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# **HUMAN RESOURCE MANAGEMENT PRACTICES AND EMPLOYEE RETENTION AMONG PRIVATE HOSPITAL NURSES**

By

**HEMALLATHA A/P SASEE**



**UUM**  
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Nama Penyelia Kedua : **DR. TAN FEE YEAN**  
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## ABSTRACT

The biggest challenge that organizations are facing today is not only managing human resources but also retaining them. Securing and retaining skilled employees plays an important role for any organization, particularly in the service industry. The service sector such as the healthcare has been recognized as one of the main contributors to the growth of Malaysian economy. Nurses tend to leave the workplace, nation and even profession because of the amount of healthcare associations and the challenging economic situation of a country. The shortage of nurses has become a worldwide issue. It is even a critical issue in that the demand for nurses is expected to increase and how to retain the nurses' has become a topic of great importance to researchers. Thus, it is essential for organization to manage their capable workforce with a specific end goal to increase upper hand. This research is carried out to examine the relationship between compensation and benefits, training and development and work environment with employee retention among nurses in a private hospital in Penang. In order to discover factors that have significant impact in retaining the nurses, a survey was carried out in a private hospital in Penang. A total of 250 questionnaires were distributed but only 200 questionnaires were returned and utilized for data analysis. Regression analysis results indicate that only compensation and benefits were positively related and have significant relationship with employee retention. Thus, compensation and benefits is considered as the most important variable in influencing the nurses to retain in an organization. On the other hand, training and development and work environment were not significant in predicting retention among private hospital nurses. Finally, implications, limitations of the study, recommendations and conclusion were also highlighted.

**Keywords:** Employee retention, compensation and benefits, training and development, work environment, nurses.

## ABSTRAK

Cabaran terbesar yang dihadapi oleh organisasi masa kini ini bukan sahaja untuk menguruskan sumber manusia tetapi juga mengekalkannya. Mengekalkan pekerja mahir merupakan peranan penting bagi organisasi, terutamanya dalam industri perkhidmatan. Sebagai contoh, sektor perkhidmatan penjagaan kesihatan telah diiktiraf sebagai penyumbang utama kepada pertumbuhan ekonomi Malaysia. Jururawat cenderung untuk meninggalkan tempat kerja, negara dan juga profesion kerana tahap penjagaan kesihatan dan keadaan ekonomi yang mencabar di sesebuah negara. Kekurangan jururawat telah menjadi isu di seluruh dunia. Ia juga merupakan isu kritikal apabila permintaan jururawat dijangka meningkat dan bagaimana untuk mengekalkan jururawat menjadi topik yang sangat penting dikalangan penyelidik. Oleh itu, adalah penting bagi organisasi untuk menguruskan tenaga kerja mereka yang berkebolehan dengan matlamat untuk meningkatkan kebolehan dan prestasi. Kajian ini dijalankan untuk melihat hubungan antara pampasan dan manfaat, latihan dan pembangunan serta persekitaran kerja dengan pengekalan pekerja di kalangan jururawat di sebuah hospital swasta di Pulau Pinang. Kajian dilakukan di sebuah hospital swasta di Pulau Pinang untuk mengetahui faktor-faktor yang mempunyai kesan yang signifikan dalam mengekalkan jururawat. Sebanyak 250 soal selidik diedarkan tetapi hanya 200 soal selidik yang dikembalikan dan digunakan untuk analisis data. Keputusan analisis regresi menunjukkan bahawa hanya pampasan dan faedah mempunyai hubungan yang signifikan dengan pengekalan pekerja. Oleh itu, pampasan dan faedah dianggap sebagai pembolehubah yang paling penting dalam mempengaruhi jururawat untuk dikekalkan dalam organisasi. Sebaliknya, latihan dan pembangunan dan persekitaran kerja tidak signifikan dalam meramalkan pengekalan di kalangan jururawat hospital swasta. Akhirnya, implikasi, batasan kajian, cadangan dan kesimpulan juga dibincangkan.

Kata kunci: Pengekalan pekerja, pampasan dan faedah, latihan dan pembangunan, persekitaran kerja, jururawat.

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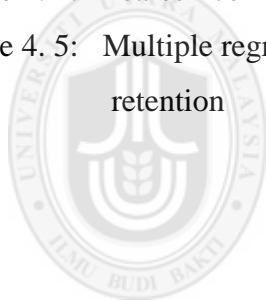


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## ABBREVIATION

|            |  |
|------------|--|
| CBRE       | Community-Based Research and Evaluation    |
| GDP        | Gross domestic product                     |
| HRM        | Human resource management                  |
| MIDA       | Malaysian Investment Development Authority |
| MOH        | Ministry of Health                         |
| Std. Error | Standard Error                             |
| Sig.       | Significance                               |
| SPSS       | Statistical Package for the Social Science |
| TCM        | Total Compensation Measurement             |



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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

In rapid global world, organizations have competitive advantage that differentiates among other organization in the similar industry. It requires highly skillful and knowledgeable employees in the organization to create the competitive advantage. Competitive advantages are conditions where organization produces a different and unique value of product or service at a lower. Expertise and capability of an organization to go through the opportunities helps to gain competitive advantages. The greatest need and difficulties for business pioneers in 2017 is to retain employees in a competitive marketplace. This is due to increase of talent competition in the market.

In order to achieve that, organizations must hire capable employees. However, retaining the talented employees is more important than hiring because it is part of the recruitment objectives of most organization. When an employee leaves the organization, there might be competitors who will attract them with a great compensation and benefits for the key talents. It will cause shortage of talented employees in organization especially during sharp competition in labor markets. Organizations must maintain their intellectual assets in order to be the best and successful. According to Kumudha and Harsha (2016), employee retention is the capability of an organization to maintain its employees and maintain a low turnover ratio.

In today's business world, human capital is considered as the strength for organizations compared to technology which easy to transferable to competitors

(Mello, 2011). Human assets are difficult to imitate and substitute, so they become the key competitive advantage for an organization because human resource supports the management team to achieve organization's goals and objectives. According to Johanim et al. (2012), without human resource, organizations cannot produce good business results and the management will not be able to achieve the organization's vision and mission.

As we know, human resources play an important component of any organization. It is difficult to measure the exact cost of employee turnover in an organization. When employees leave an organization, it will cost management's time to find the replacement for the positions. According to Haider et al. (2015), the cost associated with employee turnover usually will cost organization 2.5 times greater than the salary of an employee. The cost of hiring new employees is high and skilled employees also difficult to find (Kwenin, Muathe & Nzulwa, 2013).

According to Lim, Mathis and Jackson (2010), many organizations incur tremendous cost because of high employee turnover that affects by losing the employee's skills and knowledge, low efficiency and employee's satisfaction, increased burden to the remaining employees, cost associated to the new recruitment such as advertisements, pay for recruiters and administrative expenses and training cost for new employees. Thereby, it is advisable for management to keep sustain their competent employees not because of the costs placed on them, but also because of need their knowledge and skills in the organization.

One of sector that has big part in growth of Malaysian economy is service sector. As the economy of developed nations matures, it is expecting a share increase of GDP in the service sector. According to Malaysian Investment Development Authority (MIDA), services sector is predicted to expand at 6.8% per year and

contribute 56.5% to the gross domestic product (GDP) in 2020. As Malaysia moves towards developing countries, more accentuation ought to be focused in the improvement of the services sector to serve as the engine of growth and maintain the economy. In the Eleventh Malaysia Plan, 2016-2020, the services sector will continue to be the essential driver of the financial development. Bank Negara Malaysia showed the services sector has contributed 6.4% GDP.

Malaysia's healthcare sector is thriving across the years. By understanding the importance of good and stable economy, the government has allocated RM23bn (US\$5.2bn) into healthcare in 2016. It is an approximately 10% of the annual budget. Malaysia's healthcare system comprises of two levels which is public sector or private sector. A state-owned public hospital is for national natives whereas private sector mostly serves wealthy residents and international patients. Due to Malaysia's ageing population, increasing life expectancy and the growth of new diseases, the demand for healthcare is expected to grow. Healthcare is an increasingly important sector where it is challenging to sustain in this global economic climate. Hence, it is important to care the well-being of employees as their performance is the measure of organization quality and success.

As a management unit in organization, human resource department need to carry out employee retention as a core element plan or activity in their talent management and organization development strategy to prevent the unnecessary employee turnover. Organization must value the employee's contribution that they have given to the company and in return the organization should think of ways to motivate the employees to stay service in the organization for a longer duration. In the current economic situation, the demands of employees to stay loyal in an organization not only concern about salaries but also consider other factors such as working



environment, career development opportunities and benefits that an organization offers. It is essential for an organization to provide conducive environment in order to motivate employees to continue stay in the organization. Before designing an effective retention plan to manage workforce, it is important to realize the different needs and expectation of employees especially youngsters.

In a nutshell, retaining good employees had become a challenging task for top management as this category of employees often job hop as they are being pulled by more than one organization at a time. CBRE Research (2016) found that 42% of Generation Y employees do not intend to stay in the current job for a long period. Therefore, an effective employee retention effort is required to prevent the experts from leaving the organization, to overcome productivity problems and reduce morale among other members. According to Kavanagh (2016), millennial generations make 44% of the population in Malaysia. As young generation has become the future workforce, organization must prepare on how to manage them as this millennial generation will reshape the culture of workplace in the 21st century. Thus, it is increasingly vital for organizations to understand the psyche of millennial to remain vogue in decades to come.

## **1.2 Problem Statement**

In Malaysia, the total manpower was about 67.8 % and labour force that currently working is about 14.92 million (Malaysian Department of Statistics,2017).The labour's unemployment rate remained at 3.5% in 2016 and the previous unemployment rate was 3.4% .The unemployment rate has been increased over years.

As indicated by the Aon Hewitt TCM Survey (2015), Malaysia recorded the second most elevated unintentional turnover rate at 6 % and third highest intentional turnover

rate at 9.5% in South East Asia region. The overview additionally demonstrates the connection between reasons and maintenance measures. The employees willful reasons are for search for better possibilities, continue additional studies and want a proper balance between work and lifestyle while systems to pull in and retain workers consider as pay above market, enhanced the work life adjust and significant input from managers.

There are many sectors that been affected by this employee's turnover. One of it is the healthcare industry. Healthcare industry in Malaysia has become one of the engines of economic growth. This service field involves suppliers of analytic, preventive, healing, and helpful administrations such as doctors, nurses, hospitals and private, public, and voluntary organizations (Business dictionary, 2017). Malaysia offers top-quality healthcare services and it is mainly under the responsibilities of the Ministry of Health Malaysia (MOH), which consists of both public and private sector hospitals.

The strength of any service-based organizations is their customer-contact employees. Nurses are the biggest group in healthcare system. According Friedman (1991), nurses are heart and hands of healthcare system because their job is encounter with patients daily. In 2016, the total employee's turnover rate for Malaysian's hospitals is 16.2 % compared to 2015 which is only 15.3% (National Health Care Retention and RN Staffing Report, 2017). Retaining and attracting experienced nurses to stay in an organization and able to deliver the service quality based on organization's vision and mission seems to be a key challenge faced by all HR professional in the industry.

