

The copyright © of this thesis belongs to its rightful author and/or other copyright owner. Copies can be accessed and downloaded for non-commercial or learning purposes without any charge and permission. The thesis cannot be reproduced or quoted as a whole without the permission from its rightful owner. No alteration or changes in format is allowed without permission from its rightful owner.



**FACTORS INFLUENCING EMPLOYEE RETENTION:
A STUDY OF MANUFACTURING COMPANY**



A project submitted to the School of Business Management
(SBM), College of Business, Universiti Utara Malaysia in
fulfillment of the requirements for the degree Master of Human
Resource Management.

July 2016

PERMISSION TO USE

In presenting this dissertation/project paper in partial fulfillment of the requirements for a Masters degree from the Universiti Utara Malaysia (UUM), I agree that the Library of this university may make it freely available for inspection. I further agree that permission for copying this dissertation/project paper in any manner, in whole or in part, for scholarly purposes may be granted by my supervisor or in their absence, by the Assistant Vice Chancellor of the College of Business where I did my dissertation/project paper. It is understood that any copying or publication or use of this dissertation/project paper or parts of it for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to the Universiti Utara Malaysia (UUM) in any scholarly use which may be made of any material in my dissertation/project paper.

Request for permission to copy or to make other use of materials in this project paper in whole or in part should be addressed to:

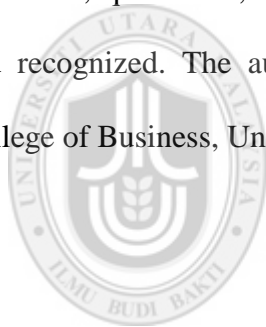


Dean of
School of Business Management (SBM)
College of Business
Universiti Utara Malaysia (UUM)
06010 Sintok
Kedah Darul Aman

DISCLAIMER

The author is responsible for the accuracy of all opinion, technical comment, factual report, data, figures, illustrations and photographs in this dissertation. The author bears full responsibility for the checking whether material submitted is subject to copyright or ownership right. Universiti Utara Malaysia (UUM) does not accept any liability for the accuracy of such comment, report and other technical and factual information and the copyright or ownership rights claims

The author declares that this dissertation is original and her own except those literatures, quotations, explanations and summarizations which are duly identified and recognized. The author hereby granted the copyright of this dissertation to College of Business, Universiti Utara Malaysia (UUM) for publishing if necessary.



UUM
Universiti Utara Malaysia

ABSTRAK

Keadaan ekonomi global yang pesat telah memberi peluang kepada pelabur-pelabur asing menjalankan perniagaan di Malaysia serta membuka peluang pekerjaan kepada masyarakat sekeliling. Dalam kajian ini, tiga faktor iaitu peluang pembangunan kerjaya, pampasan, dan fleksibiliti di tempat kerja (waktu kerja yang fleksibel) telah dikenal pasti yang boleh menggalakkan pekerja untuk membuat pilihan dalam menentukan kerjaya mereka dan mungkin merupakan faktor-faktor utama syarikat dalam pengekalan pekerja. Objektif kajian ini adalah untuk menentukan hubungan kait antara peluang pembangunan kerjaya, pampasan, fleksibiliti di tempat kerja (waktu kerja yang fleksibel) dan pengekalan pekerja. Kajian ini meneliti jika peluang pembangunan kerjaya, pampasan dan fleksibiliti di tempat kerja (waktu kerja yang fleksibel) adalah mempengaruhi pengekalan pekerja di kalangan pekerja di sebuah syarikat pembuatan panel solar yang terletak di Kulim, Malaysia. Dalam kajian ini, borang soal selidik telah diedarkan oleh penyelidik sendiri dan mendapat maklumbalas seramai 193 pekerja. Data yang diperolehi telah dimasukkan dan dikodkan ke dalam set data menggunakan Pakej Statistik untuk Sains Sosial (SPSS) versi 22. Keputusan yang diperolehi telah dianalisa dan diringkaskan melalui analisis deskriptif, analisis korelasi dan analisis regresi. Keputusan analisis regresi menunjukkan bahawa 36.6% daripada faktor-faktor dalam kajian ini menyumbang kepada pengekalan pekerja. Hasilnya menunjukkan bahawa peluang pembangunan kerjaya, pampasan, dan fleksibiliti di tempat kerja (waktu kerja yang fleksibel) mempunyai hubungan kait yang signifikan dengan pengekalan pekerja. Oleh itu, adalah penting bagi syarikat tersebut untuk menambah baik dan melaksanakan strategi pengekalan mereka dengan menyediakan gaya kerja yang lebih baik, gaji dan peluang kerjaya yang baik kepada pekerja yang berbakat.

Universiti Utara Malaysia

Kata-kata Kunci: Pengekalan Pekerja, Peluang Pembangunan Kerjaya, Pampasan, Fleksibiliti di Tempat Kerja.

ABSTRACT

The rapid global economic situation has provided an opportunity for foreign investors to start business in Malaysia as well as provide job opportunities for the communities. Thus, people who have relevant knowledge, skills and abilities have choices in determining their career. In this study, three factors namely career development opportunities, compensation, and workplace flexibility (flexible working hours) have been identified that may encourage employees to make a choice in determining their career and perhaps main factors of employee retention for company. The objective of this study is to determine the relationship between career development opportunities, compensation workplace flexibility (flexible working hours) and employee retention. This study examine if career development opportunities, compensation workplace flexibility (flexible working hours) are influencing employee retention among employee in a solar panels manufacturing company which located at Kulim, Malaysia. In this study, questionnaires were distributed by self administered and total response was 193 employees. The collected data were entered and coded into dataset using Statistical Package for Social Science (SPSS) software version 22. The survey results were analyzed, generated and précised into statistical analysis which consist of descriptive analysis, correlation analysis and regression analysis. Results of regression analysis showed that 36.6% of the factors in this study contributed to the employee retention. The result indicated that career development opportunities, compensation, and workplace flexibility (flexible working hours) has significant relationship with employee retention. As such, it is important for the company to improve and implement their retention strategy by providing better working style, good pay and career progression opportunities to the talented employees.

Universiti Utara Malaysia

Keywords: Employee Retention, Career Development Opportunities, Compensation, Workplace Flexibility.

ACKNOWLEDGEMENT

Firstly, praised to The Almighty Allah to give me the strength to complete my research and assignment as to be fulfil for my master program. All the praised are belonging to Him without any doubt as for Him who all the goodness belong.

Secondly, I would like to thank my entire family for their support and understanding during the time taken doing the research. For both my parent whose supporting me no matter how hard the situation that I was facing in the time to complete my journey for the research to be ended. Also not forget to my husband and both my children whose their understandable are given a way for my research to become smoother and lastly become reality.

A big appreciation to my supervisor, Professor Dr. Khulida Kirana Yahya as her guidance is driven forces that make this research running at its right tract and direction. Her guidance is like a jet fuel to my rocket, makes the best of me to emerge and finally completed my research.

Finally, to all my course mates, friends and colleagues, a very big thanks to them as their help and support that's makes this journey running smoothly and reach its end point. Only the Almighty God can repay your kindness.



Table of Contents

PERMISSION TO USE	ii
DISCLAIMER	iii
ABSTRAK	iv
ABSTRACT	v
ACKNOWLEDGMENT	vi
TABLE OF CONTENTS	vii
LIST OF TABLES	x
LIST OF FIGURES	xi
CHAPTER 1: INTRODUCTION	1
1.1 Introduction	1
1.2 Problem Statement	7
1.3 Research Questions	12
1.4 Research Objectives	13
1.5 Significance of Research Study	13
1.6 Scope of Study	14
1.7 Organization of Chapters in Thesis	14
CHAPTER 2: LITERATURE REVIEW	16
2.1 Introduction	16
2.2 Employee Retention	16
2.2.1 Definition of Concept	20
2.2.2 Past Empirical Studies on Employee Retention	21
2.3 Career Development Opportunities	24

2.4	Compensation	25
2.5	Workplace Flexibility (Flexible Working Hours)	26
2.6	Development Hypotheses	27
2.6.1	Relationship between career development opportunities and employee retention	27
2.6.2	Relationship between compensation and employee retention	29
2.6.3	Relationship between workplace flexibility and employee retention	30
2.7	Theoretical Framework	32
2.8	Research Framework	34
2.9	Conclusion	35
CHAPTER 3: METHODOLOGY		36
3.1	Introduction	36
3.2	Research Design	36
3.3	Research Sampling	38
3.3.1	Population	38
3.3.2	Sampling Size	38
3.3.3	Sampling Technique	39
3.4	Definition and Measurements	39
3.4.1	Measurement for Employee Retention	40
3.4.2	Measurements for Career Development Opportunities	41
3.4.3	Measurements for Compensation	42
3.4.4	Measurements for Workplace Flexibility	43
3.5	Pilot Test	45
3.6	Data Collection Procedure	45

3.7	Technique of Data Analysis	48
3.7.1	Descriptive Analysis	48
3.7.2	Correlation Analysis	48
3.7.3	Regression Analysis	49
3.8	Conclusion	50
CHAPTER 4: FINDINGS		51
4.1	Introduction	51
4.2	Profile of Respondents	51
4.3	Descriptive Statistic and Normality Test	54
4.4	Statistical Test	55
4.4.1	Correlation Analysis	55
4.4.2	Regression Analysis	57
4.5	Conclusion	58
CHAPTER 5: DISCUSSIONS, RECOMMENDATIONS AND CONCLUSION		59
5.1	Introduction	59
5.2	Discussions	59
5.2.1	Relationship between career development opportunities and employee retention	60
5.2.2	Relationship between compensation and employee retention	62
5.2.3	Relationship between workplace flexibility (flexible working hours) and employee retention	63
5.3	Implications of the Study	65
5.3.1	Practical Implication	65
5.4	Limitation of the Study	65

5.5	Recommendations	66
5.5.1	Workplace Flexibility (Flexible Working Hours)	66
5.5.2	Compensation	68
5.5.3	Career Development Opportunities	69
5.6	Suggestions for Future Research	70
5.7	Conclusion	71
	REFERENCES	72
	APPENDICES	77



LIST OF TABLES

Table	Description of Table	Page
3.1	Sample Size based on Stratified Random Sampling	39
3.2	Operational Definition and Items Employee Retention	41
3.3	Operational Definition and Items Career Development Opportunities	42
3.4	Operational Definition and Items Compensation	43
3.5	Operational Definition and Items Workplace Flexibility (Flexible working hours)	44
3.6	Test of Reliability	47
4.1	Profile of Respondents	53
4.2	Descriptive Statistic and Normality Test for Research Factor	55
4.3	Correlation Results between Career Development Opportunities Compensation & Workplace Flexibility (Flexible Working Hours) and Employee Retention	56
4.4	The Relationship between Career Development Opportunities, Compensation & Workplace Flexibility (Flexible Working Hours) and Employee Retention	58

LIST OF FIGURES

Figure	Description of Figure	Page
1.1	Important Measures for Women Retention in the Workplace	11
2.1	Herzberg's Motivation-Hygiene Theory	32
2.2	Theoretical Framework	33
2.3	Research Framework	35



UUM
Universiti Utara Malaysia

CHAPTER 1

INTRODUCTION

1.1 Introduction

A new emerging technology in green energy such as solar cell and renewable energy brings a new investment for manufacturing sector in Malaysia. Renewable energy is the energy from the natural resources such as sunlight, wind and rain. This natural resource contributes to the benefits of economic and due to this Malaysia is investing into the renewable energy business recently. Energy is important and needs for our daily life and with that the demand is projected to reach 116 Mtoe (Millions of Tonnes Oil Equivalent) by 2020. Thus, the usage of renewable energy is plans to increase from 5.5% by 2015 to 11% by 2020 (IGEM - International Greentech and Eco Products Exhibition and Conference Malaysia, 2012).

As the renewable energy demand forecasted growth in Malaysia, the solar energy has become new potential industry in manufacturing sector. Solar energy is defined as a green renewable energy source that absorbs and converts sunlight into electricity through solar cell that installed in solar module (Shafie et al., 2011). This system is known as photovoltaic (PV) cells. MIGHT - *Malaysia Industry Government Group for High Technology* (2016) reported in 2008-2013, the PV industry contributed to economic growth with average annual export growth of 50% and listed as top ten export of Malaysia since 2013. The revenue of PV industry in 2014 is RM 20.81

billion. It has created around 17,861 employments in 2015. Therefore, with the significant progress, the industry has attracted many of multinational solar manufacturing companies to open factories in Malaysia such as Jinko Solar and First Solar.

