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**THE RELATIONSHIP BETWEEN TRAINING AND DEVELOPMENT,
COMPENSATION AND BENEFITS, WORKING ENVIRONMENT AND
RETENTION AMONG GEN Y: A STUDY IN MALAYSIAN MANUFACTURING
COMPANIES**



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ABSTRACT

The purpose of this study is to examine the relationship between training and development, compensation and benefits, working environment and retention among Gen Y in Malaysian manufacturing companies. Data was collected from 113 respondents from ten manufacturing companies located in Seri Kembangan, Selangor by using questionnaire. Regression analysis was applied to test the hypotheses. The result showed that training and development, compensation and benefits and working environment are the factors influencing retaining Gen Y in manufacturing companies. Finally, discussion, limitation of the study, recommendation and conclusion also were discussed in order to create platform for future researcher to enhance this study. In the nutshell, it was proven that training and development, compensation and benefits and working environment contributed in retaining Gen Y in Malaysian manufacturing companies.

Keywords: Employee retention, training and development, compensation and benefits, working environment, Gen Y



ABSTRAK

Tujuan kajian ini dijalankan untuk mengenal pasti hubungan antara latihan dan pembangunan, pampasan dan faedah, persekitaran kerja dengan pengekalan generasi Y di industri-industri perkilangan di Malaysia. Data dikutip daripada 113 responden yang bekerja di beberapa industri perkilangan di Seri Kembangan, negeri Selangor dengan menggunakan soal selidik. Analisis regresi telah digunakan untuk menguji hipotesis. Secara keseluruhannya, dapatan kajian menunjukkan bahawa latihan dan pembangunan, pampasan dan faedah, persekitaran kerja mempengaruhi pengekalan generasi Y di industri-industri perkilangan di Malaysia. Didalam kajian ini juga, perbincangan, limitasi kajian, cadangan dan kesimpulan juga telah dibincangkan dengan bertujuan untuk mewujudkan satu platform kepada para penyelidik masa hadapan untuk meningkatkan kajian ini. Kesimpulannya, telah dibukti bahawa latihan dan pembangunan, pampasan dan faedah, persekitaran kerja yang menyumbang dalam mengekalkan generasi Y di industri-industri perkilangan di Malaysia.

Kata kunci: Pengekalan pekerja, latihan dan pembangunan, pampasan dan faedah, persekitaran kerja, generasi Y



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CHAPTER 1

INTRODUCTION

This chapter provides an overview of the research background, problem statement, research question, research objectives, significance of research, scope of study, and the definition of terms of independent variable and dependent variables used in this study.

1.1 Background of Study

Retaining employees in the organization for as long as possible is one of the recruitment objectives. Employee retention refers to the capability and ability of an organization to maintain its employees remaining in their organization for a long period of time. Nowadays increase of employee turnover rate become major problem for organization to handle. Therefore, implementing retention process identified as a solution to minimize the turnover rate within organization. Employee retention is a process of various practices and policies implemented by employer which encourage employees to stick to an organization for the maximum period of time or until the completion of the project.

Maintain employee satisfaction at all level and decreased turnover rate of an organization is an overall goal of a retention process. Retention of employees has become a primary concern for an organization nowadays especially when perpetuity of an employee will provide a good image for attracting and retaining others employees (Mathis & Jackson, 2003). According to Miller (2006), employee retention is important because the effect that turnover has on employees moral, which subsequently influence the company performance in terms of customer service and satisfaction. Employees today are different from other cohort such as Baby Boomer and Gen X.

Today's workforce consist of three primary cohort groups namely, the Baby Boomers, the Generation X (Gen Xs') and the most recent entrant to the market; the Gen Y (Eisner, 2005; Glass, 2007). With many young generation has become the fastest growing segment of the workforce, organization must prepare on how to manage them as today's business is different from before with each generation has unique expectations, experiences, generation history, lifestyles, values, and demographics (William & Page, 2010). Gen Y prefers to switch over to the next job if they feel dissatisfied with the current employer or the job.

Furthermore, this generation demands different kind of recognitions, appreciation and support from the organization (Hussain, Yunus, Ishak & Daud, 2013). Due to this fact, human resource managers are required to continuously, find the right way and right strategy to retain these newcomers into the organizations especially, in manufacturing industry as Gen Ys' are hard to attract and they do not stay long in the organization once they hired.