Nurse's turnover is seen as a continual problem for many countries because of many nurses leave the organization, nation and job just for better opportunities. According to Currie & Hill (2012), turnover is defined as job mobility and in the nursing profession, it is described as internal turnover, which refers to the movement within organization and external turnover, which refers to the act of leaving the workplace, country and profession. Disadvantages of high nurse turnover is affects nurse's morale and productivity which may jeopardize the ability to provide good quality patient care (Anzai, Douglas & Bonner, 2014).

In Malaysia, the nursing workforce is dominated by female nurses who young and with a recognition of diploma and degree in nursing as their most elevated qualification. Tang & Idris (2016) expressed that the main impetus for nurses to leave particularly in private hospitals is due to competition of healthcare associations and the current financial circumstance of a nation. Malaysian nurses have a high level desire to leave and nearly 400 private hospital nurses are leaving the country on yearly basis (Atefi, Abdullah & Wong, 2014; Barnett, Namasivayam & Narudin, 2010). This is serious phenomena that happens in Malaysia due to instable economic situation.

In order to find out the variables that has a critical effect in helping to retain the nurses, this research been carried out. The aim of this research is to determine the connection of compensation and benefits, training and development and work environment with employee retention among nurses in a private hospital in Penang. This private hospital is located at Macalister road, Penang and their nurse's turnover rate is about 6% in year 2016. This rate is considered high and management look upon initiatives to solve the problem.

Employees tend to leave if organization fails to provide fair compensation and benefits (Johanim et.al, 2012).To stay loyal in organization, organization must provide multi training and career development opportunities (Janjhua, Chaudhary & Sharma, 2016).Work environment have impact on employee's absenteeism and turnover (Hilmer et al., 2004).Talented employees does not stay in organization because of limited development opportunities, unsatisfied with management and lack of recognition (Minar,2012).

Employees emphasize on their career growth, rewards that they receive as part of employment and work environment where they get supports from their colleagues and superior (Narang, 2013).The findings is supported by Maslow's Theory. Maslow's showed work development as hierarchy of needs. Maslow's believed that there are five needs which are psychological, safety, love, esteem and self-actualization that a person needs to fulfill in order the person to be motivated in work. According to Maslow, people seem to be motivated as long their needs are satisfied. Therefore, this theory can helps in retaining employee's retention.

Nurse's retention is a serious phenomenon, thus the retention strategies must be addressed in order to provide meaningful direction for healthcare organizations. This is needed particularly in Malaysian private healthcare sectors along with nursing education institutions in initiating appropriate strategies to retain nurses in the country and profession.

### **1.3 Research Questions**

In order to accomplish the research objectives, research questions are necessary as a path of a research. The research is performed to identify the relationship between

compensation and benefits, training and development, work environment and employee retention among nurses. The research questions will cover the following:

- i. Is there association between compensation and benefits and employee retention among nurses?
- ii. Is there connection between training and development and employee retention among nurses?
- iii. Is there association between work environment and employee retention among nurses?

#### **1.4 Research Objectives**

This study is performed to find out whether there are connection between compensation and benefits, training and development and work environment with employee retention among nurses. Based on that, the research strives to fulfill the following objectives:

- i. To determine the association between compensation and benefits with employee retention among nurses.
- ii. To ascertain the connection between training and development with employee retention among nurses.
- iii. To identify the association between work environment with employee retention among nurses.

#### **1.5 Significance of the Study**

This study plans to identify whether there are relationship between compensation and benefits, training and development and work environment with employee retention among nurses. This research helps to decide which determinants are crucial in

retaining the nurses and directly reduce the turnover of nurses. Furthermore, this study helps in academic purposes to enrich the literature by filling the gap especially for employee retention among nurses field. Obviously, there is not only one factor that impacting the employee retention. The outcomes of this research will serve as a fundamental platform for future research in identifying determinants of employee retentions. The research also helps to strengthen the Maslow and Social exchange theory as it serve as evidence that can be used in future studies to support for employee retention. Besides that, the study would be a review on the recent nurse's retentions in Malaysia especially for private hospital. The study will practically contribute to nurse's profession where it can be as guidelines for all Human Resource Practitioners or management to reformulate the strategy and give solutions to the organization to reduce the employee's turnover problem.

#### **1.6 Scope and Limitations of the study**

This research focuses on nurses at a private hospital in Penang area. Nurse's turnover rate seems to be high compared to years. Malaysian private hospital's nurses have a high desire to leave and approximately 400 nurses are leaving the country on an annually. Organization must make sure their employees engage and committed with the work as it helps them to continue stay in the organization. Thus, there is a need to examine the relationship between compensation and benefits, training and development and work environment with employee retention among nurses as any of this practices enable to motivate the employees to retain in an organization. However, the study is only limited to nurses at one of private hospital in Penang.

## 1.7 Definitions of Key Terms

For the aim of this research, the terminologies are interpreted to simplify the content of this study:

**Employee Retention:** Capability of an organization to sustain its challenging employees and hence maintain a lower turnover ratio (Kumudha & Harsha, 2016).

**Compensation and Benefits:** The intrinsic and extrinsic rewards that employees receive as part of employment (Martocchio, 2015).

**Training and Development:** Training refers to activities that show workers how to perform better in their present occupation whereas development readies the employees for future employment duties through the securing of new encounters, learning and abilities (Stone, 2014).

**Work Environment:** Opperman (2002) defines work environment as composite of three significant sub-situations which are technical, human and organizational environment.

## 1.8 Organization of chapters

Chapter 1: Introduction

This part consists of the research background, problem statement, research questions, research objectives, significance, scope and limitations of the study, terms description and organizational of chapters.

Chapter 2: Literature Review

The significant dependent variable and independent variables in this research will be characterized, while theories and past studies related to topic will be reviewed and exhibited. The critical review of literature and theories serve as guide in developing hypotheses and the research framework.

### Chapter 3: Methodology

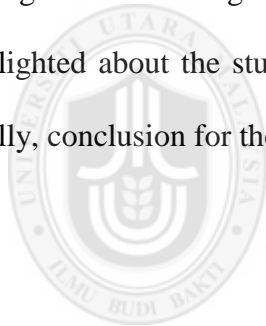
This part display an explanation of the research design and method used in this research. It comprises of research design, measurement on dependent and independent variables, data collection and administration and also the data analysis techniques.

### Chapter 4: Findings

Analyses of data and results of the research are described in this chapter by using the Statistical Package for Social Science (SPSS) software version 22.0. It starts with descriptive, correlation and regression analysis.

### Chapter 5: Discussion and Conclusion

This part comprises of the research findings, in which furthermore discuss whether the significant findings able to achieve the research objectives. Besides that, it highlighted about the study limitations and recommendation for the future research. Finally, conclusion for the whole research is well presented.



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## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The writings on compensation and benefits, training and development, work environment towards employee retention had been analyzed in this part. Theoretical acts as basis to support the research. This chapter begins by explaining each concept and followed by findings from previous studies. Then, it reviews how compensation and benefits, training and development and work environment related to employee retention. Research framework and hypotheses had been developed.

#### **2.2 Employee retention**

There are abundance of terms antonym with employee retention that have been used by many researches such as ‘intent to leave’ (Barak, Nissly & Levin, 2001), ‘withdrawal intentions and cognitions’ (Maertz & Campion, 1998) and ‘turnover intention’ (Wayne, Shore & Liden, 1997). Intention to quit refers to people’s apparent probability that they will stay or quit the business association (Bigliardi, Petroni & Ivo Dormio, 2005). Meanwhile Sousa-Poza & Sousa-Poza (2007) clarify ‘intent to leave’ as the impression that employees will change their occupation within specific day and age and is a quick antecedent to real turnover.

According Fitz-enz (1990), employee retention is not influenced by a single factor, but there are several factors which helps to retain employees which are compensation and rewards, job security, training and developments, supervisor support culture, work environment and organization justice. Johnson (2000) defined employee retention as the firm’s potential to keep its workforce for stay longer

than competitors. Alshammari et al., (2016) mentioned that retention is an activity where organizations try to keep their talented and valuable employees. According to Kumudha and Harsha (2016), employee retention is the capability of a business entity to sustain its workforce and hence maintain a low turnover ratio.

In addition, Kossivi, Xu and Kalgora (2016) stated that employee retention relates to employee's motivation to stay work in an organization for a longer period. Besides that, Mita, Aarti and Ravneeta (2014) referring employee retention as a step derived by businesses to maintain an effective human resources and at the same time meet operational requirements. Bidisha and Mukulesh (2013) explain it as an action where employees are willing to stay with an association for the maximum period or until the assignments ends". In other words, employee retention refers to a process and organization strategy that helps the employees hold to an organization for a longer extend.

Nase (2009) explained that it is important to find out reasons that boost employees to leave an organization and understand why valuable employees stay. Recent studies (e.g. Lee-Kelley et. al., 2007; Lucas, 2010; Acsente, 2010) mentioned that employees should be engaged in their jobs and their society. As they socialize in their profession and community life, they will build networking, both on and off the job. Leaving a job would require them to find back those networks. High embedded employees will likely they are to stay in the organization. By giving mentors, team-based work and use employee referrals ,it will encourage employees to be more embedded. Besides that, by giving clear orientation and information about the organization's values and culture, also helps retain the employees.

An effective association must deal with their shortages of overall talent as well as deficit of workers with the specific skills by keeping in mind the end goal to remain

in front of the opposition. Retaining an employee is considered critical as the competition for ability is high and as yet developing. The resolution for retention management are usually focus on employees evaluation, selection practices, and comprehensive HR programs and administrations.

Undesirable worker turnover is one of the greatest and most expensive business issues that organizations faced (Taylor , 2002). Employees will remain in an association on the off chance that they feel sense of belonging to the organization. This should be possible when their commitments to the association are esteemed (Taylor, 2002).

Henceforth, it is vital to have as a primary concern that retention plans require exhaustive, insightful procedure to be effective. Arrangements are costly and differ relies on upon associations and enterprises. To solve the problem about employees leaving, strategies should come up as these projects go after talent.

In addition, if employees feel fulfilled at work environment, it causes employees to more likely to stay for a more extended period. With a specific end goal to take care of turnover issues, a legitimate correspondence, reasonable and impartial remuneration, clear performance desires, pay and monetary motivators additionally expands motivation, commitment, and satisfaction of employees (Mitchell et al., 2001).

Factors contribute to the development of a person's intention to quit, some of which are not necessarily job related (Gaertner & Nollen, 1992). Thus, there are several reasons such as job satisfaction, communication system, financial and non-financial compensation rewards, training and development activity, lack of commitment in the organization in the organization which leads to job hop and people leave organization.

## **2.3 Independent variables**

This study contributes towards the understanding on the impact of employee perception of the three variables of compensation and benefits, training and development, and work environment on relationship with employee's retention. According to Anthony, Kacmar and Perrewe (2002), HRM practice is a set of management's strategies and policies to ensure human resource contributes in achieving the vision, mission and objective of the organizations. In other writing, Minbaeva (2005) describe HRM practices as a set of principles used by business owners to manage their human resource to sustain competitive advantage.

Meanwhile, in a study conducted by Tan and Nasurdin (2011), HRM practices is about specific practices, formal policies, and philosophies that helps to attract, develop, motivate, and retain employees for survival of the organization. The component of HR is important to ensure the organization has a group of talented employees in order to increase their productivity and effectiveness. Hence, for this study, three variables in human resource practices namely compensation and benefits, training and development, and also work environment were selected.