The opening of solar manufacturing companies has support the hiring activities by creating of job vacancies to the locals especially for young employees and the positions inclusive of engineer, supervisor, and manufacturing specialist and operator. The Kulim Hi Tech Park in Kedah has created about 3500 jobs to the locals by opening two solar industries. Since the solar energy is a new source in Malaysian market and entail certain technical process, the jobs need candidates with high technology skills and knowledge.

According to IRENA - *International Renewable Energy Agency* (2013), the renewable energy sector has significant differences in competencies and skills demand by jobs. Medium and high-skilled jobs are required at certain level of education and training due to some of positions difficult to fill such as Research and Development Engineer, Process Engineer, Technician and Chemist. This group of employees must possess knowledge and skills in Chemical Engineering, Electrical and Electronic Engineering, Mechatronic or Photonic. Some of the specialized process requires employee to enhance their skills by attending overseas training to learn about new processes with an adequate material or equipment. As such, employees in solar industry are highly demanded and important asset for company to develop and retain for business continuity.

In most of the solar industries, employees are provided with adequate skills and knowledge through training and development programs. The aims are to develop and keep talented employees for many years in the company. It also encourages employees to perform the jobs with dedication and diligence. Training programs should include hard or technical skills and soft skills that enhance the suppleness of employment. The employees should provide multi-skills that advantage them to be employed in different roles and positions. In the context of solar business, the skills comprised basic commercial, accounting, administration, price and product designs, inventory, quality assurance, marketing, and after sales service skills can be as important as technical skills (IRENA, 2013).

Training programs encourages employer to promote talented employees to the next career path and as an effort to retain them too. Furthermore, training bonds are introduced as an approach to keep the talented and skilled employees for a certain period of time. As the company has invested a lot of money to train and develop the employees therefore company needs to retain them for return on investment (ROI). The training bond or agreement been issued to the employees prior to the training program. However, this is not guaranteed to ensure employees will be stays with the current company as other competitor companies are desperately need the skilled employees and willing to compensate the training bond.

Retaining employees in the solar industry is more difficult compare to hiring due to the business condition growing fast. According to McQuaid & Bergmann (2016), the solar photovoltaic creates over 8.5 job years per gigawatt hour (Gwh) and wind creates 1.5 jobs years per GWh. This explains potential business in both renewable

energies contributes to the region employment. Therefore, there will be greater employment in photovoltaic solar companies including in Malaysia. However, the greater employment in solar photovoltaic industry may create uncertainty situation when decline in capacity of growth occurs (McQuaid & Bergmann, 2016). The uncertainty situation explains why the job decline was relatively high in solar industry and impact to the job mobility when employees start to look for external opportunities. Job security and insecure career progression becomes main factors for employees not to stay in the company. This uncertainty situation happens when scale of business growth is not guaranteed due to the business depending on the state economy, energy policies and subsidies to the sector. The price for solar panel is slightly expensive and without the government mechanism such as Feed in Tariff will not attract buying power from the customer.

Due to uncertainty situation, the solar industry must take proactive action to attract and retain talented and skilled employees; therefore, it is important to consider the career development for potential employees to have internal career progression. McQuaid & Bergmann (2016), reported the progressions of workers at the entry level jobs are constrained by the structure and operation of internal labor markets that limit opportunities for progression. Thus, the renewable energy sector should seek to improve these barriers to progress. As such, human resources department plays an important role to strengthen the employee retention by considering the barriers and issues that lead to low employee retention in the company. The uncertainty situation in the renewable energy industry had created other reasons that encourage employees to leave the company, for instance, career development, compensation and workplace flexibility.

Employee retention is the strategy for the organization to implement several guidelines and practices to let the employees loyal to an organization for a long term of employment (Lalitha & Vijayalakshmi, 2014). Apparently, retaining employees has become a major concern in every organization in order to control the turnover rate as well as to reduce the recruitment costs. Lalitha & Vijayalakshmi (2014) also find that money and time were invested by organizations in order to prepare new joiners to be part of existing employees.

Govaerts, Kyndt, Dochy and Baert (2011) indicated that hiring and retaining talented employee is key role for company to strive for competitive market by considering important factors of employees' knowledge, skills and abilities. Retained employee's helps organization to sustain the business in the global economic environment. These organizations are able to focus on continuing globalization, technological innovation and growing global competition. Thus, employee retention has become an important strategy in most of manufacturing industries to gain employee commitment and increase retention rate as well as reduce turnover rate in order to sustain business in the global market. According to Tower Watson's 2013 General Industry Total Rewards Survey, turnover rate in Malaysia in 2012 (12.3%) has increased in 2013 (13.2%) mainly in general industry such as manufacturing industry. The higher turnover dictated due to the stable economy in Malaysia and most companies have improved the salaries package and open opportunities for employee growth. Higher turnover occurs because employees clearly understand the factors that helps retain them at work.

Moreover, in the studies of employee retention by Global Workforce Study and Talent Management & Rewards Study, reported that in 2014 Malaysia strives to attend the issue of war for talent. Thus, employee retention is continually becomes challenge due to unsustainable of employee engagement as reported by the studies. Moreover, these studies identified that three important factors of attraction and retention is remained as same factors since 2012. The attraction factors are base salary, security of job and training and development and for retention factors namely base salary, career opportunities, and superior relationship (<https://www.towerswatson.com/en-MY/Press/2015/01/Employee-Retention-Remains-A-Key-Challenge-in-Malaysia>). However, Towers Watson 2012 Survey indicated three key reasons highlighted by employees why they leave their companies are because of better career opportunities (44%), higher pay (39%) and greater flexibility in work arrangement (13%). In the survey, Sambhav Rakyan (2012) found career development as a key factor for employees' growth in Malaysia. Many employees are eager to gain success in their career and this in line with their aspiration to achieve better quality of life. Moreover, employees are attracted to high and competitive pay offered by other organizations. Employees care about salaries because they are now living in the rapid economic change. Recently, Malaysia had implemented goods and services tax (GST) of 6% and the cost of living is continually arising. In the previous survey conducted by PricewaterhouseCooper (PwC) Malaysia, employees in Malaysia are very concerned about the earning potential of their jobs. Rewards and benefits are the most important reasons when they select the organization. In the early 2015, JobStreet.com Job Outlook Report, indicated that on top of pay rise and bonus pay out, employers will continue to provide other benefits which includes transportation, healthcare and private expenses

such as mobile usage and travelling allowances to retain their existing employees. Other than that, work life balance is another concerned among employees. In the PwC survey, 97 percent of young respondents said that work life balance is important when selecting the employer. They are looking for flexible working hours more than cash bonuses. For young generation, they like to spend more time at home doing office work. With communication advancement, some companies provide laptops, tablets and smart phones for employees. Thus, it will encourage them to have access and complete office work from home.

As reported by Towers Watson 2012 Survey, career development, compensation, and workplace flexibility (flexible working hours) are important strategies for employee retention and the reason why these factors have been selected and presented in this research study. The reason for selecting solar manufacturing industry is to identify and provide the recommendation for employees' retention as well as to increase retention rate of potential employees in the industry.

1.2 Problem Statement

The decrease of employee retention rate at solar companies encourage employer to find appropriate strategies to treat them and keep employees to ensure the business competitiveness. The number of employees leaving the solar manufacturing company is increasing as the employers failed in managing and retaining the employees. In the study of solar manufacturing company at Kulim Hi Tech Park, the employee retention rate is 98% average in April, May & June 2015. Employees are intended to leave the company after promotion and new salary announced in April.

Moving to end of 2015 from October to December, the number of employee remains at the company was increased due to bonus payout in December. It explains that financial compensation is one of the important reasons for employees to stay at the company. Moreover, the employee retention rate started to decrease 97.12% in January 2016 due to less extra income after Management decided to freeze overtime and cut shift allowance during shutdown period from end of November 2015 until mid of March 2016. Therefore, during the engagement communication session, most of operators highlighted to Management about reduction of household expenditure and their monthly commitment such as house loan and car loan payments. Moreover, they have to spend the bonus wisely especially for the children schooling expenses and not use for non important expenses such as vacation and spend for luxury items. Despite these issues, the solar manufacturing company take an action not to retrench the local employees but reduced the number of foreign workers by not continue their service contract. In addition, employees are still paid for full basic salary even though the number of working days reduced. The approaches are for company to retain employees although they face a tough business situation.

Retaining employees required employers to understand the expectation gap of extrinsic and intrinsic rewards which also can be the reasons they leave the organizations. Employee motivation is driven by both extrinsic rewards (e.g., pay & promotions) and intrinsic rewards (e.g., doing meaningful work); research supports that both kinds of rewards affect outcomes such as work engagement, organizational satisfaction, and intention to stay (Deci and Ryan, 1985; Steers et al., 2004; Tymon et al., 2010). Gurjeet and Rupali (2014) mentioned that high turnover is a serious business problem which cannot be simply smothered by salary increase and other

costly extrinsic incentive alone. This is because there are other factors may lead to employee turnover. Companies in India as well as in other countries face a formidable challenge of recruiting and retaining talents as loss of talented employees' results in performance losses, which can have long-term negative effect on company's productivity and profitability.

This year, the business of solar manufacturing company faced a challenging situation due to surplus of product inventory. Therefore, the production lines are temporarily stopped to ensure the business is still on track. In addition, the company is working hard to find more customers to buy the existing inventory. Although a few communication sessions have been conducted to explain about the business situation and future growth, this situation still makes employees uncomfortable and worried about their career. Some of the employees start to leave the company because of job insecurity, lack of career progress and development. Lack of career path or prospect and unclear directions by Management are the frequent reasons cited for resigning. Yap (2012) in *2012 Global Workforce Study* by Towers Watson reported that without strong engagement, talent retention would continue to be a problem. This is especially for employees who do not have a clear understanding of their career growth and leave for what they perceive as "greener pastures."

In this solar manufacturing company, lack of internal career growth opportunities is the factors that cause to employee turnover. Most of the internal positions were filled by external candidates and the reasons not hiring from internal due to current employees are still young, less leadership experience and not ready to drive team and company business. Therefore, most of the young talented employees left the

company for better career advancement. The career development opportunities were reported by Towers Watson 2012 Survey as one of factors impact to talent retention and employee turnover. This survey suggests employer should understand the importance of career development opportunity to employees. They are looking loyalty from the employer by expecting career growth.

Besides career development opportunities, another factor that influences employee retention is workplace flexibility (flexible working hours). In this solar manufacturing company, the study of working hour's pattern conducted by the departments with high tardiness cases in order to resolve the issues as well as to reduce the turnover due to working hours and work life balance. Tardiness among employees are always has the reasons such as traffic issue, car broke down, illness, exhaustion, poor weather and other personal matters. (<http://hr.sparkhire.com/employee-engagement/late-workers-no-problem/>).

Therefore, flexible working hours can be factor to reduce employee turnover due to tardiness issue. Besides that, some of female employees have difficulties to work during core time due to family matters especially single mothers. This is because the employees need to take care of their children and can't afford the expensive nursery cost. According to the 2015 General Industry Pulse Survey, in order to attract and engage the talented employees, many organisations are implementing flexible work arrangements to retain female employees and providing work life balance. In the studies of 'Retaining Women in the Workforce' by ACCA (*Association of Chartered Certified Accountants*), 2013, Malaysian women apparently desire flexible work arrangements that accommodate family commitments, support for maternal needs

and optimum work-life balance. The contribution of women employees in the company is important as the men employees' contribution. Therefore, staggered or shift working hours is implemented to ensure employees will have more time to rest and be with the family. In spite of these, single mother's employees are given the option to choose either to work normal hours or shift working hours.

The ACCA Survey (2013) identified top three important measures companies should put in place to help retain women in the workforce. 86% majority of respondents agreed that flexible work arrangements could help retain women in the workplace. Other popular measures include support facilities for women such as child care, competitive wages and career development opportunities.