1.2 Problem Statement

According to the Tower Watson's 2013 General Industry Total Reward Survey, turnover rate in Malaysia has increased from 12.3% in 2012 to 13.2% in 2013 mainly in general industry such as manufacturing industry. Employees felt that the Malaysian economy will remain stable although the global economy condition is unsure. It's become the main reason for the higher turnover rate in Malaysia. According to Long, Perumal and Ajagbe (2012), there are trend for job-hopping among Malaysian due to lower unemployment

rate in Malaysia. High employee turnover will effects the quality, consistency, and stability of an organization (Jacob Selesho & Naile, 2014).

There are many reasons and factors why people leave their organizations. Many studies have been conducted to find out the reasons of employee turnover. For instance, some of the organizational factors that have been found to be the reason for employees to leave their organization include organizational justice and support (Kim, Price, Mueller & Watson, 1996). Furthermore, there are also some job-related factors that are related to turnover intention such as job incompatibility (Chun & Wang, 1995), job autonomy, job stress, pay and promotional chances (Kim et al., 1996). Lack of opportunities for career advancement, compensation and benefits, and uncomfortable work environment are also the causes of why employee leave the organization which stated by Bullock (2013).

Similarly Jose (2013) indicated that lack of vision, low salary, poor working environment, growth policies and low employee engagement are the factors of turnover rate in an organization. The factors why an employee leave their organization is hard to be generalizes for all types or organization because every organization has different nature of work, environment, background and objectives (Kahn, 2014). Nowadays, Gen Ys' are entering the workplace in big number as the Baby Boomers retired. Therefore, employers continue to seek out new employees to occupied vacancy in their organization as the Baby Boomers have left the workplace. Chester (2002) believes that the main factor that differ Gen Y from the other generation is Internet and Communications Technology (ICT).

This generation grew up in the ICT era and they are indeed the most tech-savvy generation. Another survey conducted by PricewaterhouseCooper on their Gen Y employees in Malaysia in an article of reshaping the workforce revealed that 36% of their respondents were prefer to communicate electronically at work than face-to-face (PricewaterhouseCoopers, 2012). Gen Y posses a very different and unique characteristics compare to Baby Boomers and Gen X generations (Eisner, 2005; Glass, 2007; Meier and Crocker, 2010; Weyland, 2011). Due to this group of young future workers bring-up new work environment and new management style to the workplace, companies are forced to adapt high expenses in unwanted turnover and lost productivity (Sujansky&Ferri-Reed, 2009). It has estimation that this Gen Ys' will create a new style of management and culture in organization as their characteristics are differentiate from other cohort (Orrell, 2007).

This new generation's expectation in job and needs of support vastly differentiate them from the Baby Boomers and Generation X (Glass, 2007; Kim, et al., 2009; Kunreuther, 2003; Meier and Crocker, 2010). The high impact of employee turnover causes a high time and effort for the organizations on investing through advertising, selecting, interviewing, recruiting and training. Therefore, retaining employees will help to overcome a high time and effort of the organizations on investing through advertising, selecting, interviewing, recruiting and training. In order to reduce turnover rate in organization, attract and retaining the Gen Y in organization is a must (Miller, 2006). According to Patgar and Vijayakumar (2014) most of employees are ready to retain with their current organization when they are aware of an opportunities and realizes the

experiences they have with the current organization will lead them to expand their careers and growth.

Furthermore, in the past, employee retention strategies such as compensation, environment, growth, relationship and support have been empirically proven to be related to attracts, retain and nourishes good people in organizations, it is still not known whether these same strategies would also be able to attract and retains Gen Ys' to stay in organizations. This study is carried out retaining Gen Y in Malaysian manufacturing companies. According to PricewaterhouseCoopers (2014), technology is widely used across all manufacturing sectors. Technology such as machines used in production department enabling companies to reduce inventories, create more efficient supply chains, customize products and reduce research and development costs. Referred to PricewaterhouseCoopers (2014) in an article of Talent management in manufacturing, manufacturers have to employed people with STEM (science, technology, engineering and mathematics) skills for manufacturing company to support new technologies and innovation.

