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**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

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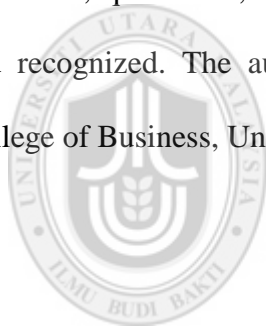


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ABSTRAK

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.

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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.

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

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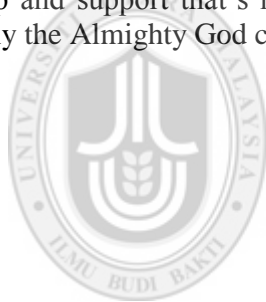


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CHAPTER 1

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

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