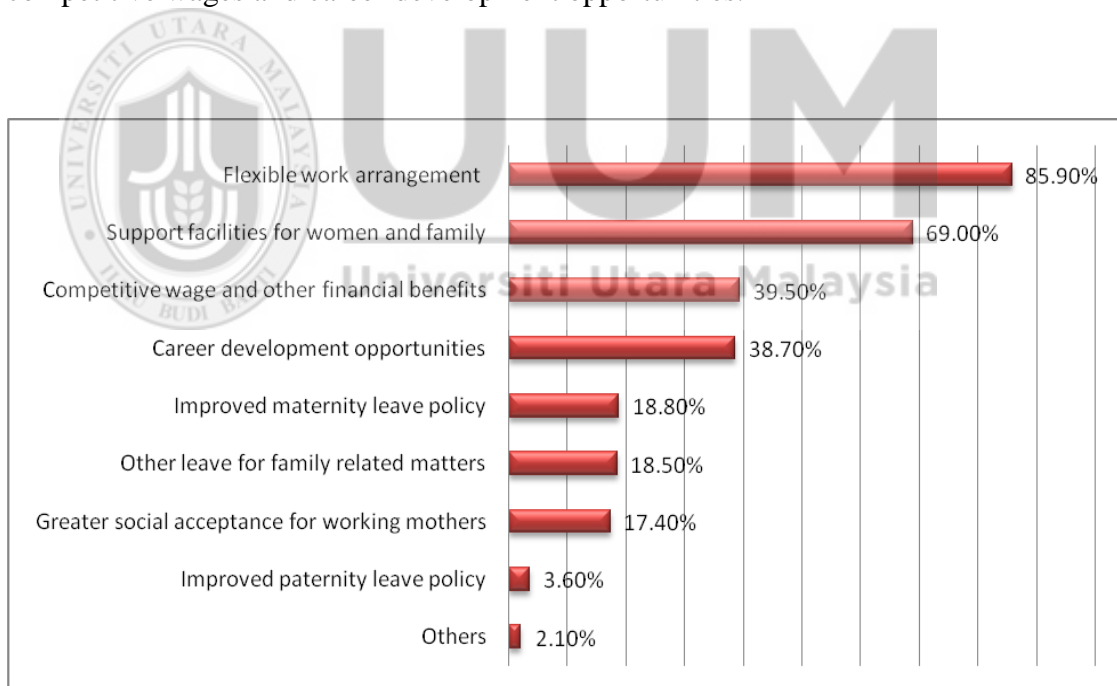
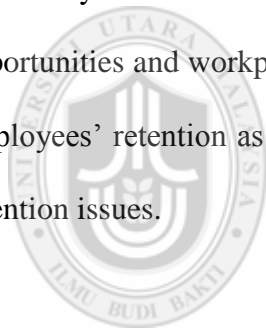


Figure 1.1: Important Measures for Women Retention in the Workplace
Source: 2015 General Industry Pulse Survey

Employee turnover will give an impact to organizations as the rising of recruiting and training costs. When the employees leave the company, the recruitment and

training activities will start from beginning. The costs such as job posting, interview, on boarding, orientation and job training are the essential costs to be spent for each of new talent. According to Deloitte Research (2007), the average cost to replace an employee is typically one and a half times compared to average annual salary because of costs from recruitment, productivity losses, training, relocation, and other costs. Besides that, the leaving talents will give an impact to existing employees in a way of feeling stress of workload. The hiring replacement will take at least one month because of the notice period. Thus, it will decrease the motivation level of the existing employees.

This study intends to identify and examine the compensation, career development opportunities and workplace flexibility as the most important tools that can influence employees' retention as well as to recommend the effective practise in handling the retention issues.



UUM
Universiti Utara Malaysia

1.3 Research Questions

Research questions that guided to this study are as follows:

- Does a career development opportunity have relationship with employee retention?
- Does compensation have relationship with employee retention?
- Does workplace flexibility (flexible working hours) influence employee retention?

1.4 Research Objectives

The research objectives of this study are as follows:

- To determine the relationship between career development opportunities and employee retention.
- To examine the relationship between compensation and employee retention.
- To determine the relationship between workplace flexibility (flexible working hours) and employees retention.

1.5 Significance of Research Study

The study aims to generate and provide useful recommendations at the end of this study. Based on literature review and findings, this study is to propose the effective approaches and strategies for employee retention in the company. In addition, the most influence retention factors can also be identified from the analysis of findings.

The practical implication from this study is providing supports and approaches of effective career development opportunities, compensation and workplace flexibility practices to supervisors, managers and human resource practitioners in order to retain their talented employees in the company.

The results of the study provide a reference and guidance to other companies in managing their employee retention. The recommendation of study will also assist to close the gaps and problems of the study. Moreover, this study contributes

knowledge to Management and HR practitioners in managing and retaining the employees.

1.6 Scope of Study

This study has selected a solar manufacturing company in order to examine the relationships of independent variables namely compensation, career development opportunities and workplace flexibility (flexible working hours), with dependent variable employees' retention. Basically, retaining the employees is involving the strategies of organization to attract and retain the potential or talented employees to develop their talent and leadership. Thus, this study is to empirically examine the three important factors in strategize retention of talented employees in this company.

1.7 Organization of Chapters in Thesis

This chapter gives an overview of the issues and problems in the manufacturing companies that lead to employees' retention issues. The important issues were highlighted to identify the reasons and counter measures that should be considered. The benefits of this study may be applied to other organizations and for future research work.

Chapter 2, the literature reviews are presented to understand the relationship between employee retention, compensation, career development opportunities and workplace flexibility.

Chapter 3 discuss the research methodology of the research which inclusive of research design, population and sampling size, definition operation and measurements, questionnaire design, pilot test, data collection and data analysis.

Chapter 4 reveal the research results derive from the data analysis inclusive of correlation analysis and regression analysis.

Chapter 5 elaborate on the discussion regarding research findings. It will discuss and compare the results with literatures review, and to examine the relationship of the variables. This study will end with recommendation, suggestion and implication of the research.



CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

In this chapter the review of literature is discussed for each variables, employee retention, compensation, career development opportunities and workplace flexibility (flexible working). The literature review is obtained from various sources. The chapter comprised the discussion of dependent variable which is employee retention and independent variables namely compensation, career development opportunities and workplace flexibility (flexible working). This chapter also includes the research framework and development of hypotheses. The research framework indicates the dependent and independent variables and present in schematic diagram. The development of hypotheses is to derive the relationship of important variables.

2.2 Employee Retention

Employee retention is the dependent variable and a primary source of this research. Currently, employee retention becomes important issue and priority to the organizations due to business competition and sustainability (Mita, Aarti, & Ravneeta, 2014). In most organizations, retaining essential employees are challenging practice and managers with strong effort strive to ensure the employee's turnover is always low (Eric Ng et. al., 2012). Employees are willing to move out

from the company if they are not happy with the organization. Thus, employer put additional efforts to make sure employees are passionate to their work and company. As such, focusing to employee's needs and reasons of turnover probably will keep them stay for a longer period. Lacks of turnover especially skilled and experienced employees helps minimize hiring and replacing costs and also increase the consistency of production. Mita, Aarti, & Ravneeta (2014) believed employees are an added value to the organization and employer should treat their employees properly in order to reduce the turnover. Meaghanet et.al (2002) found that employees are vital to organization as their values to the organization are not easily replaced. Rappaport, Bancroft, & Okum (2003) indicated that the replacement issue lead to short-staffed problem, lack of talented employees and reduce the competitiveness in the industry. Talented employees have high chances to leave company because of skills set that also need in other organizations.

Luscombe, Lewis and Biggs (2012) agreed sourcing and hiring the best candidates and retaining the potential employees will solve the shortage of talented employees issue as well as contribute to the organization success. Taylor, Murphy and Price (2006) suggested improving employee retention will lead to reduction of additional human resource expenses. Tymon et. al. (2011) noted that retaining potential employees will assist the organizations to reduce recruiting, selection and on boarding costs for the replacement.

According to Morell, Clarke and Wilkinson (2004), turnover acquire significant expenses inclusive direct cost such as replacement and hiring costs, and indirect costs such as work pressure for existing staff and training cost. Replacement and hiring

cost refers to employee salaries, advertisement cost, on boarding cost such as safety shoes, uniforms and stationeries. Indirect cost like new hires training cost and hidden costs such as reduction of output and business or productivity loss. Nair (2009) supported that employer are concern about the costs of employee turnover which including recruitment costs and loss of productivity. Ghosh et. al. (2012) reported the turnover cost include the expenditure for training and development of resigned employees and cost for employee's replacement to be spent such as hiring, selection and training costs. Hence, high turnover costs may lead organization to invest more on the elements of employee retention such as improve the compensation package, develop new career opportunities and encourage work life balance through workplace flexibility.

On the other hand, Ali, Freyedon and Javad (2012) emphasized on the organizational commitment towards managing the employee retention in order to control retention costs in the organization. Wali and Zekeriya (2013) suggest for organization to hire right people, provide training and competencies and retain them to encourage positive change. Besides that, with the impact of all costs of employee turnover, organizational noticed the important of employee retention as well as sustaining the workforce. Focus on the robust retention strategy including the formulation and strong implementation is able to reduce the employee turnover significantly (Ghosh et. al., 2012).

Employee retention is a strategy for organization to reduce turnover and keeping talented employees for organizational success. However, it is difficult to achieve as talented employees are demanded and easily attracted by other companies which

offered good incentive and compensation (Samuel and Chipunza, 2009). Therefore, retaining talented employees is not an easy task to accomplish by the superiors in most of organizations. Litheko (2008) cited the managers in the private sector agreed the retention of best employees is a very difficult aspect of their jobs. This is because managers need to spend more time coach and support employees for their career growth. Besides that, managers must ensure best employees retain, satisfy and close ties with organization. Due to the constraint in retaining employees, Samuel and Chipunza (2009) urged management to identify reasons that makes employees leave the company. By identifying all the reasons, the management is able to promote the best mechanisms of retention strategies which will assist retaining talented employees for longer employment period. Walker (2001) identified seven reasons of employee retention; Compensation and performance recognition, challenging work, opportunities of promotion and learn, pleasant working environment in the company, good relations with colleagues, work life balance, and effective communication. Netswera, Rankhumise & Mavundla (2005) explained the reasons that influence employee's decisions to work or leave based on retention reasons or factors. Van Dyk & Coetzee (2012) suggest organization must consider retention factors including compensation, job description, training and development opportunities, support from superior, career development opportunities and work-life balance when they plan to remain high technology skills of employees. According to Luna-Arocas & Camps (2008), compensation includes better salary and financial incentives are reasons for employees to remain at organization

2.2.1 Definition of Concept

Employee Retention

Retention is defined as the effort by an organization to keep potential employees in order to meet business objectives (Govaerts, Kyndt, Dochy and Baert, 2011). Chaminade (2007) indicated retention as an organization intention engaging with employees for longer year. Browell (2003) defined employee retention an action keeping potential employees and not losing them from the organization for any reasons, particularly to the competitors. Besides that, he also explains that potential employees are those who hold positions that are vital for the success of the organization. Thus, employee retention not only to remain high performer but also as a strategy to hold critical positions due to lack of potential candidates from external source. In the study of solar manufacturing industry, critical positions refers to technical positions such as research and development engineer and technician which seen a source of competitive advantage due to limited resources and their skills are needed for business growth.

Generally, employee retention helps company in sustaining or expanding the business to stay competitive in the market. Skilled and talented employees enable to increase productivity and sales with their expertise and loyalty to the organization. As such, employer must proactively address the retention issue in order to prevent business loss and missing talented employees. Establish, communicate and implement retention policies and practices which tailored to employee needs encourage them to remain in the organization for the maximum period of time (El Sagheir, 2014).

Eric Ng et. al, (2012) referred employee retention to company policies and practices that encourage talented employees to stay in the company. El Sagheir (2014) indicated employee retention is to keep employees for maximum period of time. Effective employee retention is defined by Nair (2009) as an employer's effort remaining employees through create and promote the pleasant environment to work with the support of policies and practices that meet the employees needs. In the perspective of organizational commitment, Kyndt et. al., (2009) described employee retention as employees who have strong organization value, identification, agree with the objective, work hard and proud to stay in the company. Employee retention can be defined as a vital continuous process whereby the company remains the workers for a longer period of employment time or upon the completion of assignment (Nadeem et. al., 2011). According to Mita, Aarti, & Ravneeta (2014), employee retention is a method to remain an effective workforce in order to meet operational requirements. In summary for all literature reviews, it can be explained that employee retention is the organization strategy to stay competitiveness in the market by keeping potential employees in order to run the business for a longer time. Without effective employees, the organization may not be sustained as employees are the important element in running and ensuring the business success.

2.2.2 Past Empirical Studies on Employee Retention

Nadeem et. al, (2011) in the study of textiles industry identified the objectives of research are to assist the organizations managing employee turnover through employee retention elements. There are five (5) elements of employee retention been identified which are to create a pleasant working environment for employees with the

effective support from Human Resource practices. Besides that, recruitment activities by hiring the right candidate will lead to cost saving. With the implementation of an effective HR practices, organization also can remain employees through better compensation and benefits. It is also to have harmonious ambiance at employee workplace in order to execute their tasks and to provide employee with a better career opportunities.