The employee with STEM skills is in demand in manufacturing companies nowadays as the technology is widely used across all manufacturing sectors. Thus, to gain employee commitment and increase retention rate as well as reduce turnover rate in order to sustain business in the global market employee retention become an essential strategy in most manufacturing industries. As a result, HR manager are findings it more challenging to them in trying to manage, motivate and retain this dynamic new generation workforce due to distance exist between the new comers expectations and what their companies currently offer them (PricewaterhouseCooper, 2009). Heneman, Tansky & Camp 2000;

Zakaria, Zainal & Nasurdin, 2011) noted that HR practices should be improved in organization in order to attract the employee to stick in their organization. Therefore, there is a need for further researches to ensure management understands the needs to retain this newcomer.

1.3 Research Question

The research will try to answer these questions:

1. Is there a relationship between training and development and retention of Gen Y?
2. Is there a relationship between compensation and benefits and retention of Gen Y?
3. Is there a relationship between working environment and retention of Gen Y?

1.4 Research Objectives

The objectives of this research are:

1. To examine the relationship between training and development and retention of Gen Y
2. To examine the relationship between compensation and benefit and retention of Gen Y
3. To examine the relationship between working environment and retention of Gen Y

1.5 Significance of Research

This study will help to examine the relationship between training and development, compensation and benefits, working environment and retention among Gen Y in the manufacturing companies. This research also focused on how do these independent variables such as training and development, compensation and benefits and working environment propose the effective strategies and approaches for Gen Y retention in the company. By this research, the researcher will learn and get to know more details about retention factors which contribute employees to stay longer in manufacturing organization and help the researcher to understand the important of the training and development, compensation and benefits, and working environment on maintaining an employee in an organization especially Gen Y. In addition, the most influence retention factors can also be identified from the analysis of findings.

Management of the manufacturing companies would have some knowledge on the aspects that they should focus on in ensuring the talented Gen Ys' employees remain with the organization as this talent pool as in demand in manufacturing industries. The company will get to know the Gen Ys' perception regarding the training and development, compensation and benefits and working environment and how these variables help these new comer retain at the organization. The results of the study will provide a reference and guidance to supervisors, managers and human resource practitioners in managing their employee retention.

1.6 Scope of study

This study focuses on Gen Y in manufacturing industry in Malaysia where to examine the relationships of independent variables namely training & development, compensation & benefits, and working environment with dependent variable retention of Gen Y. The study will cover a group of skill workers in around 10 manufacturing companies located at Seri Kembangan Industrial area those in the age between 17-37 years old. The reason of this study is to analyze and find out the factors that contribute to retention of Gen Y.

1.7 Definition of Terms

Training and Development. Training and development is a way toward gaining new knowledge and abilities for completing duties or job at workplace (Iyayi, 2007).

Compensation and Benefits. Represents a reward consist of both intrinsic and extrinsic that given by employer to employee as a compliment for service in a company. (Martocchio, 2004)

Working Environment. According to Rezaul (2014), atmosphere at place of occupation which include inside, outside, at a desk and in a cubicle.

Retention. Referred as maintaining an employee to stay in each organization for a long period or until they complete their project (Giri, 2008)

1.8 Organization of Chapters

The research paper is divided into five chapters. **Chapter One** is the first of five chapters in this research paper. The overview describes about the background of the study, research problem, and research objectives, significance of the study, scope of the study

and organization of the thesis. **Chapter Two** describe about the literature review of the study. This chapter review about the literature and past research related to the topic of the study. The basic discussion of the literature review is related to dependent variable and independent variables such as retention of Gen Y in manufacturing companies and HR practices. The literature review were extracted from various types of sources from publication of journals, books and articles and used as a reference for the entire study. **Chapter Three** describes the method for the study such as the research design and procedure. This chapter also reports the sample size and sampling technique, and the development of questionnaires. Besides that, theoretical framework of the studies also discussed at this chapter. **Chapter Four** presents the results of the analysis on the collected data corresponded to the earlier research problem of this study. The results obtained by using analysis technique and finding derived to support the research. Moreover, statistical results are interpreted and significance of such findings is discussed at the end of research. **Chapter Five** discusses the interpretation of the research findings presented in chapter four. The findings are compared to the past research reviewed in Chapter two. The chapter concludes with a discussion on the limitations of the study, their implications for both researchers and practitioners, and some suggestions for future research.