### **2.3.1 Compensation and Benefits**

Compensation and benefits are in compensation system. Compensation and benefit is defined as the pecuniary and real benefits that employees obtained as part of an employment (Milkovich, Gerhart & Newman, 2011). Employee compensation is the process of getting money for the contribution they make to an organization (Steward and Brown, 2009). It is vital for workers since it is one of the primary purposes behind which individuals work.

Dessler (2007) define compensation as pay or rewards that employees received from their employment. Compensation value people through giving pay, incentives and benefits (Mathis and Jackson, 2003). Compensation and benefits package that they received from their occupation give impacts on employee's living style in the society, satisfaction, loyalty and productivity. Ting (1997) found that compensation and benefits was one of the most important predictor of job satisfaction. It acts as driving force for effectively attracting, sustaining, and motivating human talent at workplace. Vital and basic practices for reward groups in overseeing compensation on a market scale are managing compensation strategically, benchmarking within the competitors or considering performance-based pay where suitable anticipating may impact the local market intensity.

Compensation systems have generally been expected to pull in and hold workers and to persuade them to build their efforts and yields toward the accomplishment of authoritative objectives (Bergmann & Scarpello, 2001). Compensation is additionally considered as a standout amongst the most vital working expense of a business. Compensation not only impact hiring and retention, it went to the degree of aligning employee's interest with organizational goals by providing rewards for meeting particular objectives and goals.

The term "Compensation" covers not only the financial rewards (e.g. pay, reward, remuneration or salary) but non-monetary rewards (e.g. non-salary benefits) provided by the organization for its employees such as the type of leave, yearly level, accident and health, retirement scheme, expenses payment scheme to attract and retain employees (Amuedo-Dorantes & Mach, 2003). In other studies related to compensation, Trevor, Barry, & Boudreau (1997) found that salary increases and

other non salary benefits provided to employees have a important effect on employee's intention to quit.

### **2.3.2 Training and Development**

Training is defined as the development of knowledge and skills of employees in order to make them conform to certain attitudes, perform a given task satisfactorily and improve performance in work environment (Latham, 1988; Tabiu et al., 2016). Likewise, Mahadevan and Mohamed (2014) pointed out that the purpose of training is to reshape the attitude of employees, create the needed change in the mind of employees and make them adapt to the culture of the organization by improving employee's knowledge and skills.

As indicated by Cardon and Stevens (2004), training and development assumes a key part in upgrading the abilities and execution of workers, hence there is the assumption that once skills are acquired during training period, the skills will remain permanent in the organizational life-time of employees. Training and development was also described as effective tool for upgrading of employee's knowledge and technical competence, and improving organizational performance (Castilla, 2005).

In the context of this study, training involves activities that given to employees to perform the current job. Development refers to chances of learning that prepares employees grow. Training and development helps the person to upgrade their skills, knowledge, attitudes, and behavior (Robbins and DeCenzo, 1998). It assists the employees to higher position with knowledge and attitudes.

Nankruis, Comptun and Mc Carty (1999) demonstrated that effectual training and development would not just furnish employees with a large portion of the

learning and aptitudes expected to fulfill occupations yet it would likewise accomplish general association goals by adding to the fulfillment and profitability of worker. Past specialists have discovered on the effect of training on profitability of organization (Conti, 2005; Dearden, Lorraine, Reed & Van Reenen, 2006; Ballot, Gerard, Fakhfakh, and Taymaz, 2006). Adapting new aptitudes may trigger recharged enthusiasm for some part of the employment. These encounters will undoubtedly improve worker interface with their colleagues and encourage higher engagement.

Sparrow (1998) characterized training and development as an integrative system which requires high state of cooperation among human resource management practices activities. In HR works, training is the precise improvement of the disposition, information and abilities by a man to play out a given errand or employment satisfactorily (Barton and Delbridge, 2001).

As per Sparrow (1998), the capacity, comprehension and mindfulness in training and development are fundamental in an association to create specialists to embrace higher challenging undertakings, give training of new and youthful laborers, raise productivity and principles of execution, meet authoritative prerequisites and educate individuals (e.g. induction training, pre-retirement courses, and so on.)

Besides that, Dowling and Welch (2004) demonstrated that training means to enhance current work aptitudes and conduct, while development expects to build capacities in connection to future position or occupation. Training and development is important so as to accomplish and enhance the association goals. By training and development, association is required to positively affect employee's responsibility and engagement. This can be supported by an announcement from Rowden and Conine (2005) that worker who see their training and development being helpful will be

more fulfilled than the individuals who get no training and development or get an unvalued training and development.

In line with that, Chew and Chan (2008) identify the impacts of key human resource practices on employee's organizational commitment and intention to stay. They found that training and development was not significantly related to organizational commitment and challenging assignment was not positively related to employee retention. Training and development is an important factor that influences the employee retention.

### **2.3.3 Work environment**

Opperman (2002) interpret work environment as combination of three significant sub-situations which are technical, human and organization condition. Good physical working conditions must be provided by organization in order help to achieve good result in a work place. In order work places could be made safer, healthier and more pleasant to work in, more concern about the working environment like improving the cleanliness, better equipment and facilities, security in workplace and general appearance of the work place should considered.

Besides that, organization must provides a caring-culture environment for its employees, creates a fun work environment to work and concern the ideas from employees in decision-making. Company also must provides job enrichment, job enlargement, job rotation opportunities for its employees. This creates work-life balance environment for its employees.

Work environment is an important variable because it leads to proper understanding of mutual relationship between employees and their performance in various organizations. When employees feel the work environment is conducive, they



feel motivated to work and this will results to higher performance and productivity. Work environment and condition has a great impact towards employee performance and covers a wide-range of issues from working time (work schedules, rest period and hours of work) to compensation as well as the physical conditions and mental demand that exist in the work place. Similarly, studies have shown that favorable work environment guarantees the well-being of employees and enable them to exert themselves to their roles with all energy that may translate to higher performance as they motivated to work (Taiwo, 2010). A positive workplace environment is likely to result in employee retention, fewer cases of fraud, better safety practices, easier to attract and retain qualified employees and improved employee's well-being ( Rathert, Ishqaidef, & May, 2009).

Therefore, work environment serve as a predictor of employee retention in organizations. Numerous studies had been conducted on work environment variable in the past with other different outcomes such as job satisfaction and turnover intension change (Chen, Ployhart, Thomas, Anderson, & Bliese, 2011), motivation and knowledge transfer (Kim-Soon et al., 2014), job stress and employee performance (Khalid et al., 2012) and factors of work stress and employee performance (Ling & Bhatti, 2014). Thus, it is noted that work environment have a role in predicting the employee retention.

Furthermore, work environment was found to have significant psychosocial consequences for both employees and organization's performance (Chirumbolo & Areni, 2005). It is expected that good understanding on the relationship between work environment and performance, can result in a better system. The better management system will produce satisfaction among employees which enhance overall organizational performance.

## **2.4 Hypotheses development**

This section discusses how the hypothesis is developed by reviewing the relationship between compensation and benefits, training and development, work environment with employee retention based on previous literatures on the variables.

### **2.4.1 Relationship between compensation and benefits and employee retention among nurses**

Wang, Chen & Hyde (2010) in their study on employees of selected multinational corporations in the semiconductor industry in Shanghai, indicated that compensation and benefits lead to greater organisational commitment and lower turnover intention. Compensation and benefits was found to have a positive influence on turnover intention. This is because younger generations of Chinese workers have become more individualistic and materialistic. They tend to search personal growth and recognition tied to financial rewards, if they do not receive the expected financial rewards they are more likely to quit the organisation. However, employees who displayed a high level of satisfaction had less expectation to take off. At the point when fulfillment in money related pay was satisfied, the expectation to leave decreased significantly.

This supported by Chew (2008) which revealed that compensation and benefits with organizational commitment and intention to stay have positive link. It will increase employee's commitment by giving rewards. Henceforth, an undeniably thought needed to differentiate the rewards of the top performers. This because the top performer will effectively leave the organization and hard for them to get a similar substitution.

Compensation and benefits is also found have the relationship to employee's intention to quit. When an employee thinking about leaving a job, an employee often

think tangible benefits from the current organization that he or she has to sacrifice (Bergiel, 2009). This is also supported by Venderberghe (2008) that compensation and benefits is a key element in retention policies because it helps strengthening the link with the organisation and make the employees motivated to perform their job.

However, other research found that compensation becomes a secondary concern when company exhibits its investment in long-term relationships. This is because a retention strategy exclusively concentrates on compensation conditions and benefits is not likely to favour commitment and loyalty of employees and offer any guarantee in satisfaction and retention (Pare & Tremblay, 2000).

Maslow's hierarchy of needs include a physiological dimension which is the largest yet the lowest level of needs at the bottom of the pyramid. This means that certain employees or groups of employees are attracted to pecuniary gains and are less drawn to non-pecuniary benefits that an employment may offer. Kahn (1990) said that employee's perception of the benefits they receive from a role has a direct impact on their level of engagement. These benefits can come from external rewards and recognition in addition to meaningful work. The Gallup Poll (2008) shows that employees who receive regular recognition are more productive, satisfied, increase co-worker's engagement, have better safety records and are less likely to leave the organization.

On the other hand, the 2007-2008 survey conducted by Tower-Perrin concluded that employees worldwide want to give more, but they also want to see a clear and measurable return for their effort. Vazirani (2007) noted that organizations should have a proper pay system and provide certain benefits and compensation so that the employees are motivated to work in the organization thus increasing their engagement levels.

The Corporate Leadership Council (2004) found that compensation and benefits does not buy much discretionary effort because effort is largely a result of emotional commitment. Employees who believe their effort will be financially rewarded will exert more discretionary effort, thereby rewarding organizations that establish a clear link between performance and financial rewards. According to Maslach et al., (2001), less of rewards and recognition can lead to depression, but employees who receive rewards and recognition from their organization will feel obliged to respond with higher levels of engagement.

Employees performs work at the occupation with the understanding that the business owners will respond by giving remuneration and other positive benefits, which is steady with the work on social exchange theory by Whitener (2001). As per the Mercer Report (2003), workers will stay in the event that they are compensated decently and satisfactorily. Workers have a tendency to stay with the association when they feel their capacities, endeavors and execution commitments are perceived and acknowledged (Davies, 2001).

Businesses are expanding their responsibility regarding the utilization of rewards as fundamental components of ability administration programs. Consequently, an essential thought for organizations is to utilize their reward spending plan viably to separate the rewards of the top performers. This will thusly elevate the aim to remain of keyperformers in the association.

Thus, the following proposition is made;

*H1: There is a association between compensation and benefits with employee retention among nurses.*

#### **2.4.2 Relationship between training and development and employee retention among nurses**

Training and development is an activity that changes people's behavior. Increased productivity and work engagement is often said to be the most important reason for training and development. According to Collin (2000), training and development is essential not only to increase productivity but also to motivate and inspire workers by letting them know how important their jobs are and giving them all the information they need to perform those job.

McNamara (1998) listed the benefits from employees training and development where it can increased job engagement and satisfaction, increased employees motivation, increased efficiencies in processes, resulting in financial gain, increased capacity to adopt new technologies and methods, increased in innovation in strategies and products and lastly increased employees turnover. The significance and value of training and development has long been recognized. Consider the old quotation 'give a person a fish and you feed him for a day, but teach a person to fish and you feed him for a lifetime'. This quotation shows that how important are the training and development in term to guarantee the organization goals can be achieved.