From above 5 elements the survey results showed career path has strong and positive correlation to Employee's Retention. Besides that, working environment and compensation also relate with retention positively but not as much stronger like a career path. This has showed that the career path is most valuable factor that employees look for to stay in the organization. It is responsibility for Management to identify the opportunity for employee to develop job skills and knowledge for their career development. Kwenin (2013) found training and educational facilities provided to employees tend to make them more committed and loyal to the organization. Moreover, this employee retention element helps employees identified their personal growth within the organization. According to Winterton (2011), organization may create an environment for employees of feeling to work and stay by given them job opportunities.

In the past study of lodging management companies by Moncarz, Zhao & Kay (2009), the results from research showed that employee retention is influenced positively by hires and promotions for categories of management and non management employees. Hires and promotions is important variable that influence employees to search for external opportunities if no opportunities offered internally.

Therefore, companies are responsible to create and provide career development opportunities to their employees in order to retain talented employees.

A study among private universities employees in Nigeria found that compensation such as salary, allowances, incentives, fringe benefits and bonus are positively influence employee commitment and reduce intention employee to leave the company (Osibanjo et. al., 2014). Therefore, compensation system is another element impact to employee retention that influences employee decision for their employment tenure.

As conclusion for empirical studies, the results showed that career development opportunities are important variable for employee retention. The research from Nadeem et. al., (2011) found career path has strong positive correlation to employee retention. In the study of Moncarz, Zhao & Kay (2009), the reliability (0.915) for hires and promotions was highly correlated to the employee tenure. Thus, the manager or leader must develop and review the employees career plans so that the talented employees will be offered with career opportunity and increase their organizational commitment. This supported by Jonathan, Stephen, and Walter (2011) whereby positive managerial support, and responsible leadership cause to high employee retention. Moreover, Osibanjo et. al., (2014) revealed that compensation system was significant influence employee less likely leave the company and enhance satisfaction and commitment to the organization.

2.3 Career Development Opportunities

Yilmaz (2006) described career as a process combination of individual and organization goals to provide employee with the experiences from the positions, jobs and duties. It is responsibility of organization to ensure employees will remain with the company when there is career path. Robbins & Coulter (2002) defined career as a job progression offered to employees throughout their employment. The progression can be seems through continuous achievement, experience and skills.

Career development is a process used by organization to provide employees with opportunities for personal growth and development. This is also to enhance productivity, efficiency and effectiveness of job performance and to improve employee job satisfaction (Everts, 2001). Meyer & Smith (2003), indicated career development is the organization strategies to offer internal promotion and plan for training and development in order to enhance employees skills and employability in both workforce market.

According to Gomez- Mejia, Balkin & Cardy (2012), career development is a continuous development effort to concentrate on the talented employees. In contrast with the training, the career development is more organize, emphasize and longer schedule. The development programs have three important phases; assessment phase, direction phase and development phase and it all continuous cycle.

2.4 Compensation

Compensation is the total rewards given to employees once they performed or completed the tasks. This is included of direct financial compensation, indirect financial compensation and non-financial compensation (<http://hrcouncil.ca/ht-toolkit/defining-compensation.cfm>). Compensation is also defined as the total reward gain by an employee in exchange for services performed for an organization. It is comprised of direct pay such as salary and wages and indirect pay such as benefits programs (Penn Human Resource, 2007).

Furthermore, Heathfield (2011) defined compensation as the total amount of the monetary and non-monetary pay provided to an employee by an employer in return for work performed as required. Compensation is consists of intrinsic and extrinsic rewards attain by employees for their job performance (Martocchio, 2013). Intrinsic reward is psychological mind-sets of employees that exist after completing their tasks. Monetary and non-monetary rewards are the extrinsic reward. Thus, intrinsic and extrinsic compensation is representing total of compensation system.

According to Henderson (2000), compensation system is the portion of organization incomes that distribute and exchange to all employees. Chiu, Luk & Tang (2002) indicated that compensation system in organization is including monetary compensation and non-monetary rewards.

Gomez- Mejia, Balkin & Cardy (2012) described compensation in a total compensation which a quantifiable total rewards package offers to employees due to

their services. These total rewards include of base compensation, indirect benefits and pay incentives. The definition agreed by Mondy (2008), whereas total compensation is a total rewards received by employees in return after performing his or her duties. The total rewards are includes of four important elements such as salary, benefits, financial, and non-financial rewards.

2.5 Workplace Flexibility (Flexible Working Hours)

Flexible work is the employer agreed that the employees in certain situation decide the way to ensure jobs completed and the way to manage work schedules by considering other employees. The limit of working hours per day includes minimum and maximum hours of every day and compulsory time which must followed and presented by employees. (<http://www.businessdictionary.com/definition/flexible-work.html#ixzz462V7PloL>). Flexible work arrangement is defined by Workplace Flexibility 2010 as employees change the job structures including time and/or place to get work completed on daily routine. This flexibility arrangement includes work hours schedule in other words alternative work schedules and arrangement of shift work and break time. Besides that, flexibility in determine total of working hours for example part time job and sharing job. Location of work is also others flexibility such as working from home.

Flexible work is an arrangement of working schedule that provide employees in decision of how long to work, where is the location, when and what is the time to start and finish work. <http://www.cipd.co.uk/hr-resources/factsheets/flexible-working.aspx>. According to Martocchio (2013), flexible working schedules provide

employees to rearrange or choose job schedule within set limits required by employer. This allows employee to choose working hours given and be present during core hours. In the definition of flexible work hour by Gomez- Mejia, Balkin & Cardy (2012), employees are allowed to control their job arrangement on the start and end time of routine work schedule. Therefore, employees have options to organize daily work around personal or family activities.

Hall & Atkinson (2005) defined flexible working as the benefits to employees in terms of working time, hours and flexibility of work location. The flexible working also reflects to the work life balance (Smithson and Stokoe, 2005).

2.6 Development of Hypotheses

2.6.1 Relationship between career development opportunities and employee retention.

Career development is one of key motivating factor for employee retention in Malaysia since 2012. In the study of *2012 Global Workforce Study* by Towers Watson, about 56% of respondents discovered that their managers are not competent in managing employee career development. In addition, 46% of professional respondents believe that lack of career development opportunities are important factor for them not to stay at current job. Further to this, it showed that 51% or more than half of employees felt lack of career development opportunities in their organization. In the recent survey of *2014 Global Workforce Study*, career advancement opportunities are in top three retention drivers.

Arnold (2005), Bernsen et al. (2009) & Herman (2005) suggested employers to provide development and learning opportunities to their employees. This is important for employees sustain their capabilities as effective employees as well as assist in retaining them in the company. Horwitz et. al. (2003) agreed that opportunities in employee development are important of retention factor and should furnish for the employee personal and professional growth.

Govaerts, Kyndt, Dochy and Baert (2011) found if employees think that they are learning and growing, the intention to leave will be reduced. In contrast, once employees think they are no longer growing, they will start to search new job opportunities outside the company (Rodriguez, 2008). Therefore, Wali and Zekeriya (2013) believe organization should contribute significantly to the practices of human resource by supporting career development activities within the organization.

In addition, Vos & Meganck (2009) found that career development opportunities will avoid employees resign from the company and loyalty value will be increased. Career development strategy is important for all employees to take part to ensure their employment retention. Winterton (2011) agreed that the importance of retaining employees is creating the work environment for employees opt to stay or leave through career development opportunities.

H1: There is significant relationship between career development opportunities and employee retention.

2.6.2 Relationship between compensation and employee retention.

Report from 2014 Global Workforce Study showed that base pay is the key reason people to join, stay or leave the company. Base pay is one of the compensation elements and most influence factors of employees' attraction and retention in Malaysia. Unattractive pay can demoralised employees, makes them feel disengaged, reduce their work commitment and finally intend to leave the company (Kahumuza & Schlechter, 2008; Oehley & Theron, 2010). Agreed by Pitts et. al. (2011), pay is the determination of employee turnover in the organization. Employee retention can be improved if the organization implements effective compensation system with better percentage of yearly salary increment. Nadeem et. al. (2011) mentioned retention can be possible by many ways but one of the most used in organizations is paying more than they are earning.

Furthermore, Chiu et.al (2002) indicated that the objective of compensation system is to attract, retain employees in the organization and motivate them to increase productivity. In the research studies of Becker & Huselid (1999), Guthrie (2001) and Shaw et.al (1998), suggested that salary system must attractive in order to encourage commitment from employees and at the same time as an attraction and retention to the workforce.

According to Luna-Arocas & Camps (2008), compensation includes better salary and financial incentives are reasons for employees to remain at organization. This supported by Moncarz et al. (2008) in the study of hotels noticed that financial incentives will encourage employee retention. Employees are looking for other

incentives instead of only base pay. Performance incentive, bonuses, commissions, profit sharing and gain-sharing are the examples of financial incentives (Guthrie, 2000). In most of US based companies such as Intel is paying fixed bonuses, profit sharing and performance incentive to retain employees and increase productivity.

Ivancevich (2004) cited compensation is part of human resource function involve the rewards provided to employees as attraction to complete given tasks and as motivation tools for employee to perform excellent and satisfying job for the organization. Osibanjo et. al., (2014) found that employee are more depends to compensation packages received by the company in order to stay and continue their works. Employees tend to be happy with their jobs when received the compensation packages include wages, bonuses, benefits, allowances, promotion and appreciation (Werner, 2001). Thus, the following hypothesis is formulated.

H1: There is significant relationship between compensation and employee retention.

2.6.3 Relationship between workplace flexibility (flexible working hours) and employee retention.

Workplace Flexibility (Flexible Working Hours) is an effective strategy in hiring and keeping the talented employees. It helps to promote employee engagement, reduce turnover and increase productivity of work (Anderson & Kelliher, 2009). Employee's regardless men or women felt flexible work is important in their working environment. It is a powerful tool to retain high performer employees. http://workplaceflexibility.bc.edu/need/need_employers_retention. Flexible working

identified as provides opportunity to those not available for work or for employers to remain talented employees who have intention to leave (Creagh & Brewster, 1998).

Bush (2001) found employee retention influence by flexible working even though the most of the employees do not leave their jobs solely due to flexible working. In the studies of Denton (1992); Golden (2008); Richman et. al.,(2008); Ronen (1981), reported that organizations will gain advantage from employee retention by implementing flexible working as it also increase job satisfaction among employees. Besides that, in the study of Bond, Galinsky & Sakai (2008) found that flexible workplace practices provide benefits to the company namely reduction of employee absenteeism and turnover, ability to attract and retain employees as well as increase work productivity.

According to Aida (2014), in her studies identified employee retention may not affect directly by flexible working, however, it influenced employee job satisfaction, increase the motivation and organizational commitment.

H1: There is significant relationship between workplace flexibility (flexible working) and employee retention.

2.7 Theoretical Framework of career development opportunities, compensation and workplace flexibility (flexible working hours)

Herzberg's Motivation-Hygiene Theory also known as Two Factor Theory was adopted in this study to determine the motivation factors that influence career development opportunities, compensation and workplace flexibility (flexible working hours) on the employee retention. The theory was performed by Frederick Herzberg to identify factors in workplace environment that contributed to employee satisfaction and dissatisfaction. There are two factors influenced employee behavior to stay longer with the company. Employee felt dissatisfaction of company policy, leader supervision, relationship with superior, work conditions, salary and relationship with peers attempt to leave the company. Satisfaction on achievement, recognition, work itself, responsibility, advancement and growth encourage employees to loyal and remain in the company.

Leading to Dissatisfaction	Leading to Satisfaction
<ul style="list-style-type: none"> • Company policy • Supervision • Relationship w/Boss • Work conditions • Salary • Relationship w/Peers 	<ul style="list-style-type: none"> • Achievement • Recognition • Work itself • Responsibility • Advancement • Growth

Figure 2.1 Herzberg's Motivation-Hygiene Theory

Thus Herzberg's Motivation-Hygiene Theory is recommended in this study to support the research framework in order to examine the relationship between career

development opportunities, compensation and workplace flexibility (flexible working hours) and employee retention.

This theory builds interest for employees to their work and stay longer in the company. Satisfaction of career growth or development contributes to employee retention and company without attractive salary or compensation creates dissatisfaction among employees. Dissatisfaction of work conditions perhaps due to no flexible working hour likely influence employee to leave the company.