1.9 Conclusion

This study has presented the justification for the present research, by describing aim of the research, the research questions and the significance of the research. In summary, the aim of the research is to find the retention strategies for new comers in manufacturing

companies. In the next chapter, the concept of retention strategies and HR practices will be discussed together with the importance of these variables for companies.



CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter reviewed relevant literatures on human resource management practices and Gen Y retention. The following section elaborated on the dependent variable, retention of generation Y. This was followed by an elaboration on the independent variables; training and development; compensation and benefits; and working environment. The literature review is obtained from various sources. This chapter also includes the research framework and development of hypothesis.

2.2 Employee Retention

Employee retention is the dependent variable and a primary source of this research. Human resource management plays a vital role in retaining skilled employees or talents in an organization. There are many factors that contribute to turnover such as dissatisfaction with current existing job and high demand from another company for jobs, inefficiency in recruitment and selection process and employee monitoring. It can be concluded that, the effective implementation of HRM practices is very important to an organization to reduce the turnover and absenteeism of an employee. It is commended that in retaining employee, Human Resource Management plays a crucial role.

In most organizations, to ensure the employee's turnover is always low, retaining essential employees are challenging practice and managers with strong effort (Eric, Lam, Ramesh, Charles & Vimala, 2012). According to Mita, Aarti and Ravneeta (2014), due to business competition and sustainability, retaining employee become primary issue and

priority to the organizations. Employee retention is a process keeping employees for long term to work within by an organization (Chaminade, 2007). The main purpose of retention is to avoid the loss of talent employees from the organization as this could have impact on productivity. However, there are lots of challenges for managers in retaining a high performing employee for their organization. Employees are willing to move out from the organization if they unhappy or dissatisfied with the current organization. Thus, employer put additional efforts to make sure employees are passionate to their work and company. Therefore, focusing to employee's need and reasons of turnover probably will keep them stay for a longer period in an organization.

Employee turnover make the employer in difficult to protect the labor force and to bear the company's highest expenses in recruiting, hiring and training for new talent. Nas (2013), said that the phenomenon of turnover intention that could cause financial concern. Employees are an added value to the organization and employer should treat them properly in order to reduce the turnover (Mita, Aarti & Ravneeta, 2014). Talented employees have high chances to leave company because of skills set that also need in other organization. Sourcing and hiring the best candidates and retaining the potential employees will solve the shortage of talented employees issues as well contribute to the organization to success achieving their goals (Luscombe, Lewis & Biggs, 2012).

2.3 Retention Gen Y

According to Zemke, Raines and Filipczak (2000), Gen Y are people born between 1980 to 2000. It cannot be denied that the Gen Y is unique than previous generation. Therefore, employee retention becomes more crucial for organization after the rising of Gen Y in

workplace as their management styles are differs from others. In view of Guillemette (2009), Gen Y wishes satisfaction, accomplishment and pleasure as outcome of work. Gen Y considered as a first to try and buy new gadgets and technologies introduced in market (Glass, 2007). Therefore, Gen Y who has been referring as technology savvy high demanded in manufacturing sectors to motivate organization achieves their long term vision aligned with systematic technology. PricewaterhouseCooper (2009) mentioned that Gen Y is harder to maintain as they have high expectation of their employer. This statement has been supported by Chester, 2002; Martin, 2005; Martin and Tulgan, 2006; Ng, Schweitzer and Lysons, 2010). In addition, as Baby Boomers leave a workplace in increasing amounts, Gen Y is in line to replace those retiring the current workplace.

Organization nowadays needs to change their cultures and management to the work styles of gen Y as they are highly demanded in marketplace (Sujansky & Ferri-Reed, 2009). Companies will need to be able to attract and retain Gen Y more effectively if they want to remain competitive in the market. There are several factors that could influences employee retention: training and development, compensation and benefits, job security, supervisor support culture, work environment and justice (Fitz-enz, 1990). Ghapanchi and Aurum (2011) added that remuneration and benefits, training opportunities, fair and equal treatment of all level of workers and organizational culture are the factors contribute to retention. However, this study only focused on three factors of retention: training & development, compensation & benefits and work environment on retaining Gen Y.