Rosner (1999) believes that training and development can be either great investment or waste of money. Training and development is indeed a waste of money when the desired behavior does not occur. The key should be played by administrator is to identify what problems can be attributed to training and development deficiencies and once that is accomplished, administrator needs to ensure that the right training and development strategies is implemented. Without the right training and development, employees can be the organization biggest liability (Batram & Gibson, 2000).

Chew and Chan (2008) reported that employees may not necessarily increase their commitment to their organizations as the chances of training and development increases. This could be due to two reasons. First, there may be a mismatch between training and development and personal employees growth, which might have an effect on organizational commitment. Thus, these organizations may need to identify suitable training and development needs for individuals (Wetland, 2003). The second reason may be explained by organizational constraints such as time, personnel, budget, training facilities, materials equipment, and the attitude of senior management (Gomez-Mejia et al., 1995). These restrictions have the potential to impact on the training and development content and consequently organizational commitment.

From the employee's point of view, training and development is a symbol of the employer's commitment to their staff (Storey and Sisson, 1993). If the training involves the development of skills specific to the organization, it is likely to result in greater productivity for the firm, which in turn may raise the wages above what the employee will obtain elsewhere thus providing an incentive to stay (Frazis et al., 1998).

In addition to that, Huselid (1995) also noted that by providing formal and informal training experiences, such as basic skills training, on-the-job experience, coaching, mentoring and management development can further influence employee's development and hence, their performance. Training and development will reflect in productivity. When productivity increases, profits of the organisation would be maximized. It is the ultimate goal of every employer as well as reduced turnover.

Thus, the following proposition is made;

*H2: There is a connection between training and development with employee retention among nurses.*

### **2.4.3 Relationship between work environment and employee retention among nurses**

The work environment is very important to the organization and has been shown constantly to be connected with results that are favorable. For example, in a research conducted by Liu, Mitchell, Lee, Holtom, & Hinkin (2012) it has been established that work environment have relationship with employee performance, motivation to learn and to organizational commitment (Lamastro, 1999). Organizational identify perceived training (Kim-Soon, Ahmad and Ahmad, 2014) linked positively among employees loyalty (Rhoades and Eisenberger, 2002).

Work environment show positive effect with job satisfaction and retention (Ehsani, Sofdel, and Amiri, 2013). This showed the work environment plays as motivator in predicting employee retention. Similarly, there is evidence that work environment is correlated negatively to absenteeism (Bakker, Demerouti, de Boer, and Schaufeli, 2003; Brussig, 2015). Work condition was found to have significant psychosocial consequences for both employees and organization's performance (Chirumbolo & Areni, 2005).

In other words, numerous studies had been tested the role of work environment with other variables such as job satisfaction and turnover intension change (Chen, Ployhart, Thomas, Anderson, & Bliese, 2011), motivation and perceived training transfer (Kim-Soon et al., 2014), job demands and recovery (Garrick et al., 2014) stress and health (Kumar & Kumar, 2014), cognitive factors and behaviors (Liao et al., 2017), consideration of future consequences and leadership effectiveness (Zhang, Wang, & Pearce, 2014), job stress and employee performance

(Khalid et al., 2012) and factors of work stress and employee performance (Ling & Bhatti, 2014) and found significant moderating effect.

According to Havener (1999), organizations need to address and understand the deeper needs of employees in order to retain them and keep them engaged. Lack of effectiveness in workplace has been linked to negative outcomes (Anderson et al, 1996). Hoar (1994) stated that a lack of meaning in the workplace gives less of employee engagement and low in commitment. Employees are spending more and more time in work place and they also turning to work as a focal area in providing meaning, stability and identity in their lives.

Thus, the following proposition is made;

*H3: There is an association between work environment with employee retention among nurses.*

## **2.5 Related Theories on the variables**

There are two theories that are suitable in explaining the variables and understand the relationships.

### **2.5.1 Social Exchange Theory**

Social Exchange Theory is developed by George Homans (1910-1989). It related on the flow of relational connections and reasons behind person's decisions. Homans point out the most ideal approach to comprehend society part is by looking at human collaboration, particularly the pattern of rewards and costs that occurs within this relationship (Stockard, 2000).

According to exchange theory, social action is an ongoing interchange, or exchange, of activity between reasonable people who choose whether they will



perform a given action based on its relative rewards or costs. Blau (1964) additionally said that reward and cost will yield continuing shared trust and attractions. Within the hospital setting, nurses will expect some rewards like acknowledgment and advancement for their diligent work. When organization gives the employees training and opportunities to learn and advance in their career, they will likely to stay in the organization and transfer their skills and knowledge.

A good hospital will provide better facilities and conducive work environment in order to make their nurses happy working and satisfied with their workplace. This enhances the workers to contribute their energy and mind in making the organization more productive. Jawahar & Hemmasi (2006) demonstrated that when one gathering does a liberality to another, there is a desire of some future return. Fundamental to both social exchange theory and the standard of commonality is the idea of unspecified obligation, this commitment might be established as expanded sense of duty regarding the relationship and after some time, an example of correspondence develops, bringing about see adjust in return relationship (Blau, 1964; Gouldner, 1960; Rousseau, 1989).

Exchange relationship among workers with the association is extraordinary essentialness to the worker's so that vibe that their works are been esteemed and increased in value by their boss. Nonetheless, disappointment may occur over unjustifiable treatment which at that point influences profitability of the association. At the point when employees see absence of support in their workplace, they are probably display taking away behaviors including expectations to leave the association (Guzzo et al., 1994; Wayne et al., 1997).

## 2.6 Research Framework

The research framework in this study is based upon the literature review and the problem statement mentioned above. The study is to examine the association between compensation and benefits, training and development and work environment with employee retention among nurses in a private hospital. Therefore proposed that this research framework be used so that appropriate interventions and strategies can be formulated after testing the effectiveness for the organization. Figure 2.2 below represents the research framework of this study.

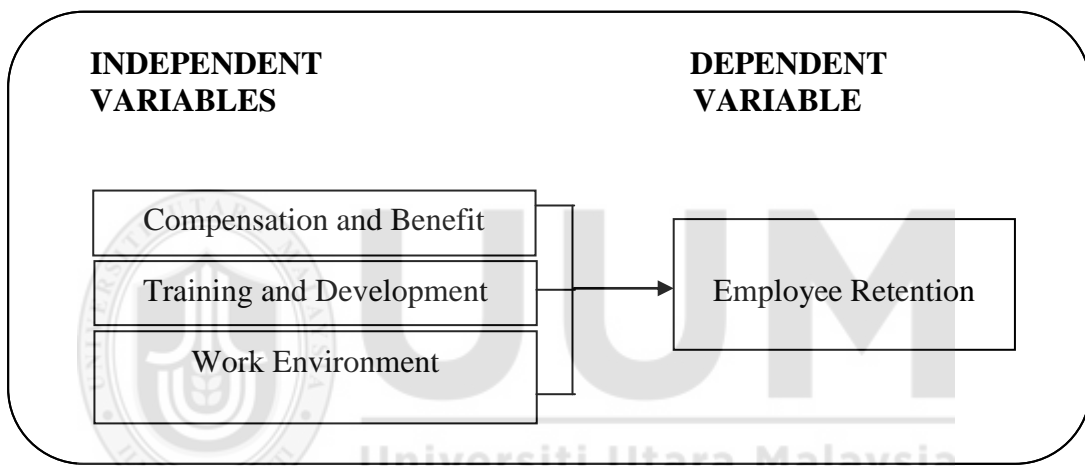


Figure 2.1  
*Research Framework*

## 2.7 Conclusion

This chapter presented a review of literature that focused on the relationship between compensation and benefits, training and development, work environment with employee retention. The following chapter describes the procedures and methodology that were used for data collection and analysis in this study.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This part display a brief explanation of the research design and technique utilized in this research. It comprised of research design, measurement on dependent and independent variables, data collection and administration and also the data analysis techniques.

#### **3.2 Research Design**

Research design refers to use best strategized research step to solve the problem by gathering appropriate information. The point of this study is to distinguish the association between independent variables which consist of compensation and benefits, training and development and work environment and dependent variable, employee retention among nurses of a private hospital in Penang.

In doing the research, there are two types or approach that can be used namely qualitative or quantitative. Qualitative research can be categorized as discovery oriented, and use data set to generate ideas. Based on inductive reasoning, qualitative research underlines the development of hypothesis statement while quantitative research is a deductive reasoning which focuses on testing the hypothesis (Hair et al., 2007). Since the main existence of this study is to determine the association between compensation and benefits, training and development and work environment and employee retention, quantitative research design is considered to be more appropriate for this study.

Quantitative research involves gathering data to be measured and then calculated by statistical analysis in order to support or disprove the claims (Creswell, 2013). Apart from that, quantitative research design also allows the analysis to be carried out on a large sample using a standard and formal set of questionnaire that can be generalized to the whole population. This is because questionnaire is an efficient collection data mechanism to generalize the result in a large population (Sekaran & Bougie, 2016).

Finally, it is a cross-sectional review where the information was gathered at a state of time. A cross-sectional design is simple, inexpensive and allows for the collection of data in a relatively short period.

### **3.3 Unit of Analysis**

The unit of analysis alludes to the level of information accumulation assembled during the following information analysis phase (Sekaran & Bougie, 2016). The survey was conducted at a private hospital in Penang and respondents were nurses from the hospital. The response to the study's questionnaire will be treated as individual data source.

### **3.4 Population and Sample of the Study**

Population refers to the total category of individuals, occasions or things of interest that the researcher eager to explore meanwhile sample is a subset of population (Sekaran & Bougie, 2016). The target populations in the research are nurses at private hospital. The total population in a private hospital is 250 nurses (8 departments). The 8 departments in a private hospital consists of 45 nurses in medical units, 42 nurses in surgical unit, 31 nurses in critical care units, 26 nurses in executive suite, 28 nurses in

emergency units, 20 nurses in rehabilitation unit, 45 nurses in operating department and 13 nurses in administration unit.

With a small population, the sample of the study is a census study which includes the entire nurse in the hospital, i.e. the population of the study. Throughout the actual data collection process, a total of 250 questionnaires were distributed, however only 200 set of questionnaires manage to be collected. This made up a response rate of 80 % in the organization.

### **3.5 Measurement**

Only primary data were used in conducting this study. The results of the survey are the source of the primary data. Researchers used questionnaire method for collecting the data. The questionnaire was segmented into three parts and the entire questions were in English. The first part is divided into three sections which covered variables regarding compensation and benefits, training and development and work environment as independent variables. The second parts focused on employee retention as dependent variable in this research. The last part of questionnaire is about the respondent background/demographics which comprises of gender, age, marital status, highest education achievement, years of service in the organization, monthly income, is this the first organization that work after graduation and number of organization that had work before joining the current organization. Table 3.1 illustrates the distributions of the variables.

Table 3.1

*Distribution of Variable*

| <b>Part</b> | <b>Variables</b>          | <b>Items</b> |
|-------------|---------------------------|--------------|
| A           | Compensation and benefits | 7            |
|             | Training and Development  | 5            |
|             | Work Environment          | 8            |
| B           | Employee Retention        | 6            |
| C           | Respondent Background     | 7            |

The structure of the questions was designed with likert scale and multiple-choice answers. The research gives selection of answers and respondent are requested to choose the best option that suits them. Likert scale is an estimation scale with five indicator start from 1 being (strongly disagree) to 5 (strongly agree).