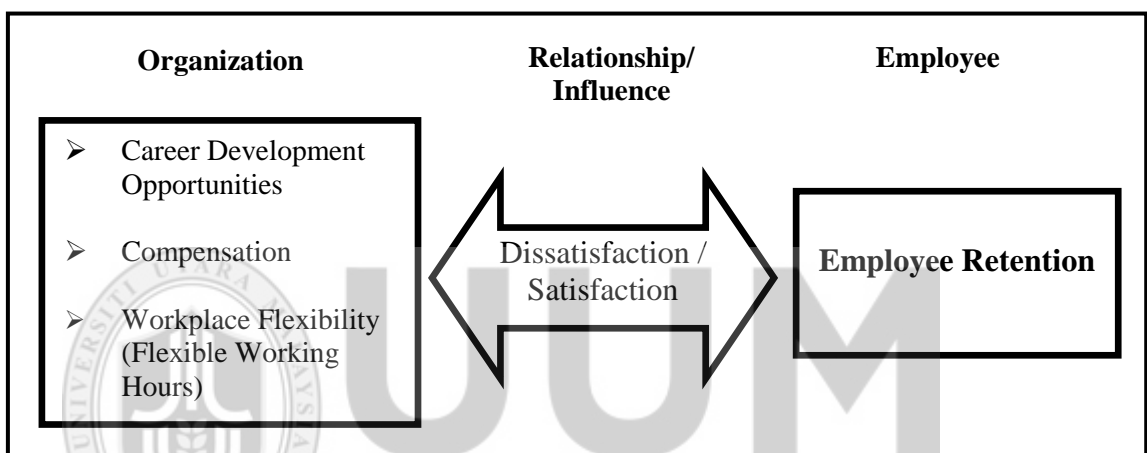


Figure 2.2 Theoretical Framework

Figure 2.2 presented the theoretical framework developed based on Herzberg's Motivation-Hygiene Theory. The framework indicated the organization practices namely career development opportunities, compensation and workplace flexibility (flexible working hours) leads to employee retention with the exchange relationship or influence of employee dissatisfaction or satisfaction with the company. Organization with better practices will determine the longer tenure of employees. Employees with high satisfaction will increase their retention level. Thus, it will show the significant relationship between employer and employee.

2.8 Research Framework

The research framework was developed based on problem statement, literature review and theoretical framework. The purpose is to exhibit the relationship between Career Development Opportunities, Compensation and Workplace Flexibility (Flexible Working) (Independent Variables) and Employee Retention (Dependent Variable). With further study of literature review, both independent variables and dependent variable have been chosen for this research.

Yazinki (2009) identified twelve (12) retention factors should consider by organization in protecting employees as key asset to the company. These are includes of skill recognition, learning and working climate, job flexibility, cost effectiveness, training, benefits, career development, superior-subordinate relationship, compensation, organizational commitment, communication, and employee motivation.

Thus, the career development, compensation and workplace flexibility (flexible working hours) have been selected for this study as proposed research framework. The three independent variables are predicted to have significant influence to employee retention based on the past research as explained in this chapter.

INDEPENDENT VARIABLE (IV)

DEPENDENT VARIABLE (DV)

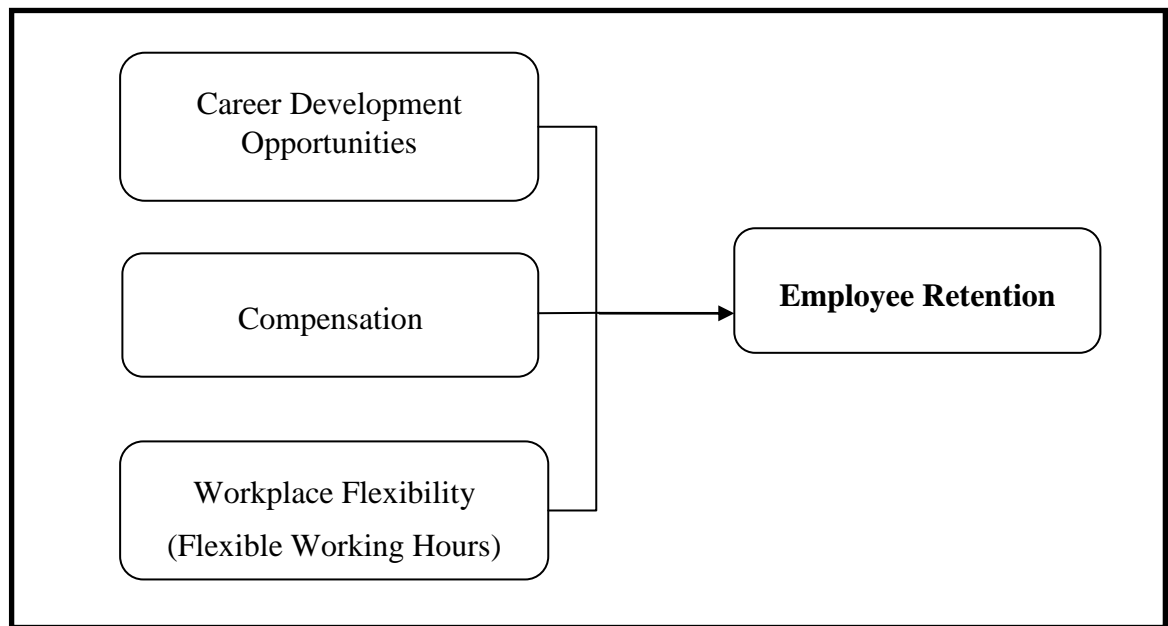


Figure 2.3 Research Framework

2.8

Conclusion

This chapter discusses the literature review, theoretical framework and hypothesis development. The discussion is focusing one dependent variable and three independent variables that attempt to support this study. The procedure and research methodology are discuss in the next chapter.

CHAPTER 3

METHODOLOGY

3.1 Introduction

Chapter three discusses the research design and methodology used in this study. Moreover, it explains the instruments selected for data gathering, the population and sample and the survey procedures used.

3.2 Research Design

Zikmund et. al., (2010) defined research design as a main plan that consists of systematic methods and procedures on how to collect and analyze the survey information. The objective of research design is to plan research action in order to solve the problem by collecting appropriate information. This study examines the relationship between career development, compensation and workplace flexibility (flexible working hours) and employee retention in solar manufacturing company. Furthermore, this study is to validate the influence of three retention factors inclusive of career development, compensation and workplace flexibility (flexible working hours) and recommend the effective approaches to solve retention issues.

Statistical method was used in this study to test and analyze the relationship between both variables. According to Zikmund et. al., (2010), empirical assessments is statistical method that includes statistical measurement analysis to address research

objectives. Besides that, statistical methods consist of data collection from questionnaires, surveys and findings generated by using statistical analysis and data management system (Muijs & Daniel, 2010).

The survey was carried out using self-administered questionnaires whereby respondent takes the responsibility for reading and answering the questions. The questionnaire was personally distributed to employees in the solar manufacturing industry using printed questionnaires. Printed questionnaires are distributed to employees in all departments. Surveys are conducted to employees in all departments to avoid bias and attempt to increase the respondent involvement for this study. The sample includes all categories of employees such as management and non management. Sample size for this study is 260 employees from total population of 799 employees as of March 2016. Sample size is selecting from sample size table which simplified by Krejcie & Morgan (1970).

The responses were keyed in into the data management system (Statistical Package for Social Science - SPSS) for analysis and to test the hypotheses. The intention of this is to identify cause and effect relationships using descriptive, correlation and regression analyses. A correlation study was used as the measurement method whereby the employee actions and feedback were examined as degrees of relationship to retain in the organization. Sekaran et all (2006) defined correlation study as the relationship between independent variables (career development opportunities, compensation & workplace flexibility) and the dependent variables (employee retention).

3.3 Research Sampling

3.3.1 Population

This study is involved the employees from solar manufacturing company that produce solar panel which located at Kulim, Kedah. The total of employees of this company is 799 employees as of March 2016 which includes local employees from several of department such as production, quality assurance, research and development, logistic, facilities, finance and accounting, information technology, human resource and purchasing. The survey was conducted to the production group and support group which consists of permanent and contract employees. The working hours of this company are the normal hours from 8.00am to 5.30pm and shift hours is from 8.00am to 8.00pm and 8.00pm to 8.00am. Most of the production people are working of 12 hours shift consists of operators, technicians, and leaders.

3.3.2 Sampling Size

With the total population of 799 employees, the sample size of 260 employees is appropriate with the recommendation from Krejcie & Morgan (1970). The selected group for sampling comprised of two levels of employees which indirect labor covers all categories of job, and direct labor for operator. By increasing the respondent sample for operator level, this research attempt to obtain a significant feedback from the survey. Moreover, the nature of business is manufacturing company which consists many of direct labor compare to indirect labor. Total of 260 questionnaires were distributed to employees and 193 questionnaires were collected.

3.3.3 Sampling Technique

In this research, probability sampling has been selected as the sampling technique. The purpose for choosing probability sampling is to avoid bias and ensure all groups of respondent are represented. Therefore, Stratified Random Sampling was chosen to reduce the random sampling error whereby accurate sample was used to reflect the population. Table 3.1 explained how the total populations were divided into subgroups.

Table 3.1:
Sample Size based on Stratified Random Sampling

DEPARTMENT	TOTAL OF POPULATION	PERCENTAGE OF POPULATION	PROPORTIONAL SAMPLE	TOTAL OF SAMPLE
Finance & Accounting	13	2.00	2.00	4
Human Resource	31	4.00	4.00	10
Information Technology	13	2.00	2.00	4
Production	625	78.00	79.00	206
Purchasing	10	1.00	1.00	3
Quality Assurance	45	6.00	5.00	14
Logistic	35	4.00	4.00	11
Facilities	27	3.00	3.00	8
Total	799	100.00	100.00	260

3.4 Definition and Measurements

In this study, a set of questionnaire is developed as an instrument to measure this study. This questionnaire survey is consists of two sections, Section 1 for

demographic questions and Section 2 questions are about dependent variables and independent variable. The three (3) independent variables as follows:

1. Career Development Opportunities
2. Compensation
3. Workplace Flexibility (Flexible Working Hours)

The dependent variable is employee retention.

3.4.1 Measurement for Employee Retention

Employee retention is measured using eleven (11) items developed by Bernsen et al. (2009) based on previous research of Arnold (2005), Hytter (2007), Kassim (2006), Lindsey and Kleiner (2005), Stone and Liyanearachchi (2006), Whitt (2006), Conner (2000), Dries and Pepermans (2008), Lombardo and Eichinger (2000), Pepermans et al. (2003) and Snipes (2005). The items were tested previously by Kyndt et al. (2009) with reliability value of 0.910. The details items and its operational definition are presented showed in Table 3.2.

Table 3.2:
Operational Definition and Items Employee Retention

Variable	Operational Definition	Items
Employee Retention	As an individual desirable and effort to work and remain in the organization to achieve personal and business objectives.	<ol style="list-style-type: none"> 1. I'm planning on working for another company within a period of three years. 2. Within this company my work gives me satisfaction. 3. If I wanted to do another job or function, I would look first at the possibilities within this company. 4. I see a future for myself within this company. 5. It doesn't matter if I'm working for this company or another, as long as I have work. 6. If it were up to me, I will definitely be working for this company for the next five years. 7. If I could start over again, I would choose to work for another company. 8. If I received an attractive job offer from another company, I would take the job. 9. The work I'm doing is very important to me. 10. I love working for this company. 11. I have checked out a job in another company previously.

Sources: Bernsen et al. (2009).

3.4.2 Measurement for Career Development Opportunities

Career Development Opportunities is measured using six (6) items developed by Delery & Doty (1996). The items were tested by Johanim et al. (2012) which show reliability value 0.869. Previously, the items were tested by Conway (2003) with the

reliability value 0.790. The details items and its operational definition are showed in Table 3.3.

Table 3.3:
Operational Definition and Items Career Development Opportunities

Variable	Operational Definition	Items
Career Development Opportunities	The transition of employee to new learning opportunities, recognition for past accomplishments, higher status and rewards.	<ol style="list-style-type: none"> 1. I have access to information for my career planning. 2. My immediate supervisor and I discussed my career development opportunities. 3. I am given ample opportunities for advancement on my job. 4. I am satisfied with the way promotions are given out in the company. 5. Promotion is rewarded for merit based on performance. 6. Promotion is rewarded fairly within the company.

Source: Delery & Doty (1996)

3.4.3 Measurement for Compensation

Compensation is measured using six (6) items developed by Delery & Doty (1996).

The items were tested by Johanim et al. (2012) with reliability value 0.871.

Previously, the items were tested by Conway (2003) with reliability value of 0.860.