2.4 Training and Development

Employees required knowledge, skills and ability to perform a given task or job adequately. These skills are derived from the training and development program which provided by an organization. Training and development considered as the most common human resource practice in retaining employees. Training is designed to planned intervention and enhancing the determinants of individual job performance (Waleed, Amir, Rida & Sidra, 2013). Eisen (2005) indicated that when training program provided to all employees correlate with an increase of 70 percent in employee retention. The researcher added that, training method such as career challenges, work incentives, competitive wages/benefits, supportive work environment and advancement opportunities engages workers and effective strategies for employees at any ages. Employees with higher level of consistency, competency, independence, adaptability and loyalty at any ages will correlate with training benefits. According to (Pineda, 2010), one of the human resource development key to achieve organizational objectives is training. Training expects to be the reflection to an individual's interest said Waldenberger (2013). Mentoring, coaching, all sort of in-house training, on job training, formal and informal training which will be examines by the employer.

Employee's systematic skills, ability and involvement derived from training and development program which organized by the employer (Obeidat & Abdallah, 2014). High professional skills, capabilities and experiences motivate employee development and less likely to leave the job. According to BeardWell, Holden and Clydon (2004),

training attracted attention of great research as it has been accepted for long been. The important of the training to the organization has been argued as researcher continues their research into training. These researchers argued that importance of training influenced by the intensification of competition and the relative success of organizations where investment in employee development is considerably emphasized. The researcher added that due to technological development and organizational change, the success of organization relies on the skills and abilities of their employee. Therefore investment in training and development is needed to improve the skills and abilities of employee to raise awareness of their current knowledge and skills. This is important for employees sustain their capabilities as effective and worthy employees as well as help in retaining them in the organization.

Cole (2001) stated that there are many benefits of training to employee and organization. Firstly, employees have increased confidence and motivations through training. Secondly, training reduced cost of production. A well trained employee has capability to make better and economic use of material and equipment which lead to reducing and avoiding waste. Thirdly, training reduced turnover. Training reduces labor turnover and avoid absenteeism as it's bring a sense of security at the workplace. Fourthly, training change the management of organization. Training increases the understanding and involvement of employees in the change process and also provide the skills and abilities needed to adjust to new management. Fifthly, training provides recognition, and increased responsibility of the employee. There is a possibility of increasing pay and promotion of employee if their responsibility increased in their job.

According to Salas (1999), training must be effectively and efficiently designed and deliver to the employee. The researcher added that training which given to employee must deliver new knowledge and skills, meet employee and organization needs.

When the given training improved knowledge and relevant skills of employee, it will lead to enhance employee job performance provided that the skills learned in training transfer to the job (Baldwin & Ford, 1998; Salas, 1999). The training outcome such as high productivity, better quality, and services provided that the job is strategically aligned to the organization's needs, there is no doubt retention on employees will be achieved. Employees also will feel that they are a worthy member or asset of the organization. Develop and identify the career development strategies and train them are the challenge faced by HR professionals. Training can motivate the employee and build organizational commitment and loyalty as training make employee to realize that the employer is helping them to achieve their career goal. Therefore, employee will be work hard to help the organization to achieve their goals and strategies effectively and efficiently. Organization should create opportunities for promotion within the company as it is best seen as an incentive to enhance employee retention. There is a high chance for employees to leave the company if there is a lack of training and promotion opportunities in the organization.

There is a direct relationship between training and employee retention (Villeges, 2006). This statement also supported by Owens (2006), who found a significant connection between retention and training practices. Training which provided to an employee helps organization to increase employee retention and minimize turnover rate of an organization. Simply, it can be concluded that high retention rates influences by training

and development. According to Sari (2009), training program given to employees to train them regarding company rules, mission and vision and to provide technological knowledge to perform their job perfectly. This will help the employee to commit to the organizational values and mission and employee development. Landsman (2004), suggested that training used as tool to develop skills and employees' performance. Researcher added that training can contribute other factor to employee retention such as motivation from the supervisor and community. Based on the most researcher literature review, employee turnover is related with training. If training provided to employee is lower, than there is a high chances for turnover rate.