### **3.5.1 Measurement for Independent variables**

The measurement which covered variables regarding compensation and benefits, training and development and work environment known as independent variables.

#### **3.5.1.1 Compensation and Benefits**

The dimension in Human resource management practices is to measure compensation and benefits. Compensation and benefit is defined as the pecuniary and real benefits that employees obtained as part of an employment (Milkovich, Gerhart & Newman, 2011). The 7 items used to measure compensation and benefits were adapted from Kim, Price, Mueller and Watson (1996). The Cronbach alpha of 0.62 reflects the positive reliability of the items. The same instrument was tested by Lembang (2015) with the Cronbach's alpha value of 0.58. The detail items and its operational definition are presented in Table 3.2.

Table 3.2

*Operational Definition and Items for Compensation and Benefits*

| Variable                         | Operational Definition   | Items   |
|----------------------------------|--|---|
| <b>Compensation and Benefits</b> | All forms of financial gains, tangible services and benefits that employees receive as part of an employment relationship. | 1. I received recognition for my achievement.<br>2. The salary I receive encouraged me to do a better job.<br>3. Incentives such as bonuses motivate me to do more than that is required.<br>4. I received a total salary that commensurate the job that I am doing.<br>5. In general, my salary is the same as the salary of my colleague holding equivalent position as I am.<br>6. In general, my salary is the same as the salary paid for the same job by other company's within the same industry.<br>7. The fringe benefits offered by this organization are attractive. |

Source: Kim, Price, Mueller &amp; Watson (1996)

### 3.5.1.2 Training and Development

Training and development is a chance to learn and expand knowledge and new skills that essential to execute the present job or future duty (Desimone, Werner & Harris, 2002). Training and development was measured by 5 items and adapted from Desimone, Werner and Harris (2002) with the high value of Cronbach alpha of 0.70. The instrument was used by Lembang (2015) with the Cronbach's alpha value of 0.66. The detail items and its operational definition are displayed in Table 3.3.

Table 3.3

*Operational Definition and Items for Training and Development*

| Variable                        | Operational Definition  | Items  |
|---------------------------------|---|--|
| <b>Training and Development</b> | Opportunity to learn and develop knowledge, new skills and abilities needed to carry out the present job or future assignments. | 1. I am encouraged to attend the training and development programs that are available for me.<br>2. My superior decides on the training and development that I need.<br>3. I am given the opportunity to upgrade my knowledge and skills to improve my performance through continuous training.<br>4. I received the necessary training to perform my job assignment well.<br>5. I am given the opportunity to be involved in activities that promote my professional development. |

Source: Desimone, Werner and Harris (2002)

**3.5.1.3 Work Environment**

Work environment can be described as management's endeavor to make the work settings great place to work and provide job enrichment. The 8 items used is adapted from Moncarz, Zhao, and Kay (2009). A measurement of Cronbach alpha of 0.73 reflects the high reliability of the items. The instruments were used by Suhail (2014) with Cronbach's alpha value of 0.64. The details of items and operational definition are presented in Table 3.4.

Table 3.4

*Operational Definition and Items for Work Environment*

| Variable                | Operational Definition  | Items  |
|-------------------------|---|--|
| <b>Work Environment</b> | Initiatives of organization to make the workplace environment a great place to work and provide job enrichment. | 1. This company provides a caring-culture environment for its employees.<br>2. This company creates a fun work environment for its employees.<br>3. This company has policies that allow individual employees to use |



- 
- discretionary decision-making.
4. This company provides job enrichment opportunities for its employees.
  5. This company offers its employees job enlargement opportunities.
  6. This company offers a work-life balance environment for its employees.
  7. This company supports job rotation of employees.
  8. This company has ad hoc committees comprised of employees from different departments.
- 

Source: Moncarz, Zhao, and Kay (2009)

### 3.5.2 Measurement for Employee Retention

Employee retention refers to the employee's willingness to stay and work for maximum period of time. The 6 items used is adapted from Stanssen & Ursel (2009) and Coombs (2009). The reliability coefficient is 0.96. The instrument had been tested by Zin, Pangil, and Othman (2012) with Cronbach's alpha value of 0.92. The items and operational definition are described in Table 3.5.

Table 3.5  
*Operational Definition and Items for Employee Retention*

| Variable                  | Operational Definition  | Items   |
|---------------------------|---|---|
| <b>Employee Retention</b> | Employee's willingness to stay and work for maximum period of time. | <ol style="list-style-type: none"> <li>1. I have the desire and intend to remain working at this company.</li> <li>2. I plan to continue working for this company in the future.</li> <li>3. For me, continue working for this company is very likely.</li> <li>4. I expect to work at my present company for as long as possible.</li> <li>5. Barring unforeseen circumstances, I would remain in this company definitely.</li> <li>6. If I were completely free to choose, I would prefer to continue working in this company.</li> </ol> |

Source: Stanssen & Ursel (2009), Coombs (2009)

### **3.5.3 Measurement for Respondent Background**

The last part of questionnaire is the respondent background which comprises of gender, age, marital status, highest education achievement, years of service in the organization, monthly income, is this the first organization that work after graduation and number of organization that had work before joining the current organization.

### **3.6 Data Collection and Administration**

For this analysis, the survey was conducted on 1<sup>st</sup> to 27<sup>th</sup> April, 2017. This survey was conducted in the month of April, 2017. Hard copy questionnaires were distributed to nurses in a private hospital in Penang and dispersed by per week. The questionnaires were completed within 15 minutes. The total population was 250 nurses. A total of 250 questionnaires were dispersed, however only 200 set of questionnaires were manage to collected. This made up about 80% of response in the organization. The survey questionnaire is exhibited in Appendix A.

### **3.7 Data Analysis Technique**

The data that collected from the survey were entered and coded into dataset to generate, analyze the survey results into statistical analysis. Statistical Package for Social Science (SPSS) software version 22.0 will be utilized in order to run the descriptive, correlation and regression analysis.

#### **3.7.1 Descriptive Analysis**

Descriptive analysis is used to figure out the quantitative analysis of data. They offer simple summaries regarding sample and measures. According to Zikmund (2013),

descriptive analysis will provide details regarding internal consistency reliability, mean, median, mode, variance, range and standard deviation.

The descriptive analysis was conducted as the analysis will provide the researcher with the demographic characteristics of respondents. The process is crucial to ensure that the respondents obtain in this study represent all the demographic characteristic of the population. In this study, the demographic characteristics of respondent such as gender, age, marital status, highest education achievement, years of service in this organization, monthly income, organization that work after graduation and number of organization that had work before joining this organization were described by using frequency and percentage.

### **3.7.2 Pearson Correlation Analysis**

Correlation is defined as the strength of the linkage that exists between two variables. According to Sekaran & Bougie (2011), strong correlation happens when two or more variables have strong relationship and vice versa. Statistical Package for Social Science (SPSS) is run to analyze this analysis. Pearson correlation coefficient ( $r$ ) is used to show the parallel connection between independent and dependent variables. According to Whitlock & Schluter (2009), a negative value of  $r$  will represent an inverse relationship between variables, absolute values of  $p \leq 0.05$  define the strength of the relationship and causal effect relationship can't decide by having a strong correlations.

When  $r$  value for two variables is close to (+ 1), then it is a positive liner relationship and vice versa. If the value of  $r$  is closed to 0, then there is no liner association between the variables. The 95% confidence level ( $p \leq 0.05$ ) is set as a significance value to reject the type I error. The rule of thumb in explaining the

correlation value ( $r$ ) is if it is 0, there is no correlation; if  $r \leq 0.4$  consider weak correlation and if  $r \leq 0.6$ , then it is moderately strong correlation. However, if  $r \leq 0.8$ , then it is consider as strong correlation and  $r \leq 1.0$  shows very strong correlation value. Value of  $r$  equals to 1 always shows a perfect correlation between the variables (Phanny, 2014).

### **3.7.3 Regression Analysis**

Regression analysis is conduct to find the interrelation with dependent variable (employee retention) and independent variables (compensation and benefits, training and development and work environment and job design). Multiple Regression Analysis method is used to examine which three independent variables have more significant effect in influencing the dependent variable by calculating the beta value. The value of  $r^2$  is the amount of variance which explains the dependent variable by the predictors. Results can be interpreted when there is  $r^2$  value,  $F$  value and significance level.

### **3.8 Conclusion**

This part has presented the research method for the study. It details out how the sample of respondents was selected, development of the research substances, and the data collection procedures. This chapter also briefly explains the adoption of several analyses in Statistical Package for Social Science (SPSS) to test the research hypotheses. The findings of the study will be reported in Chapter 4.

## **CHAPTER FOUR**

### **FINDINGS**

#### **4.1 Introduction**

In this chapter, the findings of the study are presented. Information retrieved from the respondents was analyzed using various statistical analyses. Frequency analysis was used to analyze the respondent's background. The correlation analysis was used to determine the strength of linkage between independent and dependent variables. Furthermore, regression analysis was conducted to examine the significant connection of compensation and benefits, training and development, work environment on employee retention.

#### **4.2 Profiles of Respondents**

The frequency analysis was used to describe the respondent's background details. As indicated in Table 4.1, a total of 200 nurses participated in this survey. Based on the survey, the entire respondent in a private hospital, Penang consists of female nurses. Most of the respondents are in the age group of 26 – 30 years old which is about 42% or 84 respondents. Senior employees who are more than 40 years old represent 17 % of the workforce whereas there are only 23 respondents in the age group of 31-35 years old. The majority of the respondents are married person which is about 71% while single are 56 respondents and the divorcees consist of two persons.

Half of the total respondents in a private hospital which are about 50.5 % are from Diploma education level background. Meanwhile, 97 nurses are having their Degree as highest education achievement while only two nurses are having their Masters. In this private hospital, most of the nurses which are 47.5 % still considered as new employees because having two to three years working experience in this

organization whereas 69 nurses have been working for the past 4 to 5 years. There are only nine nurses that sustain in providing service for this hospital for more than 8 years.

83 % of the respondents received monthly income between RM2001-RM4000 while 27 out of 200 respondents received monthly income between RM4001-RM6000. Most of the respondents which is about 58.0 % indicated that this is not the first organization that they work after their graduation. About 19.5 % which is about 39 respondents stated that they job hop for two times before joining the current organization whereas about 36 respondents stated that there are three organizations that they worked before joining this organization. The respondent's background profile is illustrated in Table 4.1 below.