The details items and its operational definition are showed in Table 3.4.

Table 3.4:
Operational Definition and Items Compensation

Variable	Operational Definition	Items
Compensation	Cumulative financial and non-financial rewards payable to employees in return for their services.	<ol style="list-style-type: none"> 1. The salaries I receive encourage me to perform better. 2. Incentives, such as bonuses motivate me to do more than required. 3. I received recognition for my achievements. 4. I received the amount of pay that commensurate the work I do. 5. My pay is generally equal to the pay of my colleagues of the same level/position. 6. My pay is generally equally to the pay of similar job in other companies of the same industry.

Source: Delery & Doty (1996)

3.4.4 Measurement for Workplace Flexibility (Flexible Working Hours)

Flexible working hours was measured using fifteen (15) items. Items adapted from Abd. Rahman, Mohammad Talha & Mohd Hilmi (2013) had a reliability value 0.841. The details items and its operational definition are presented in Table 3.5.

Table 3.5:

Operational Definition and Items Workplace Flexibility (Flexible working hours)

Variable	Operational Definition	Items
Flexible working	The flexible working comprised the flexibility of work hours and location which includes Part-time, Flexi-time, Staggered hours, Compressed working, Job sharing, Time Off, Shift Work and others.	<ol style="list-style-type: none"> 1. I feel comfortable with the implementation of staggered working hours compared to the normal working schedule. 2. Selection of suitable working shift allows me to spend more time with my family. 3. Selection of suitable working shift allows me to sort out my personal matters at home without interrupting working hour. 4. I have ample rest time to be with my family by selecting the suitable working shift. 5. Implementation of staggered working hours is able to increase my service quality to the customer. 6. I feel stressed at work when my responsibilities and my children's welfare and safety at home are neglected. 7. I feel staggered working hours helps me from being late to office. 8. I feel that service to customer will be affected if staffs are late to work. 9. I feel that tardiness issue can be reduced through the implementation of staggered working hours in all departments in the private sector. 10. I have high commitment to come to work through the implementation of staggered working hours. 11. In my opinion high commitment among staff is important in strengthening

		<p>the private sector system.</p> <p>12. My motivation level at work can be increased through staggered working hours.</p> <p>13. Staff motivation level can be increased through the implementation of new policy by the private such as staggered working hours.</p> <p>14. In my opinion more time spent with the family may increase my motivation level at work.</p> <p>15. I found that the implementation of staggered working hours provides more time to customer to deal with the private company.</p>
--	--	--

Source: Abd. Rahman, Mohammad Talha & Mohd Hilmi (2013)

3.5 Pilot Test

Pilot test describes as a preliminary trial or study conducted in a small scale before the appropriate samples used for the actual test. According to Zikmund et. al., (2010), pilot test defined as survey for a small scale research by collecting data from small group of respondents in order to measure the reliability of instruments and determine full scale of research. Pilot test can be used by the researcher to identify and refine their research question, determine the best method for full scale research and estimate time and resources that necessary for full scale.

The pilot study is useful in order to obtain data transparency from the trial by a small group of individuals. The data transparency derives from reliability test that resulted consistency of a measure. High reliability can be obtained if the measure produces

similar results under consistent conditions. Quantitative measurements methods are adopted by testing the questionnaires in determine the reliability through pilot study.

The reliability of questionnaire items is measured by using Cronbach's Coefficient Alpha (α) which commonly used by many researchers. In order to produce quality studies, the data accuracy should be obtained with the higher reliability degree of the instrument. Therefore, Cronbach's alpha is used as a tool to examine the measurements internal consistency. The normal reliability ranges for Cronbach's alpha are between 0 and 1. The instrument with coefficients (α) closer to 1 are considered to have better reliability. The value range 0.8 are considered to have good reliability and reliability are considered poor when the coefficients (α) less than 0.7. Thus, the questionnaire items identified reliable if the Cronbach's coefficients (α) more than 0.6. The questionnaire items identified unreliability if the coefficients (α) less than 0.6 (Sekaran & Bougie, 2011).

The pilot study was conducted with total of 22 respondents in different department. The consistency of Cronbach's Alpha for each variable was measured and showed in Table 3.6. The results of coefficients (α) are between 0.61 until 0.786. The employee retention showed the coefficients (α) is 0.61 after deleted one item due to the Cronbach's Alpha is small (It doesn't matter if I'm working for this company or another, as long as I have work). The coefficient (α) for the factor of career development is 0.656 which are not considered good according to Sekaran & Bougie (2010). While, coefficient (α) for the factor of compensation is 0.782, and workplace flexibility is 0.786 which are considered good reliability.

Table 3.6:
Test of Reliability

Factor	Cronbach's Alpha	No of Item
Employee Retention Career Development Opportunities	0.61	10
Compensation	0.656	6
Workplace Flexibility	0.782	6
	0.786	15

3.6 Data Collection Procedure

Data collection is the method obtaining information from primary or secondary sources (Sekaran & Bougie, 2011). Primary data was obtained through administered structured questionnaire in the hard copy form and soft copy form. Hard copy questionnaires were passed to the department engineers, clerks, supervisors and production trainers to distribute for respondent from support group and production. The date line of two weeks was given to them and some of them successful returned the questionnaire forms on time. However after follow up with few times, 25% of questionnaire forms were not returned and 1% was returned with incomplete answers. Besides that, some of the questionnaires were distributed personally to the respondents by researcher. It was effective method because researcher managed to collect the questionnaire forms immediately.

The soft copy forms were distributed through email for fifteen respondents. All of them managed to complete and returned on time. Targeted respondents for those who have access to email includes of executive, engineer and manager levels. The data collection process was started in end of January and ended beginning of April 2016.

Almost three month to complete the entire collection process because of most of the production respondents were not working due to factory shut down.

3.7 Technique of Data Analysis

All the data collected from the survey were entered and coded into dataset using Statistical Package for Social Science (SPSS) software version 22. The survey results were analyzed, generated and précised into statistical analysis which consist of descriptive analysis, correlation analysis and regression analysis.

3.7.1 Descriptive Analysis

Descriptive analysis involves process of transforming data of general characteristics. In descriptive analysis, mean, medians, modes, variance, range, and standard deviation were explained the analysis (Zikmund et. al., 2010). In this study, descriptive analysis described and summarized the respondent demographic consists of gender, age, race, marital status, education level, years of service, income and job category. The analysis was generated from collected questionnaire data or information.

3.7.2 Correlation Analysis

Correlation analysis is used to measure the strength and significance relationship between variables (Sekaran & Bougie, 2011). In this correlation analysis, Pearson

correlation coefficient (r) is used to show the linear relationship between two variables, employee retention with career development, compensation and workplace flexibility (flexible working hours). The values of this correlation are from -1 to +1. It explains there is a positive linear relationship if the two variables value of r closed to +1 and negative linear relationship if the two variables value of r closed to -1. However, if the value of r closed to 0 there is no linear relationship or weak relationship between the two variables.

The hypotheses (H_0 & H_1) brief the findings of this study as below.

H_0 : There is no relationship between independent variable (career development, compensation and workplace flexibility) with dependent variable (employee retention).

H_1 : There is relationship between independent variable (career development, compensation and workplace flexibility) with dependent variable (employee retention).

3.7.3 Regression Analysis

Regression analysis is to identify the relationship between dependent variable and independent variables. In this study, regression tests are initiated to determine the relationship between employee retention and career development, compensation and workplace flexibility (flexible working hours). This study is using Multiple Regression Analysis to determine which independent variables is more significant affects employee retention.

3.8 Conclusion

This chapter focused on the research methodology that important for the future study development. The methods are includes research design, research sampling, measurement, survey materials, pilot test, data collection and data analysis technique. Therefore, the discussion in the next chapter consist findings of data collection and analysis.



CHAPTER 4

FINDINGS

4.1 Introduction

This chapter discusses the results from data analysis based on the research questions. The main focus of the study are data analysis and overall findings to determine relationships between independent variables namely career development, compensation and workplace flexibility (flexible working hours) with dependent variable which employee retention. This chapter begins with profile of respondents and continues with descriptive analysis to examine the variables level. Statistical analysis which correlation and regression analysis are discuss the significance between variables. Thus, all the results from this study are pointed in the conclusion of this chapter.

4.2 Profile of Respondents

Table 4.1 summarized the profile data of 193 respondents from the total distribution of 260 questionnaires. The data comprise of gender, age, race, marital status, education level, years of service, income and job category. From the obtained data, female were majority respondents with total of 100 (51.8%) and male were 93 (48.2%).

The age results showed that respondents between 25 to 29 years were majority respondents with total of 54 (28%). This was followed by 51 respondents (26.4%) were between 30 to 34 years, 41 (21.2%) were below 25 years, 29 (15%) were between 35 to 39 years, 12 respondents (6.2%) were between 40 until 45 years and 4 (2.1%) were between 46 to 49 years and 2 (1%) of respondents' age were above 50 years.

The race results indicated that majority of respondents were Malay with total of 142 (73.6%). Followed by Indian with total of 24 respondents (12.4%), 20 (10.4%) were others such as Siamese and Singh and 7 respondents (3.6%) were Chinese.

The findings of respondents' marital status showed that 127 (65.8%) were married, followed by 63 (32.6%) were single and 3 (1.6%) were divorced.

For education level, most respondents possessed SPM with a total of 75 people (38.9%). Followed by Degree with 41 (21.2%), Diploma with 38 people (19.7%), others with total of 19 (9.8%), STPM and Master were similar with total of 10 (5.2%) respondents.

In terms years of experience, the data showed majority have less than 3 years' experience with total of 92 respondents (47.7%), followed by respondents with 3 to 5 years' experience with total of 62 (32.1%). Respondents who had 6 to 8 years were 15 people (7.8%), 9 to 11 years were 5 (2.6%), and more than 12 years' service with total respondent were 19 (9.8%).

There is no respondent who had income less than RM900 per month in this company. The majority indicated 96 respondents (49.7%) had income between RM901 until RM1,500, followed by respondents who had income of between RM1,501 to RM3,000 with 49 (25.4%). The respondents who had income of RM3,001-RM4,500 were 23 (11.9%), RM 4,501 to RM 6000 were 14 (7.3%) and more than RM 6,001 were 11 (5.7%).

While, the data for job category of respondents had showed majority of the respondents were operators with a total of 104 respondents (53.9%). This was followed by Leaders/Supervisor of 30 respondents (15.5%). Besides that, the executives were 49 (25.4%) and managers were 10 (5.2%).

Table 4.1
Profile of Respondents

		Frequency	Percentage
Gender	Male	93	48.2
	Female	100	51.8
Age	Below 25 years	41	21.2
	25 to 29 years	54	28
	30-34 years	51	26.4
	35-39 years	29	15
	40-45 years	12	6.2
	46-49 years	4	2.1
	50 years and above	2	1
Race	Malay	142	73.6
	Indian	24	12.4
	Chinese	7	3.6
	Others	20	10.4
Marital Status	Married	127	65.8
	Single	63	32.6

	Divorced	3	1.6
Education Level	SPM	75	38.9
	STPM	10	5.2
	Diploma	38	19.7
	Degree	41	21.2
	Master	10	5.2
	Others	19	9.8
Years of Service	Less than 3 years	92	47.7
	3 -5 years	62	32.1
	6-8 years	15	7.8
	9-11 years	5	2.6
	More than 12 years	19	9.8
Income	Less than RM900	0	0.0
	RM 901-RM 1500	96	49.7
	RM1501-RM3000	49	25.4
	RM3001-RM4500	23	11.9
	RM4501-RM6000	14	7.3
	Above RM 6001	11	5.7
Job Category	Operators	104	53.9
	Leaders/Supervisor	30	15.5
	Executives	49	25.4
	Managers	10	5.2

4.3 Descriptive Statistic and Normality Test

Descriptive statistics are used to describe basic data collection such as respondent's background in this study. The data will be measured, summarized and interpreted into table, figure, percentage, frequency, mean and standard deviation. In this study, 5-point Likert scale was used to measure the variables which from 1 - strongly disagree to 5 – strongly agree.

With refer to the results of descriptive statistics in Table 4.3, indicated that all factors have very similar mean and median and results for each factor showed significant level of $p < 0.05$. Means for all factors were above 3.0 which identified as high mean mainly for workplace flexibility (flexible working hours) was above 3.5. The lowest mean is compensation at 3.31.

