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HUMAN RESOURCE MANAGEMENT PRACTICES AND EMPLOYEE RETENTION AMONG PRIVATE HOSPITAL NURSES

By

HEMALLATHA A/P SASEE

Thesis Submitted to
School of Business Management,
Universiti Utara Malaysia,
in Partial Fulfillment of the Requirement for the
Master of Human Resource Management
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(Certification of Research Paper)

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(Candidate for the degree of)
MASTER OF HUMAN RESOURCE MANAGEMENT

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(that the research paper acceptable in the form and content and that a satisfactory knowledge of the field is covered
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(Name of 1st Supervisor)

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(Signature)

Nama Penyelia Kedua
(Name of 2nd Supervisor)

Tandatangan
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Tarikh
(Date)

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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


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

The journey of completing this research would not have been fulfilled without the guidance and support of few important individuals in my life. First of all, my gratitude to God for the opportunity and blessings given to me to further and complete my studies although undergo many obstacles.

Most importantly, a special heartfelt appreciation to my respectful supervisors, Professor Dr. Khulida Kirana Bt. Yahya and Dr. Tan Fee Yean, who has given me their valuable time, great patience, encouragement and guidance to me in order to complete this research paper. They have been my pillar of strengths throughout the research process and in my life. Without their beliefs in me, I may not complete this research. I am greatly indebted for all the advice, inputs, and suggestions that made me complete this research within the prescribed time.

Next, to my lovely family who become my backbone all the time, thank you for all your prayers, patience, and word of motivation for me to keep going till the final end of this journey. Besides that, I also would like to thank to all my friends for always stand by me through thick and thin and provide me hope when I felt like giving up. Your overwhelmed encouragement and suggestions helps me in completing this research paper. I hope to see you all succeed and you will.

Lastly but not least, I would like forward my sincere thanks to the management of private hospital to give me the wonderful opportunity to conduct my survey and to all respondents who have contributed significantly by participating in the study and answered the questionnaires. My thanks from bottom of heart to those who have internally or externally contribute to completion of my research.
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<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBRE</td>
<td>Community-Based Research and Evaluation</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross domestic product</td>
</tr>
<tr>
<td>HRM</td>
<td>Human resource management</td>
</tr>
<tr>
<td>MIDA</td>
<td>Malaysian Investment Development Authority</td>
</tr>
<tr>
<td>MOH</td>
<td>Ministry of Health</td>
</tr>
<tr>
<td>Std. Error</td>
<td>Standard Error</td>
</tr>
<tr>
<td>Sig.</td>
<td>Significance</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for the Social Science</td>
</tr>
<tr>
<td>TCM</td>
<td>Total Compensation Measurement</td>
</tr>
</tbody>
</table>
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
The contents of the thesis is for internal user only
REFERENCES


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

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

### TRAINING AND DEVELOPMENT

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I am encouraged to attend the training and development programs that are available for me.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. My superior decides on the training and development that I need.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I am given the opportunity to upgrade my knowledge and skills to improve my performance through continuous training.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. I received the necessary training to perform my job assignment well.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. I am given the opportunity to be involved in activities that promote my professional development.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
WORK ENVIRONMENT

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
   - 21-25 years old
   - 26-30 years old
   - 31-35 years old
   - 36-40 years old
   - > 40 years old

3. Marital Status:
   - Single
   - Divorced
   - Married
   - Others, please indicate: ________________

4. Highest Education achievement:
   - SPM
   - Diploma
   - Degree
   - Masters
   - Others, specify: ____

5. Years of Service in this organization
   - < 2 years
   - 2-3 years
   - 4-5 years
   - 6-7 years
   - > 8 years

5. Monthly Income:
   - < RM2000
   - RM 2001 - RM 4000
   - RM 4001 - RM 6000
   - RM 6001 - RM 800
   - RM 8001-RM10,000
   - > 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
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

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Retention</td>
<td>4.06</td>
<td>0.32</td>
<td>200</td>
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<tr>
<td>Compensation and benefits</td>
<td>3.69</td>
<td>0.55</td>
<td>200</td>
</tr>
<tr>
<td>Training and development</td>
<td>3.96</td>
<td>0.80</td>
<td>200</td>
</tr>
<tr>
<td>Working environment</td>
<td>3.96</td>
<td>0.30</td>
<td>200</td>
</tr>
</tbody>
</table>

APPENDIX D: PEARSON CORRELATION RESULTS

<table>
<thead>
<tr>
<th></th>
<th>JD</th>
<th>TRAINING</th>
<th>COMPEN</th>
<th>RETENTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>JD</td>
<td>Pearson Correlation</td>
<td>.082</td>
<td>.565**</td>
<td>.267**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.249</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>TRAINING</td>
<td>Pearson Correlation</td>
<td>.082</td>
<td>.066</td>
<td>.339**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.249</td>
<td>.351</td>
<td>.175</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>COMPEN</td>
<td>Pearson Correlation</td>
<td>.565**</td>
<td>.066</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.351</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>RETENTION</td>
<td>Pearson Correlation</td>
<td>.267**</td>
<td>.096</td>
<td>.339**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.175</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).
APPENDIX E: MULTIPLE REGRESSION RESULT

## Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R Square Change</td>
<td>F Change</td>
</tr>
<tr>
<td>1</td>
<td>.358*</td>
<td>.128</td>
<td>.115</td>
<td>.34978</td>
<td>9.590</td>
<td>3</td>
</tr>
</tbody>
</table>

*Predictors: (Constant), JD, TRAINING, COMPEN

b. Dependent Variable: RETENTION

## Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.731</td>
<td>.351</td>
</tr>
<tr>
<td></td>
<td>COMPEN</td>
<td>.163</td>
<td>.048</td>
</tr>
<tr>
<td></td>
<td>TRAINING</td>
<td>.073</td>
<td>.071</td>
</tr>
<tr>
<td></td>
<td>JD</td>
<td>.098</td>
<td>.075</td>
</tr>
</tbody>
</table>

a. Dependent Variable: RETENTION