Table 4.1  
*Respondents' Background Profile*

| Demographic Characteristics   |                 | Frequency | Percentage (%) |
|-------------------------------|-----------------|-----------|----------------|
| Gender                        | Male            | 0         | 0              |
|                               | Female          | 200       | 100.0          |
| Age                           | < 21 years old  | 0         | 0              |
|                               | 21-25 years old | 26        | 13.0           |
|                               | 26-30 years old | 84        | 42.0           |
|                               | 31-35 years old | 23        | 11.5           |
|                               | 36-40 years old | 33        | 16.5           |
|                               | > 40 years old  | 34        | 17.0           |
| Marital Status                | Single          | 56        | 28.0           |
|                               | Married         | 142       | 71.0           |
|                               | Divorced        | 2         | 1.0            |
|                               | Others          | 0         | 0              |
| Highest Education achievement | SPM             | 0         | 0              |
|                               | Diploma         | 101       | 50.5           |
|                               | Degree          | 97        | 48.5           |
|                               | Masters         | 2         | 1.0            |
|                               | Others          | 0         | 0              |

| Demographic Characteristics  |                   | Frequency | Percentage (%) |
|--|-------------------|-----------|----------------|
| Years of Service<br>in this organization   | < 2 years         | 11        | 5.5            |
|  | 2- 3 years        | 95        | 47.5           |
|  | 4- 5 years        | 69        | 34.5           |
|  | 6 -7 years        | 16        | 8.0            |
|  | > 8 years         | 9         | 4.5            |
| Monthly Income   | < RM2000          | 6         | 3.0            |
|  | RM 2001 - RM 4000 | 166       | 83.0           |
|  | RM 4001- RM 6000  | 27        | 13.5           |
|  | RM 6001- RM 8000  | 1         | 0.5            |
|  | RM 8001-RM10, 000 | 0         | 0              |
|  | > RM 10,001       | 0         | 0              |
| First organization that<br>work after their graduation                             | Yes               | 84        | 42.0           |
|  | No                | 116       | 58.0           |
| Number of organization<br>that had work before joining<br>the current organization | 1 time            | 16        | 8.0            |
|  | 2 times           | 39        | 19.5           |
|  | 3 times           | 36        | 18.0           |
|  | 4 times           | 17        | 8.5            |
|  | 5 times           | 6         | 3.0            |
|  | 6 times           | 0         | 0              |
|  | > 6 times         | 2         | 1.0            |

#### 4.3 Descriptive statistics and Normality Test

The means and standard deviations of variables had acquired. The summary of the descriptive statistics is display in Table 4.2. Five point Likert scale is used as measurement for this study where point 1-signify strongly disagree while point 5 – display strongly agree. From the table, it clearly showed the means for employee retention are the highest which is 4.06. The mean for training and development and work environment also consider high which are 3.96 while compensation and benefits also revealed high mean of 3.69. Employee retention reported a standard deviation of 0.32 with a skewness value of 0.13 and a kurtosis of 0.33. This indicates that the response for employee retention is normally distributed. Compensation and benefit's standard deviation was 0.55 with a skewness of 0.39 and a kurtosis of 0.65. Responses

for compensation and benefits also exhibited a normal distribution. Training and development reported a standard deviation of 0.80 with a skewness value of 6.42 and a kurtosis of 46.9.

According to Sekaran & Bougie (2010), it is a positive skewed or right skewed information due to the "tail" of the dissemination focuses to right side, and as long as that its skewness figure more noteworthy than 0 (or positive). Positive kurtosis figure demonstrates that the conveyance has heavier tails and a greatest top than the typical dispersion. Finally, work environment has a standard deviation value of 0.30 with a skewness of -0.61 and kurtosis value of 0.34. This shows a normally distributed response. The standard deviation below than 1 for each variable indicated a general consensus among the respondents. The results of the descriptive statistics and normality test of the data are depicted in Table 4.2. The normality tests for all variables are also exhibited in Appendix B.

Table 4.2

*Descriptive statistics and Normality test for employee retention, compensation and benefits, training and development, and work environment.*

| Variable | Mean | SD  | Skewness | SE-Skewness | Z-Skewness | Kurt  | SE-Kurt | Z-Kurt |
|----------|------|-----|----------|-------------|------------|-------|---------|--------|
| ER       | 4.06 | .32 | .13      | .17         | .13        | .33   | .34     | .34    |
| CNB      | 3.69 | .55 | .39      | .17         | .39        | -.65  | .34     | -.65   |
| TND      | 3.96 | .80 | 6.42     | .17         | 6.42       | 46.93 | .34     | 46.93  |
| WENV     | 3.96 | .30 | -.61     | .17         | -.61       | 5.33  | .34     | 5.33   |

Note: ER = Employee retention; CNB = Compensation and Benefits; TND = Training and development; WENV = Working environment; N = 200



#### 4.4 Reliability Analysis

The Cronbach alpha reliability test was tested to observe and examine the internal consistency of the items that used in research (Sekaran & Bougie, 2010). The alpha coefficient of employee retention is 0.62, compensation and benefits are 0.72, training and development being 0.75 and work environment is 0.50. Therefore, all the constructs show adequate reliability in this research. It is important to note that question 4, 5, and 6 was removed from the original measurement scale of employee retention in order to make it reliable at 0.614. Next, question 4 was deleted from the original measurement scale of compensation and benefits to make the alpha become 0.72 whereas in training and development measurement scale, only question 2 and 4 was removed and thus making it a total of three measurement scale questions used. In work environment measurement scale, the variable itself was removed because of low reliability in Cronbach alpha which is about 0.5. Table 4.3 presents the detail results of the Cronbach reliability test.

Table 4.3

*Test of Reliability for the variables of employee retention, compensation and benefits and training and development.*

| Variables                 | Cronbach's alpha ( $\alpha$ ) | No of Items (N) |
|---------------------------|-------------------------------|-----------------|
| Employee retention        | 0.62                          | 3               |
| Compensation and benefits | 0.72                          | 6               |
| Training and development  | 0.75                          | 3               |

#### 4.5 Pearson Correlation Analysis

Pearson correlation analysis is done to measure the strong point and significance connection between variables (Sekaran & Bougie, 2011). Table 4.4 displays the results of the Pearson correlation analysis of the variables.

Table 4.4  
*Pearson correlation analysis of the variables*

| No. | Variables                 | Employee retention | Compensation and benefits | Training and development |
|-----|---------------------------|--------------------|---------------------------|--------------------------|
| 1   | Employee retention        | 1.00               |                           |                          |
| 2   | Compensation and benefits | 0.34**             | 1.00                      |                          |
| 3   | Training and development  | 0.09               | 0.07                      | 1.00                     |

\*\* $p \leq 0.01$  level (2-tailed)

The outcome of the correlation analysis indicates that all the variables have significant positive relation with employee retention except training and development. Employee retention and compensation and benefits have a positive significant correlation ( $r=0.34$ ;  $p \leq 0.01$ ). However, employee retention and training and development does not correlated and not significant ( $r = 0.09$ ;  $p \leq 0.01$ ).

#### 4.6 Multiple Regression Analysis

Regression analysis is conducted on the three independent variables which are compensation and benefits, and training and development. The analysis is done to determine if there is a significant relationship with the dependent variable, which is employee retention. The results are shown in table 4.5.

Table 4.5

*Multiple regression analysis of independent variables on Employee retention*

| Model                     | Unstandardized |            | Standardized |       |       |
|---------------------------|----------------|------------|--------------|-------|-------|
|                           | coefficients   |            | coefficients |       |       |
|                           | B              | Std. Error | Beta         | t     | Sig.  |
| Constant                  | 2.731          | 0.351      |              | 7.783 |       |
| Compensation and benefits | 0.163          | 0.048      | 0.274*       | 3.390 | 0.001 |
| Training and Development  | 0.073          | 0.071      | 0.069        | 1.036 | 0.302 |

Note:  $r^2 = 0.128$ ;  $R = 0.358$ ;  $F = 9.590$ ;  $*p \leq 0.05$ 

Dependent variable: Employee retention

From the regression results, the value of  $r^2$  was seen to be 0.128 which revealed that 12.8% of the variances in the dependent variable (employee retention) have been explained by these independent variables (compensation and benefits and training and development). Another 87.2% of employee retention is explained by other variables. From analysis, it is found that compensation and benefits ( $\beta = 0.274$ ;  $p \leq 0.05$ ) have significant influence on employee retention. An increase in the compensation and benefits package influences the intention to stay among nurses in a private hospital, Penang. Thus, compensation and benefits is the most significant variable that plays a role in influencing the nurses to retain in an organization compared to other independent variables.

#### **4.7 Conclusion**

Frequency, descriptive statistics, normality test, reliability analysis, correlation and regression analysis were used in conducting the analysis. It helps to clarify on the relationship of the variables as well as its significance and the reliability of the measurement scales that used in this survey. The following part will further elaborate about the findings of the study.



## **CHAPTER 5**

### **DISCUSSION, RECOMMENDATIONS AND CONCLUSIONS**

#### **5.1 Introduction**

Many previous studies have been conducted on employee retention and the advantages organizations stand to gain from having an engaged workforce with high retention. This study aims to determine the relationship between employee retention with compensation and benefits, training and development and also work environment. This chapter comprise discussion of the findings and suggestions for future research.

#### **5.2 Discussion**

This research aimed at examining the relationship between compensation and benefits, training and development and work environment with employee retention of nurses in Penang. The results of the study are important for organization to determine the appropriate business strategies it will implement in the future to ensure that its nurses will continue to retain their jobs and remain in the organization.

Three research questions were used to help meet the objectives of the study which are to determine the association between compensation and benefits with employee retention among nurses, to ascertain the connection between training and development with employee retention among nurses and to identify the association between work environment and job design with employee retention among nurses.

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

### **5.2.1 The relationship between compensation and benefits and employee retention**

Multiple regression analysis results also prove that compensation and benefits does have an important connection with employee retention at 0.001 ( $p \leq 0.05$ ). This means that compensation and benefits package influence the retention among nurses in private hospital.

Compensation and benefits refers as the pecuniary and real benefits that employees obtained as part of an employment. Compensation and benefits was found to have a notable link with employee retention. The multiple regression results also display a standardized beta value of 0.27 makes the compensation and benefits seems to be the most significant variable that plays a role in influencing the nurses to retain in an organization compared to other independent variables.

Compensation and benefits is a vital approach to influence individual's choice to work with an organization. According to Othman and Lembang (2017), employees tend to leave the organization if they not receive an attractive pay for their contribution. This is also supported by Johanim et.al (2012), organizations that fail to provide fair and reasonable compensation and benefits package would lead to negative action of employees against the organization such as reluctant to stay with the current organization.

In order to motivate all levels employees, organization should also design benefit plan according to different level employee's fond and demand (Zhang, 2016). In other words, compensation and benefits influences the employee's attitudes and ensures a longer service if they satisfied with the system. Bernardin and Russell (2013) expressed that youth workforce are more way of life focused and requesting heaps of advantages at work environment. As mentioned earlier, most of the

participants are in the age group of 26 – 30 years old which is about 42% or 84 respondents. Youth employees expect a great compensation and benefits package in order to get motivated in work Besides that, most of the nurses working in a private hospital are married which is about 71% of the total population. They are depending on the compensation and benefits that given by the hospital to run their life. As compared to training and development or work environment, compensation and benefits seems to be more fundamental in satisfying their essential and moment needs. In this way, they put a higher attention on reward-related matters, especially compensation and benefits in their mindset to guarantee their stay in the present employment.

Besides that, Anis et al., (2011) stated that an efficient compensation and benefits system influences the employees to make their decision for longer retention because of their self-interest is fulfilled there. Giving recognitions to employees also helps in retaining employees because it eventually satisfied them and boost up morale and positive behavior towards work. Other than that, when employees feel that they are being rewarded by their organizations, they feel satisfied and put more efforts in work (Alshammari et.al, 2016). Reasonable compensation and benefits system will be good internal incentive mechanism. Employees remained committed with the organization after understand the compensation and benefits policies and system. Thereby, it is duty of management to give information about its compensation policies to all its employees.