Table 4.2
Descriptive Statistic and Normality Test for Research Factor

Factor	Mean	Median	Standard Deviation	Skewness	Significance
Employee Retention	3.48	3.5	0.48	-1.56	0.00
Career Development Opportunities	3.42	3.5	0.74	-0.77	0.00
Compensation	3.31	3.5	0.70	-1.09	0.00
Workplace Flexibility	3.58	3.6	0.61	-1.09	0.00

Career development indicated a standard deviation at 0.737 and skewness value of -0.77 which identified as normal distribution. Similar to compensation and workplace flexibility also identified as normal distribution with mean above 3.00 and standard deviation is below 1.

4.4 Statistical Test

The correlations and regressions are used to determine the relationship between variable.

4.4.1 Correlation Analysis

In the correlation study, the results indicate Pearson correlation coefficients as a measure of the linear relationships that exist among the variables which employee

retention with career development, compensation and workplace flexibility (flexible working hours). In this study, the correlations result from respondent's survey had showed the relationship among the variables.

Table 4.3
Correlation Results between Career Development Opportunities, Compensation & Workplace Flexibility (Flexible Working Hours) and Employee Retention

	Employee Retention	Career Development Opportunities	Compensation	Workplace Flexibility
Employee Retention	1			
Career Development Opportunities	.377**	1		
Compensation	.416**	.549**	1	
Workplace Flexibility	.451**	.328**	0.560**	1

** p < 0.01 level (2-tailed).

Table 4.3 showed the correlation results among variables. Based on the results, all variables are significantly correlated with other variables and presented correlation between .377 to .451. Workplace flexibility being the highest correlations among the independent variables at .451 with employee retention. Besides that, compensation moderately and positively correlated with employee retention at .416. Career developments also indicated positive correlate with employee retention at .377. In total, factors of career development opportunities, compensation and workplace flexibility correlated significantly with employee retention.

4.4.2 Regression Analysis

Multiple regression analysis is used to identify the effect more than one independent variables on a single dependent variable that investigated simultaneously (Zikmund et.al, 2010).

The regression results in Table 4.4 explained that 60.5% of the variance in the employee retention. 36.6% (R^2) shows that the selection of three independent variables, career development opportunities, compensation, and workplace flexibility (flexible working hours) in this study leads to employee retention. Thus, 63.4% influence by other factors that should be studied. Based on the findings, workplace flexibility (flexible working hours) is the most significant ($\beta = 0.320$, $p < 0.000$) variable towards employee retention. However, factors career development opportunities, compensation, and workplace flexibility (flexible working hours) has significant relationship with employee retention when $p < 0.05$. In addition, the probability of the F statistic (36.446) for the overall regression relationship is $p < 0.05$. This finding supports the research prediction that there is a statistically significant relationship between variables.

Table 4.4

The Relationship between Career Development Opportunities, Compensation & Workplace Flexibility (Flexible Working Hours) and Employee Retention

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	SE	B	t	Sig
Constant	1.677	0.177		9.455	0.000
Career Development Opportunities	0.19	0.05	0.292	3.838	0.000
Compensation	0.078	0.061	0.114	1.286	0.000
Workplace Flexibility	0.249	0.057	0.32	4.34	0.000

R=0.605, R²=0.366, Adjusted R²=0.356, F-statistic=36.446, p-value=0.000

4.5 Conclusion

With reference to the findings and discussions in this chapter, the correlation analysis results showed career development opportunities, compensation and workplace flexibility (flexible working hours) have significant relationship with employee retention. The results for regression analysis indicated that workplace flexibility (flexible working hours) being the most significant factor and positive relationship with employee retention. There is a statistically significant relationship between career developments and compensation positively affects employee retention. The next chapter will discuss about findings, conclusions and recommendation.

CHAPTER 5

DISCUSSIONS, RECOMMENDATIONS AND CONCLUSIONS

5.1 Introduction

Summary of this study will be discussed in this chapter that consists of three major topics namely discussions, recommendations for future research and overall conclusions. The discussion topic will discuss on the objectives of the study as indicated in chapter one. Recommendation topic explains practical implication of the study including the ideas and suggestions for future research. This study will end with overall conclusion.

5.2 Discussions

This study aims to measure the relationship between three independent variables of career development opportunities, compensation, and workplace flexibility (flexible hours) with employees' retention to all categories of employee including management and non management. Besides that, to examine retention factors from three independent variables that most significantly influence employees to stay and work in the solar manufacturing industry. The findings of the study are important for solar manufacturing company to understand the reasons of employee turnover and identify the best strategies for their employee retention. Ghosh et. al., (2012)

reported that focus on the robust retention strategy including the formulation and strong implementation is able to reduce the employee turnover significantly.

The objectives of this study are indicated as follows.

- To determine the relationship between career development opportunity and employee retention.
- To examine the relationship between compensation and employee retention.
- To determine the relationship between workplace flexibility (flexible working hours) and employee retention.

The discussion will explain results for each of the objective in relation with literature review.

5.2.1 Relationship between career development opportunities and employee retention.

Career development opportunity was selected as first objective to determine the relationship with employee retention. The result from Towers Watson 2012 Survey indicated that career development as one of the factors that impact talent or employee retention. Table 4.4 explained the findings of career development showed the significant relationship with employee retention. The result showed $\beta = 0.29$, $p \leq 0.000$ in employee retention. In addition, the results from Table 4.2 explained low satisfaction level of career development opportunities among employees in this solar company. The mean of 3.42 being lower than median at 3.5 explained that employees are still looking for internal opportunities for career development.

Moreover, based on theoretical framework (Figure 2.2) explained the relationship between employee satisfactions of organization practices towards career development. The higher opportunity in career development encouraged employee to remain and loyal to the company.

The finding is consistent with research by Vos & Meganck (2009). They found that career development opportunities will avoid employees to resign from the company and loyalty value will be increased. Besides that, Gomez- Mejia, Balkin & Cardy (2012) in their study agreed that career development is continuous development effort to concentrate on the talented employees.

Career development opportunities in this solar manufacturing company emphasized on internal job opportunities, upgrade and promotion. Employees are looking and expecting every year to have opportunities in their career within the company. However, a limited position has encouraged company to identify the talented employees to participate in the talent program for each year. Company allocated budget for the talent management program which consist of development activities. The results from this study is consistent with Meyer & Smith (2003) whom indicated that career development being the organization strategies to offer internal promotion and plan for training and development in order to enhance employee skills and employability in both workforce markets.

5.2.2 Relationship between compensation and employee retention.

Table 4.2 showed regression results of compensation at 11.4% variance in employee retention. The finding revealed that compensation has significant relationship to employee retention ($\beta = 0.11$, $p \leq 0.01$). Compensation influence employee retention in terms of offer and implement a good salary system to all employees to keep them in the organization.

Good salary and rewards increase the employee satisfaction towards the company. This is consistent to theoretical framework that revealed the relationship between good human resources practices and employee retention. Employee tends to be motivated and feel appreciated when the company gave fair increment and bonus. As such, employee will continuously put their effort and expecting more benefits if they stay work with the company.

In the research studies of Becker & Huselid (1999), Guthrie (2001) and Shaw et.al (1998), suggested that salary system must attractive in order to encourage commitment from employees and at the same time as an attraction and retention to the workforce. The salary system should be improved from time to time in order to be at par in the market and increase the employee commitment and loyalty to the organization. This is supported by Osibanjo et. al., 2014 in a study among private universities employees in Nigeria found that compensation such as salary, allowances, incentives, fringe benefits and bonus are positively influence employee commitment and reduce intention employee to leave the company.

In addition, table 4.2 indicated mean results of 3.31 lower than the median at 3.50. It is describe that employees are least satisfied with compensation system at solar manufacturing company. From the questionnaires survey, employees agreed that incentives such as bonuses motivate them to do more than require. This is consistent from past studies by Kahumuza & Schlechter (2008); Oehley & Theron (2010) who reported that unattractive pay can demoralised employees, makes them feel disengaged, reduce their work commitment and finally intend to leave the company.

This solar manufacturing company initiated yearly revision of compensation and benefits system to cater for their employee needs. Besides that, yearly salary increment and one month contractual bonus are factors which influence employees to stay in this company. Thus, the turnover rates usually reduce during the payout time. In the research by Luna-Arocas & Camps (2008), compensation includes better salary and financial incentives are reasons for employees to remain at organization.

5.2.3 Relationship between workplace flexibility (flexible working hours) and employee retention.

Objective three is to determine the relationship between workplace flexibility (flexible working hours) and employee retention. There is significance relationship between both variables according to the regression analyses. Table 4.2 showed regression results of workplace flexibility (flexible working hours) ($\beta = 0.32$, $p \leq 0.00$). of employee retention that the most factors determine employee retention in solar manufacturing industry. This means that employees perceive support from Management to find alternative for core time or traditional working time by

providing flexibility at workplace. Perhaps flexible time hours would enable employees to balance their work and personal life.

This is aligned with the study by Gomez- Mejia, Balkin & Cardy (2012), employees are allow to control their job arrangement on the start and end time of routine work schedule. Therefore, employees have options to organize daily work around personal or family activities.

The company allowed employee to take time off due to emergency cases as current practise. However, employee expecting in terms of working hours flexibility especially start and finish work times within range of hours. This is supported from past studies by Martocchio (2013), flexible working schedules provide employees to rearrange or choose job schedule within set limits required by employer. Obviously, the implementation of workplace flexibility (flexible working hours) will increase the work satisfaction and improves employee retention in many solar manufacturing companies.

This is consistent with literature review in the study of Bond, Galinsky & Sakai (2008) found that flexible workplace practices provide benefits to the company namely reduction of employee absenteeism and turnover, ability to attract and retain employees as well as increase work productivity. In theoretical framework developed from Herzberg's Motivation-Hygiene Theory, employee with high satisfaction will increase their support to the company. Therefore, high productivity and commitment from employee can be achieved if organization knows how to promote flexible workplace practices to the employee personal life. In this study, flexible working

hours was identified as important factor for this company to gain high employee retention level.

5.3 Implication of the Study

5.3.1 Practical Implication

Based on the findings of this research, the career development opportunities, compensation and workplace flexibility (flexible working hours) had significant relationship to employee retention. It is clearly explained that these three factors were effective approaches for supervisors, managers and human resource practitioners in order to retain their talented employees in the company. This practical implication may be applicable to other solar companies in Malaysia.

5.4 Limitations of the Study

Limitations that arise in this study consist of three matters. The first limitation is difficult to get response from all groups of respondents. This is because when the survey was conducted, many employees especially from production group were on a staggered leaves and some of office employees were clearing their annual leave. Therefore, the questionnaires took a long time to collect.

Secondly, this study covered only three factors namely career development opportunities, compensation and workplace flexibility (flexible working hours) which is limited to represent the factors of employee retention issues. There were

other factors that probably lead to employee retention issues such as leadership, communication and others human resource management practices.

Third limitation is related to stratify random sampling that used in this study may cause to general finding and the result is difficult to determine the accuracy of the research. This is because the 193 respondents may not represent total of population

5.5 Recommendations

From the findings of this study, there are some recommendations for the solar manufacturing company in strengthening their employee retention program. Focusing on the important factors is the perfect ideas for employee and employer benefits. Therefore from the results, workplace flexibility (flexible working hours) will be main focus in influencing employee retention at the solar manufacturing company. This is follows by other two independent variables, compensation and career development opportunities.

5.5.1 Workplace Flexibility (Flexible Working Hours)

In this study, workplace flexibility is mainly focus on the flexible working hours which is related to the work life balance practices. This solar manufacturing company is strongly recommended to focus on the work flexibility in order to obtain high commitment from employees. Flexible working hours for instance allows employees to work not within their core time or traditional working time. From the findings, the implementation of staggered working hours in this company is

recommended due to high feedback from employees. The reasons of staggered working hours implementation is due to production operation which running 24/7 per week and production working pattern 4 days work and 2 days off. Thus, employees have very limited time to rest and spend for personal matters. A management or HR practitioner is recommended to implement staggered working system to all employees including normal office employees and shift employees. The staggered time can be within 15 to 30 minutes from starting and finishing working hours. The staggered time can start within 7.00am to 9.00am in the morning and finish from 4.30pm to 6.30pm in the evening for normal office employees. Overlapping shift for instance is recommended to shift employees. However, this system must has proper plan and well organize to avoid any issues arise at production. The benefits of this staggered working hours is to avoid traffic congestion, reduce pressure and provide more work life balance to the employees.

Furthermore, time off is another factor can be considered to keep the talented employees in the company. During the engagement session, they disagreed with unpaid time off that implemented by the company. Time off is an option for the employees instead of taking leave for the purpose of emergency matters. The paid time off is recommended to all employees in order for them to feel valued to the company during their hassle time.

