seek engagement from them on problems solving. Secondly, lack of encouragement

done from organization on supervisory support. The companies did not seriously enhance the significance of supervisory role to support the non-executive employees. There is less activity being carried out to promote the significant of relationship between supervisor support and non-executive employees such as team building programs, sport and recreation activities and projects on quality control circle. The supervisor was not briefed on the important and effective method of their supporting role to enhance the non-executive employee commitment at work and helping the organization in reducing the non-executive employee turnover.

5.4 Implication

A number of theoretical and practical implications have derived from the present study. These implications will be discussed based on the result of the research.

5.4.1 Theoretical Implications

The finding of this research has contributed to the new information to the knowledge in the human resource management and turnover literature.

The compensation and benefit is an important factor that retains non-executive staff in the organization. Pay is always the main factor to be highlighted in order to keep employee continuous to work with the organization. Develop an effective

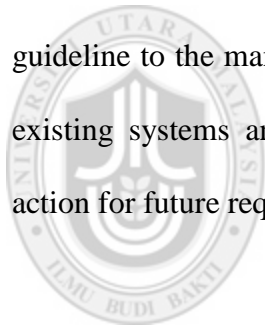
compensation and benefit policy will assist the organization to reduce its non-executive staff turnover which is consistent to findings from Smart (1990) and Ehrenberg et al., (1991) that compensation is important to lower level of staff at faculty members such as assistant professor levels because a favorable compensation policy has increased the retention rate of assistant professor but it did not carry an effect to the retention rate of associate professor.

Therefore, with objective to reduce the rate of employee turnover, the organization shall develop a compensation plan with an equitable pay system. The equitable pay system shall consist of internal equity whereby a fair salary structure shall be developed and implemented to all positions within the organization, and external equity whereby the employee in the organization shall receive a fair compensation if compared to employees in similar duties and responsibilities at other organizations. Effectively implementing a fair compensation system will assist the organization to achieve its objective to reduce employee turnover.

5.4.2 Practical Implications

The practical implication of this study is that the company in the manufacturing industry is experiencing problems with high non-executive employee turnover and may be interested in this study. The management should seriously look into the compensation and benefit as the initiative action to tackle the non-executive staff

turnover in the organization. Developing preventive action such as competitive compensation and benefit scheme according to the market standard to avoid high non-executive staff turnover occur and implement a continuous improvement program such as continuous reviewing the compensation and benefit scheme in every year to ensure it remain competitive if compare to other companies in the market and to conduct employee salary survey by input the employees' opinion to enhance the company existing compensation and benefit packages to be more attractive. The findings of this study will assist the company to concentrate on compensation and benefits activities if the company has the intention to reduce the non-executive staff turnover and the research framework may provides a guideline to the management of organization to take the corrective action to their existing systems and policy to combat the employee turnover and preventive action for future requirements.



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5.5 Suggestion for Future Research

Based on this research, there are a few issues that can be improved for future research related to this topic. Therefore, this is to suggest that the future research should extend the research to different category in terms of size, unionize and its product. The research done base on this mentioned category will reflect more accuracy in term of result derived. The large manufacturing company normally will consist of good human resource practices if compare to small companies. Unionize environment companies will consist of good compensation and benefits system via collective agreement if compare to non-

unionize companies. Multinational company will consist of good systems and process if compare to local company.

The accuracy of the answer in survey form needs to be look into for better research result. If just depend on the quantitative research it may not produce the accuracy of outcome. Certain survey result was reflected that the respondent was not seriously look into the questionnaires and the answers given are all fall in the average point. This kind of survey collected may produce the untrue result to the research. Therefore, this is to suggest that the qualitative method should use in future research to ensure the accuracy of result in the research.

5.6 Limitations

This research was performed in the limited time given therefore the research was limited to a quantitative work of study. The quantitative research was a most suitable method for a large scale of population and the actual data collected were an evidence for finding generation with no bias. However, the qualitative method is not applied to this research.

Qualitative research is primarily exploratory research. It helps to develop hypotheses for potential quantitative research. Qualitative research data collection methods vary and unstructured method which commonly use are focus groups, individual interviews and participation observation. Whereas quantitative method is used to quantify the problem by using the method of generating numerical data or data can be transformed into

statistics. Quantitative research method is much more structure than qualitative research which commonly use is various form of survey.

This research has targeted for one hundred and forty respondents but the research only managed to get eighty eight reply from the survey which equivalent to 63% out of 100% only. The result from the 63% respondent may not represent the actual result to reflect the significant relationship between the independent variables and dependent variable within the five companies which being selected for this research.

This research just selected five companies in manufacturing industry but it cannot represent the total companies in the manufacturing industry. In addition that every company consist of different background in terms of patterns of management, policies, size, product, manufacturing process, years of establishment, financial profit and loss and culture. Therefore different background of companies in manufacturing industry being selected for research may generate different result on significant relationship between independent variables and dependent variable.

5.7 Conclusion

As stated in the chapter, four research objectives have been achieved. In summary, this research found that there is a significant relationship between compensation and benefits and the manufacturing industry in term of determining their non-executive staff turnover. These finding hopefully will provide the manufacturing industry as a whole the additional information to better understanding the roof cause of non-executive staff turnover and develop the better solution to overcome it.



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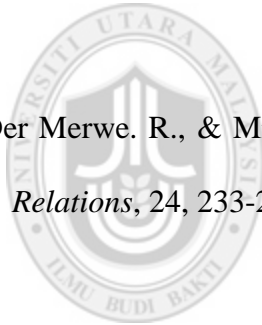
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