The nurses in private hospital, Penang was provided with a very good basic salary. On top of that, they also receive allowances such as shift allowance, attendance incentives, and overtime payment. Incentives such as bonuses based on their performance. Beside the monetary gains, the hospital provides a list of non

monetary benefits to its employees. Nurses were given with free uniforms and medical benefits is for employee, spouse and legal children. Recently, hospital give free health screening to all employees.

The variable, compensation and benefits have more significant relationship to employee retention compare to other variables. This study's results are relevant with the theory of Maslow's hierarchy of needs where employees attracted more to financial rewards. The more the financial gain or reward in return for their contributions, the higher their level of commitment and employee retention. The other benefits which hospital had provided, from the improved healthcare program will helps in giving engaged nurses and hence it further promote employee retention. Furthermore, Chew and Chan's (2008) research results stated that rewards and recognition favourably link organizational commitment and intention to stay. With the underlying supposition that money can impact behavior of a individuals, a better marketable compensation system is needed to be the foundation of the authoritative and suggested assertion among workers and businesses (Parker and Wright, 2000).

Therefore, from organization's side, compensation and benefits program should continue on an on-going basis as it helps to motivate the employees. Hospital sector should chip in few more benefits in the future to cultivate motivation of nurses. However, the management should be think of minimum pay value in private sector that currently decided at national level. The other consideration is the organization's budget on sustaining the compensation and various benefits in the long run. Any decision to drop or discontinue some of the benefits, possibly due to organization losing money in the future, will impact employee relation or demotivate the engaged workforce.



The findings from this study is relevant with Mitchell et al. (2001) that pleasure in the job is important for employees to sustain and organization must take actions that will contribute to it. They added that pay and financial incentives also aid in increasing motivation, commitment, and satisfaction.

In summary, organization comprehensive compensation and benefits provide a leading edge in hospitality services and serve as retention factor for nurses. This is consistent with the famous theory on Maslow's hierarchy of needs, that many employees are attracted to pecuniary and are less drawn to non-monetary benefits that an employment may offer. Thus, all this explanation helps to signify the impact of compensation and benefits on nurse's retention.

### **5.2.2 The relationship between training and development with employee retention among nurses.**

The multiple regression analysis display results (Table 4.5) which shows that training and development does not have a significant association with employee retention at 0.302 ( $p \leq 0.05$ ). This means that training and development does not influence the retention among nurses in private hospital.

Training and development refers to exercise that done by an organization to assist workers top off the information, skills and experience expected to perform present or future errands. Finding by Haider et.al, (2015) showed an inverse relation in their research of training and development with employee retention. This negative relation is maybe due to lack of good compensation system in the organization. When the employees are trained and they are not compensated based on their experiences and qualifications, they prone to switch to other organizations. Similar research findings were found by Johanim et.al (2012), although the mean value for training and

development is 3.77, but does not provide significant relationship with employee retention.

“Multiple Generations at Work” Survey (2012) in Forbes found out that young generation believes that they will receive the experience in training and development opportunities if they worked with many organization. Hence, they had decided that by job hop, they can get as much new experiences and chances in training and development offered by various employers. Therefore, they didn’t take into account that the training and development given out by the current employers at their workplace and this variable didn’t have significant relationship with their employee retention.

Within the hospital setting, most of the nurses in a private hospital are among the age group of 26 – 30 years old which is about 42% or 84 nurses .A large portion of the respondents in this private hospital were millennial eras, which identified as job hoppers. It is indicated that since most of the nurses is just after graduated from nursing college, they received adequate training in their college. Although the mean value of training and development is high ( $M = 3.96$ ), but indicate that nurses in the study had sufficiently given training and development chances for them to develop their skills and knowledge, however this didn’t influence their choice to stay in the present place of employment. Thus, they didn’t perceive training and development as a factor to stay in their workplace for the current time frame. Training and development reveal does not have relationship with employees retention among nurses in a private hospital.

### **5.3 Limitations of the Study**

There are several restraints faced in the course of the research. The first is that the study focused on a group of nurses in only one hospital. Therefore, the findings are reflective of the opinions expressed of specific groups of employees and may not be representative of the entire workforce of nurses in other hospital. The findings from this method of research, called nonprobability sampling, cannot be confidently generalized to the population (Sekaran, 2006).

The second is related to the demography of the respondents as all of the participants are female employees. Hence these respondents are possibly contented and more drawn to working in an organization that cares for their well-being. They may not care enough about receiving additional compensation and benefits.

Finally, about the condition on how data was collected. The researcher distributed the survey questionnaires to the participants with instructions to get the survey returned within 2 weeks but the researcher can't control the time taken.

### **5.4 Recommendations and Implication of this Study**

The study clearly shows that there is a significant linkage among the variables and employee retention. The study participants have expressed that compensation and benefits are the strong predictors to their retention.

#### **5.4.1 Implications of study**

The study intends to identify whether there is an association between compensation and benefits, training and development and work environment with retention among nurses. This research helps to determine which variables help to retain the nurses and directly reduce the turnover of nurses. Furthermore, this study helps in academic

purposes to enrich the literature by filling the gap especially for employee retention among nurses field. Obviously, there is not only one factor that impacting the employee retention. The outcomes of this research will serve as a fundamental platform for future research in identifying determinants of employee retentions. The research also helps to strengthen the Maslow and Social exchange theory as it is an evidence that can be used in future studies to support for employee retention. Besides that, the study would be a review on the recent nurse's retentions in Malaysia especially for private hospital. The study will practically contribute to nurse's profession where it can be as guidelines for all Human Resource Practitioners or hospital management to reformulate the strategy and give solutions to the organization to reduce the employee's turnover problem.

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

Understanding the levers of employee retention is an important management function in today's highly competitive world and acting upon these levers requires a company to assess accurately the commitment levels of their employees. The desired state, therefore, is for future research on the same topic to cover the larger population of nurses such as public and private hospitals to ensure that the results are meaningful and capable of being generalized to the population. It is also important that the survey being utilized via the proportionate sampling method so that each segment of the population is being represented and the results are more reflective of the entire organization.

Additionally, more time should be provided for the respondents to return the completed survey questionnaires. This method may help to ensure that participants

provide honest answers to the survey questionnaire without being too much influence by their feeling.

Future research should include more and expanded variables under HRM practices such as employee communication, working conditions and employee-supervisor relationship hence a more holistic study can be done.

The future researchers should consider add in mediating or moderating variable that suits the framework. For an example, work engagement can be as mediator variable to be investigated in order to have a better findings. Considering work engagement in future research exhibits an evidence that work engagement increases profitability through higher productivity, sales, customer satisfaction, and employee retention (Thirapatsakun et.al ,2014).

## **5.5 Conclusion**

All three objectives of this study were discussed. The results of the study clearly shown that only compensation and benefits have positive relationships with employee retention. This showed that compensation and benefits have the most significant influences with employee retention compared to training and development and work environment. Hence, private hospital's management must design a fair and marketable compensation and benefits package to motivate the nurses to stay loyal in organization. The Maslow and Social exchange theory has been supported where a person will motivated if their needs are been fullfill and it will cause satisfaction among them to contribute their productivity towards work.

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## APPENDICES

### APPENDIX A- QUESTIONNAIRE



#### SURVEY

Dear respected respondent,

I am a postgraduate student at University Utara Malaysia seeking your assistance in this survey entitle “The Impact of Human Resource Practices on employee retention”.

The confidentiality of information given will be kept preserved and to be used only for academic purposes in order to fulfill the Master studies requirement of the university.

I realize that you are busy and thus, I have designed the survey that it should **not take you longer than fifteen minutes** to answer. Please do answer all the items in the questionnaire.

Thanking you in advance for sparing your time and support rendered in accomplishing this project.

Yours sincerely,

Hemallatha Sasee,

Master of Human Resource Management (MHRM) Candidate,

School of Business Management,

University Utara Malaysia.

*Email:hemallatha2010@gmail.com*

### **Part A: Human resource practices**


Indicate your level of agreement on the following statements by circling the number that best relates to you choosing from 1- Strongly disagree to 5- Strongly Agree.

#### **COMPENSATION AND BENEFITS**

Strongly Disagree  Strongly Agree


- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| 1. I received recognition for my achievement.   | 1 | 2 | 3 | 4 | 5 |
| 2. The salary I receive encouraged me to do a better job.   | 1 | 2 | 3 | 4 | 5 |
| 3. Incentives such as bonuses motivate me do more than that is required.  | 1 | 2 | 3 | 4 | 5 |
| 4. I received a total salary that commensurate the job that I am doing.   | 1 | 2 | 3 | 4 | 5 |
| 5. In general, my salary is the same as the salary of my colleague holding equivalent position as I am.               | 1 | 2 | 3 | 4 | 5 |
| 6. In general, my salary is the same as the salary paid for the same job by other company's within the same industry. | 1 | 2 | 3 | 4 | 5 |
| 7. The fringe benefits offered by this organization are attractive.   | 1 | 2 | 3 | 4 | 5 |

#### **TRAINING AND DEVELOPMENT**

Strongly Disagree  Strongly Agree

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| 1. I am encouraged to attend the training and development programs that are available for me.                           | 1 | 2 | 3 | 4 | 5 |
| 2. My superior decides on the training and development that I need.   | 1 | 2 | 3 | 4 | 5 |
| 3. I am given the opportunity to upgrade my knowledge and skills to improve my performance through continuous training. | 1 | 2 | 3 | 4 | 5 |
| 4. I received the necessary training to perform my job assignment well.   | 1 | 2 | 3 | 4 | 5 |
| 5. I am given the opportunity to be involved in activities that promote my professional development.                    | 1 | 2 | 3 | 4 | 5 |

## WORK ENVIRONMENT

|    |   | Strongly Disagree  Strongly Agree |   |   |   |   |
|----|---|--|---|---|---|---|
| 1. | This company provides a caring-culture environment for its employees.                           | 1  | 2 | 3 | 4 | 5 |
| 2. | This company creates a fun work environment for its employees.                                  | 1  | 2 | 3 | 4 | 5 |
| 3. | This company has policies that allow individual employees to use discretionary decision-making. | 1  | 2 | 3 | 4 | 5 |
| 4. | This company provides job enrichment opportunities for its employees.                           | 1  | 2 | 3 | 4 | 5 |
| 5. | This company offers its employees job enlargement opportunities.                                | 1  | 2 | 3 | 4 | 5 |
| 6. | This company offers a work-life balance environment for its employees.                          | 1  | 2 | 3 | 4 | 5 |
| 7. | This company supports job rotation of employees.  | 1  | 2 | 3 | 4 | 5 |
| 8. | This company has ad hoc committees comprised of employees from different departments.           | 1  | 2 | 3 | 4 | 5 |

## Part B: Employee Retention

The following are statements about employee willingness to stay in organization. Circle the number that best relates to you, choosing from 1- Strongly disagree to 5- Strongly Agree.

|    |  | Strongly Disagree |   |   | → | Strongly Agree |   |  |
|----|--|-------------------|---|---|---|----------------|---|--|
| 1. | I have the desire and intend to remain working at this company.                          | 1                 | 2 | 3 |   | 4              | 5 |  |
| 2. | I plan to continue working for this company in the future.                               | 1                 | 2 | 3 |   | 4              | 5 |  |
| 3. | For me, continue working for this company is very likely.                                | 1                 | 2 | 3 |   | 4              | 5 |  |
| 4. | I expect to work at my present company for as long as possible.                          | 1                 | 2 | 3 |   | 4              | 5 |  |
| 5. | Barring unforeseen circumstances, I would remain in this company definitely.             | 1                 | 2 | 3 |   | 4              | 5 |  |
| 6. | If I were completely free to choose, I would prefer to continue working in this company. | 1                 | 2 | 3 |   | 4              | 5 |  |