Moreover, the implementation of staggered break time is recommended for normal working hour and office employees. This is to allow office employees to have their break time at any time and within the maximum time period. Thus, the employees

are allows to schedule the operation and meeting times so that they can work effectively and convenience to rest.

5.5.2 Compensation

Based on the findings, it is recommended for HR Practitioner to conduct annual survey and study the current compensation package to maintain the competitiveness. Compensation packages including salary, incentives and bonuses are the elements to keep and motivate employees as well as to increase their job performance and work better in this solar manufacturing company. The annual survey can be done by appointing consultant or take part in the surrounding companies' survey such as among Kulim Hi Tech Park industries.

In addition, Management must encourage employees to take initiative and participate in the cost saving activities for the benefits of employees and company. The cost saving allows Management to increase the annual salary and bonus budget every year depending to total cost saving per year. Therefore, contribution by all employees enables to generate more ideas and cost saving.

Besides that, the minimum wages implemented by the government is another method which closes the gaps and issues related to employee turnover in this company. Management should oversee the implementation of minimum wages not only to the impacted employees but other employee's salary should be reviewed to avoid employee grievances. Otherwise, the company may lose talented employees because of unsatisfactory of salary raises.

5.5.3 Career Development Opportunities

Keeping talented employees through the career development programs are recommended to reduce high turnover issue and increase loyalty to the company. Based on the findings, information about the career path is important for the employees to understand career opportunities that company can offer them. Thus, it is suggested for Management to strengthen career development programs by promoting to all head of department (HOD). HOD is recommended to encourage conversation between employee and superior about career development. This conversation does not only happen during the yearly performance evaluation but encourage to allow open discussion about employee's career at anytime. The open discussion must be conducted in a positive way and encourage employees to be more positive in their job performance. As such, they will feel valued by the company and potential to stay for longer period.

Furthermore, career development plan is suggested to cover all employees in the company and not restricted to best performer only. The plan can be split into faster or slower career progression depending to the capabilities and strength of employees. Therefore, the superior can decide to give high expectation to best performer and low expectation to moderate performer. The aim is to get everybody has opportunities in career development. This recommendation is advantage to superior as part of succession planning whereby providing employees with new challenges and tasks which adopted from superior job scope. And, superior enables to focus more on the leadership and management planning.

Finally, career development opportunities can be a strong factor in retaining employees if the company understands the effectiveness of career progression. In fact, it can be plan without incurred expensive cost if all superior enable to support and take part to focus on their subordinate career plan. Thus, external training or consultant cost can be reduced if HR practitioner and superior can collaborate to coordinate and drive the career development programs.

5.6 Suggestions for Future Research

The purpose of this study is to understand the factors that impact to the employee retention in the solar manufacturing company. Therefore, the three factors of career development opportunities, compensation and workplace flexibility (flexible working hours) selected in this study may not sufficient to understand the trend of employee retention at the company. It is suggested to study on other factors that possibly give strong impact to the employee retention such as leadership, communication and others human resource management practices.

Besides that, the survey must be conducted in a proper plan. The target groups of respondents must be identified and studied in terms of demography and working environment in order to get accurate results. In addition, the duration of respond time should be considered for the future research which to conduct the survey at the right time and with more time provided for the feedback. This is to avoid respondents from being forced to answer the questionnaires that may impact to their feeling.

5.7 Conclusions

The three research objectives on the impact of career development opportunities, compensation, and workplace flexibility (flexible working hours) to retain employees in the solar manufacturing industry was significantly met. From the analysis results showed that workplace flexibility (flexible working hours) is the most significant relationship with employee retention and follows by compensation and career development. Therefore, the company should study and improve the working style for the employees and perhaps to start implement the staggered working system for normal office employees and staggered shift employees. Compensation and career development opportunities are significantly influenced the decision of employees to stay or leave the company. Without a good pay and career progression will encourage employees to find better offer from other company. Finally, it is important for the solar manufacturing company to continue improve their compensation system and career development program as the investment of employee retention.

REFERENCES

- Abd, R.A., Mohammad, T.M.I., & Mohd, H.H., (2013). A study of flexible working hours and motivation. *Asian Social Science*, 9(3) 208-215.
- ACCA Survey (2013), Retrieved March 25, 2016 from ACCA Web site: <http://flexworklife.my/wp-content/uploads/2013/07/ACC5-Retaining-Women-in-the-Workforce.pdf>.
- Aida I. (2014). Flexible working as an employee retention strategy in developing countries. *Journal of Management Research*, 14 (2), 71-86.
- Ali, A.A., Freyedon, A., & Javad, A. (2012). Talent Management And Succession Planning. *Interdisciplinary Journal of Contemporary Research In Business*, 4 (1), 214-224.
- Bernsen, P., Segers, M., & Tillema, H.T, (2009). Learning under pressure: learning strategies, workplace climate, and leadership style in the hospitality industry. *Int. J. Human Resources Development and Management*, 9(4), 358–373.
- Chiu R.K., Wai-Mei, V., Luk, T., & Tang, L.P, (2002). Retaining and motivating employees. *Personnel Review*, 31(4) 402 – 431.
- Conway, E., (2003). Relating Career Stage to Attitudes towards HR practices and Commitment: Evidence of Interaction Effects?
- Creagh M., & Brewster c., (1998). Identifying good practice in flexible working. *Employee Relations*, 20 (5), 490-503.
- El Sagheir, N.M., (2014). An empirical study of the impact of HR practices on employee satisfaction and employee retention: The case of AASTMT. *Proceedings of 3rd European Business Research Conference 4 - 5 September 2014*.
- Employee Engagement, Retrieved March 25, 2016 from SparHire Web site: <http://hr.sparkhire.com/employee-engagement/late-workers-no-problem/>.
- Eric, N. C. H., Lam Z. H., Ramesh, K., Charles R. & K., Vimala, K. (2012). An effectiveness human resource management practices on employee retention

in institute of higher learning: - A regression analysis. *International Journal of Business Research and Management (IJBRM)*, 3(2) 2012.

Ghosh, P., Satyawadi, R., Joshi, J.P., & Shadman, M., (2013). Who stays with you? Factors predicting employees' intention to stay. *International Journal of Organizational Analysis*, 21(3), 288-312.

Gomez-Mejia L.R., Balkin D. B., & Cardy R.L., (2012), *Managing Human Resources*. 7th Edition, pg 108.

Govaerts, N., Kyndt, E., Dochy, F., & Baert, H., (2011). Influence of learning and working climate on the retention of talented employees. *Journal of Workplace Learning*, 23(1), 35-55.

Gurjeet, K.S. & Rupali, M., (2014). Employees' organizational commitment and its impact on their actual turnover behaviour through behavioural intentions. *Asia Pacific Journal of Marketing and Logistics*, 26 (4), 621 – 646.

Hall L., & Atkinson C., (2005). Improving working lives: flexible working and the role of employee control. *Employee Relations*, 28 (4), 374-386.

International Greentech and Eco Products Exhibition and Conference Malaysia (2015), Retrieved March 20, 2016, from Cleantechnica Web site: <http://cleantechnica.com/2012/10/12/malaysia-aims-for-5-5-renewable-energy-share-in-installed-capacity-by-2015/>.

JobStreet.com 2015 Job Outlook Report, Retrieved March 25, 2016 from Jobstreet Web site: <http://www.jobstreet.com.my/career-resources/jobstreet-com-job-outlook-report-q1-2015/>.

Kossivi, B., Xu, M. and Kalgora, B. (2016) Study on determining factors of employee retention. *Open Journal of Social Sciences*, 4, 261-268.

Kwenin, D.O., (2013). Relationship between work environment, career development opportunities and employee retention in Vodafone Ghana Limited. *Global Journal of Human Resource Management*, 1 (4), 1-9.

- Lalitha, B. & Vijayalakshmi, M., (2014). A Study on retention strategy's followed by education institutions in retaining qualified employees. *SIES Journal of Management*, 10 (1), 69.
- Luna-Arocas, R., Camps, J., (2008). A model of high performance work practices and turnover intentions. *Personnel Review*, 37(1), 26-46.
- Luscombe, J., Lewis, I. & Biggs, H.C., (2012). Essential elements for recruitment and retention Generation Y. *Education + Training*, 55 (3), 272-290.
- Malaysia Industry Government Group for High Technology (2016), Retrieved March 19, 2016, from MIGHT Web site: <http://www.might.org.my/en/SolutionPages/Article.aspx?Category=Press%20Release&ItemID=884>.
- Martocchio, J.J., (2013). Strategic compensation: A human resource approach. 7th Edition, pg 309.
- McQuaid, R.W. & Bergmann, A., (2016). Employment changes in the sustainable energy sector in Scotland. *World Journal of Science, Technology and Sustainable Development*, 13(1), 2 – 17.
- Mita, M., Aarti, K., & Ravneeta, D., (2014). Study on employee retention and commitment. *International Journal of Advance Research in Computer Science and Management Studies*, 2(2), 154-164.
- Morrell, K.M., Clarke, J.L., & Wilkinson, A.J., (2004). Organisational change and employee turnover. *Personnel Review*, 33(2), 161-173.
- Nadeem, S., Aysha M., Yasir T., & Hussain T. (2011). *Losing your best talent: Employee retention the dilemma of textile industry. A case of textile sector*. *Interdisciplinary Journal of Contemporary Research In Business*, 3 (8), 896-906.
- Nair, S.S., (2009). Employee Retention, Retrieved April 8, 2016 from Articlebase Web site: <http://www.articlesbase.com/human-resources-articles/employee-retention-995426.html>.

NetMBA (2010), Retrieved June 19, 2016 from Management and Business Administration Inc. Website: <http://www.netmba.com/mgmt/ob/motivation/herzberg/>.

Netswera, F.G., Rankhumise, E.M., & Mavundla, T.R., (2005). Employee Retention Factors For South African Higher Education Institutions: A Case Study. *SA Journal of Human Resource Management*, 3(2), 36-40.

Osibanjo, O.A., Adeniji, A.A., Falola, H.O., & Heirsmac, P.T., (2014). Compensation packages: a strategic tool for employees' performance and retention. *Leonardo Journal of Sciences*, 25, 65-84.

PwC's NextGen: A global generational study 2013 Summary and compendium of findings.

Rabia, F., Lucas, H., Renner, M., Lehr, U., Breitsschopf, B., Lallement, D., & Petrick, K., (2013). Renewable Energy and Jobs. *International Renewable Energy Agency*, (2013).

Rappaport, A., Bancroff, E., & Okum, L., (2003). The aging workforce raises new talent management issues for employers. *Journal of Organizational Excellence*, 23(1), 55-66.

Samuel, M.O., & Chinpunza, C., (2009). Employee retention and turnover: Using motivational variables as a panacea. *African Journal of Business Management* 3 (8), 410-415.

Sekaran, U., & Bougie, R. (2010). *Research Method For Business 5th Edition*. United Kingdom: John Wiley and Sons Ltd.

Shafie, S.M., Mahlia, T.M.I., Masjuki, H.H & Andriyana, A., (2011). Current energy usage and sustainable energy in Malaysia: A review. *Renewable and Sustainable Energy Reviews*, 15 (2011), 4370– 4377.

Stumpf, S.A., Tymon Jr, W.G., Favorito, N. & Smith, R.R., (2013). Employees and change initiatives: intrinsic rewards and feeling valued. *Journal of Business Strategy*, 34 (2), 21 – 29.

Taylor III, L.J., Murphy, B. & Price, W., (2006). Goldratt's thinking process applied to employee retention. *Business Process Management Journal*, 12 (5), 646-670.

Towers Watson 2012 Survey (2012), Retrieved March 20, 2016 from Willis Towers Watson Web site: <https://www.towerswatson.com/en-MY/Press/2015/01/Employee-Retention-Remains-A-Key-Challenge-in-Malaysia>.

Turkyilmaz, A., Akman, G., Ozkan, C., & Pastuszak, Z., (2011). Empirical study of public sector employee loyalty and satisfaction. *Industrial Management & Data Systems*, 111 (5), 675 – 696.

Van Dyk, J., & Coetzee, M., (2012). Retention factors in relation to organizational commitment in medical and information technology services. *SA Journal of Human Resource Management*, 10(2), 11 pages.

Wali, R., & Zekeriya, N., (2013). Employee development and turnover intention: theory validation. *European Journal of Training and Development*, 37 (6), 564 – 579.

Zikmund, G.W., Babin, J.B., Carr, C.J., & Griffin, M., (2010). *Business Research Method 8th Edition*. New York:South-Western, Cengage Learning.