### **Part C: Respondent Background**

Please tick [✓] in the box provided. **CHOOSE ONLY ONE OPTION.**

#### **1. Gender:**

☐ Male ☐ Female

#### **2. Age:**

☐ < 21 years old ☐ 35 years old  
☐ 21-25 years old ☐ 40 years old  
☐ 26-30 years old ☐ years old

#### **3. Marital Status:**

☐ Single ☐ Divorced  
☐ Married ☐ Others, please indicate: \_\_\_\_\_

#### **4. Highest Education achievement:**

☐ SPM ☐ Degree ☐ Others, specify: \_\_\_\_\_  
☐ Diploma ☐ Masters

#### **5. Years of Service in this organization**

☐ < 2 years ☐ 4- 5 years ☐ > 8 years  
☐ 2- 3 years ☐ 6 -7 years

#### **5. Monthly Income:**

☐ < RM2000 ☐ RM 4001- RM 6000 ☐ RM 8001-RM10, 000  
☐ RM 2001 - RM 4000 ☐ RM 6001- RM 800 ☐ > RM 10,001

**6. Is this the first organization you work after graduation?**

☐ Yes

☐ No

**7. If you have answered the previous question “No”, please indicate the number of organization you had work before joining this organization.**

☐ 1 time

☐ 4 times

☐ > 6 times

☐ 2 times

☐ 5 times

☐ 3 times

☐ 6 times

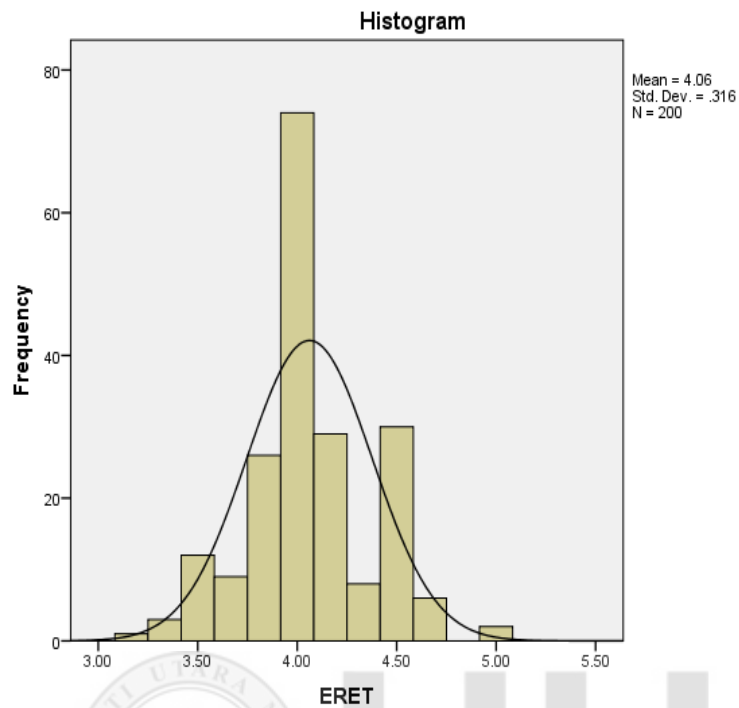


***THANK YOU FOR YOUR TIME AND COOPERATION***

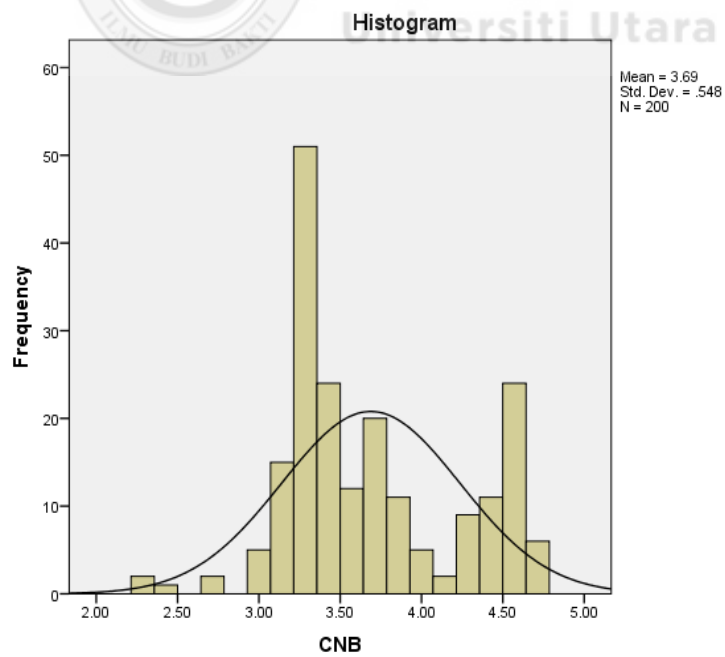
**UUM**  
Universiti Utara Malaysia



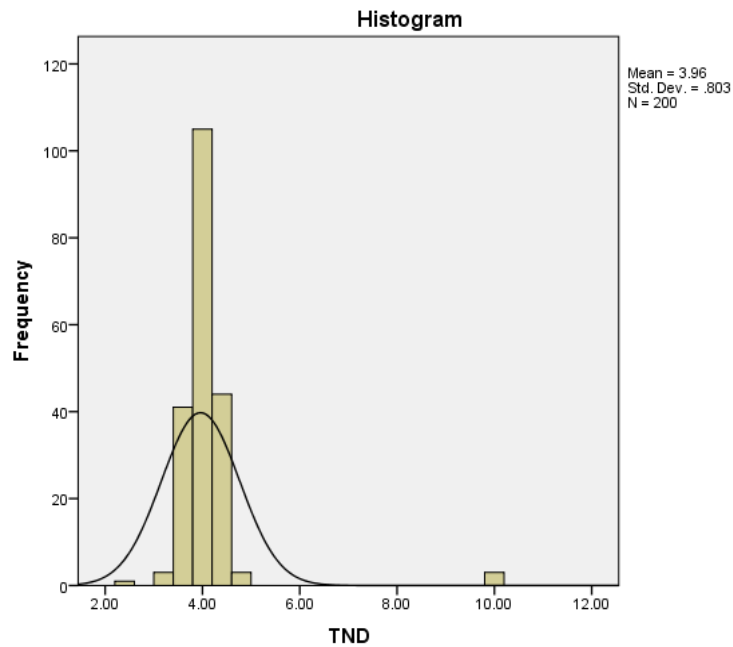
## **APPENDIX B: NORMALITY TEST OF VARIABLES**



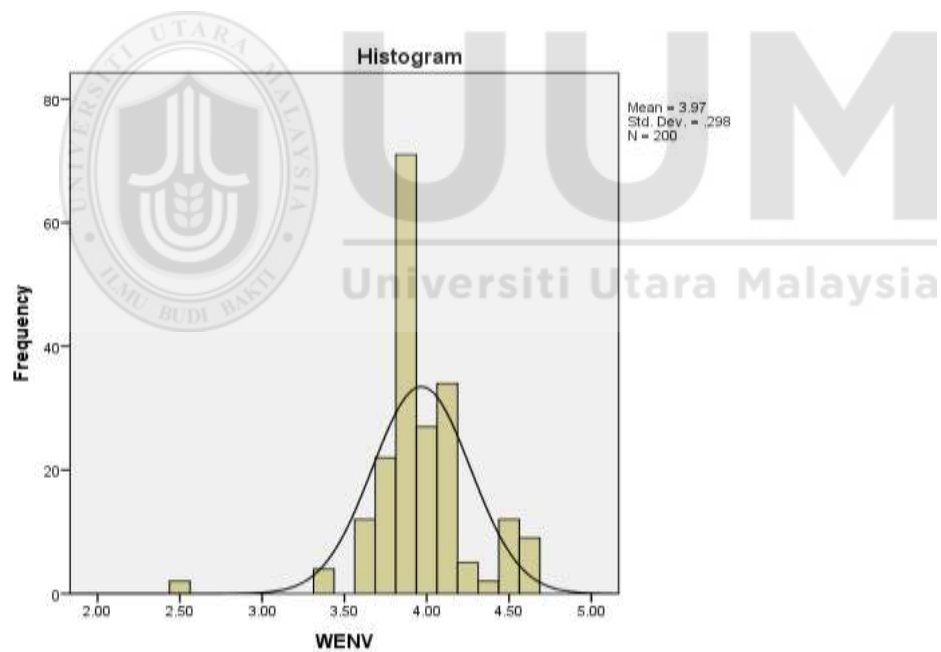
*Normality test of employee retention*



*Normality test of compensation and benefits*



*Normality test of training and development*



*Normality test of Work environment*

## **APPENDIX C: DESCRIPTIVE STATISTICS OF VARIABLES**

### **Descriptive Statistics**

|                           | Mean | Std. Deviation | N   |
|---------------------------|------|----------------|-----|
| Employee Retention        | 4.06 | 0.32           | 200 |
| Compensation and benefits | 3.69 | 0.55           | 200 |
| Training and development  | 3.96 | 0.80           | 200 |
| Working environment       | 3.96 | 0.30           | 200 |

## **APPENDIX D: PEARSON CORRELATION RESULTS**

|           |                     | Correlations |          |        |           |
|-----------|---------------------|--------------|----------|--------|-----------|
|           |                     | JD           | TRAINING | COMPEN | RETENTION |
| JD        | Pearson Correlation | 1            | .082     | .565** | .267**    |
|           | Sig. (2-tailed)     |              | .249     | .000   | .000      |
|           | N                   | 200          | 200      | 200    | 200       |
| TRAINING  | Pearson Correlation | .082         | 1        | .066   | .096      |
|           | Sig. (2-tailed)     | .249         |          | .351   | .175      |
|           | N                   | 200          | 200      | 200    | 200       |
| COMPEN    | Pearson Correlation | .565**       | .066     | 1      | .339**    |
|           | Sig. (2-tailed)     | .000         | .351     |        | .000      |
|           | N                   | 200          | 200      | 200    | 200       |
| RETENTION | Pearson Correlation | .267**       | .096     | .339** | 1         |
|           | Sig. (2-tailed)     | .000         | .175     | .000   |           |
|           | N                   | 200          | 200      | 200    | 200       |

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

## **APPENDIX E: MULTIPLE REGRESSION RESULT**

**Model Summary<sup>b</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |               |
| 1     | .358 <sup>a</sup> | .128     | .115              | .34978                     | .128              | 9.590    | 3   | 196 | .000          | 2.178         |

a. Predictors: (Constant), JD, TRAINING, COMPEN

b. Dependent Variable: RETENTION

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| 1     | (Constant) | 2.731                       | .351       |                           | 7.783 | .000 |                         |       |
|       | COMPEN     | .163                        | .048       | .274                      | 3.390 | .001 | .680                    | 1.470 |
|       | TRAINING   | .073                        | .071       | .069                      | 1.036 | .302 | .993                    | 1.007 |
|       | JD         | .098                        | .075       | .107                      | 1.316 | .190 | .679                    | 1.473 |

a. Dependent Variable: RETENTION