According to Frazis, Gittleman, Horrigan and Joyce (1998), lower turnover rate from employee working in organization normally on fifty nine percent times on formal training from total training period while organization with high turnover rate will spend eighteen percent from total training. Training which consist of skills that related to organization will increased productivity. The benefit of training and development is to enhance employee retention, especially give attention on those who seek career development in their job. Training increases employee skills, which in turns enhancing employee productivity and increasing job satisfaction which lead to employee retention (Huselid, 1995). Employees who are satisfied with their job will be less likely to change job and will focus to work hard and contribute their services to the organization they attached to. Productivity, knowledge, loyalty and profit of the company increased by training and development. Training can motivate the employee and build organization commitment and loyalty. Wetland (2003), stated short training considered as important factor that help to decreased lower turnover rate in employee retention. Companies reduce employee

turnover and at the same time employee fulfilled in job through the training and development program (Wagner, 2000). Organization that are offering employee an effective design training and development programs are getting success with retaining employees in their organization.

2.5 Compensation and Benefits

The most notable among organizational retention are compensation and benefits. Salary and other monetary benefits become crucial for employees especially for Gen Y (RHI, Deloitte, Parment, 2008; Martin & Tulgan, 2001). According to Dessler (2008), compensation refers to all types of pay or rewards going to employees and arising from their employment. Compensation such as wages or salary and benefits that employees receive is as part of an employment relationship with organization. The example of compensation is such as salary bonus, commission, and so on. Besides, benefits refer to the additional reward provided to employee in addition to their salaries. The example of benefits includes the allowances, income protection, life insurances, vacation and so on that received by employees apart from salary. People are struggling in getting a better pay which means a good compensation and benefits during their employment due to the rising of living cost and expenditure. Employees nowadays are targeting and seeking equitable pay for their work and efforts. Good compensation package plays an important role in retaining workforce. The retention strategy is successful in improving employees' commitment toward organization by offering competitive, market related pay and benefits (Lockwood and Walton, 2008).

Every employee makes sure that compensation system that they received is fair and equal with their skills, experiences and knowledge in their organization (Long, Perumal & Ajgbe, 2005). Compensation system is one of the sources that help to attract retain and motivate employees to continue services in organization (Johari, Yean, Adnan, Yahya & Ahmad, 2012). Compensation is one of the main tools used by organizations to attract and retain employee who are consider as their most valuable assets. As compensation, benefits are also positively related to retention. Employee performance can affected through the reward system. Staff should feel that they are fairly rewarded for their skills, knowledge and contribution towards organization. Employee compensation and benefits are offered by the employer of an organization for corporate reasons and to enhance employee morale or even both. Compensation is in form of money that awarded to someone as a compensation for any injury and loss or salary given by employer to employee for the employment relationship. Many large firms offer benefits such as life insurance, pension, health insurance, and retirement plans, and special allowances that include company cars or subsidized transportation. Compensation and benefits are crucial and primary factors in retaining employee in organization and motivate employees (Chiu, Wai-Mei, Luk & Tang, 2002).

Luna-Acoras and Camps (2008) supported that salary and financial incentive are the primary factors in retaining employees' at organization. These statements have been proved in a study among Hong Kong and China employees found that compensation and benefits are important factors in retaining employees. Employees always expect high for the compensation and benefits packages provided to them by employer. These packages are differing from one to another organization as they have different policies. Salary and

wages, fringe benefits, bonus, vacation, health insurance and so on included in these packages. To encourage involvement of employee, attract and maintain them in an organization attractive salary system is a must (Guthrie, 2001). Salary and monthly wage is the biggest component of the compensation and benefits packages, so this should be kept in mind during the implementation of the packages. Compensation is a very valuable tool for retention. Compensation maximizes attraction and retention of employee by motivated them to be committed to the organization (Zobal, 1998; Moncarz et al., 2009; Chiu et al., 2002). According to Zobal (1998), compensation works as a communicator. Compensation given to the employee against his services to shows how much an employee is worthy and valuable for its organization.

Compensation is crucial to attract candidates who look for vacancy in any company (Kuhun, 2009; Boyd, 2000; Zobal, 1998; Chiu et al., 2002; Moncarz et al., 2009; Lawler, 1994). Wage system plays an important role in longer retention of employee because an employee would like to stay until he/she feels that their interest is fulfilled there by getting reward internally. Recognition which given by organization to employee will boost his morale and encourage to perform well in work. Employee will do his or her work effectively. So, the results of this are that the employee will stay longer if they feel satisfied with the compensation and benefits offered by organization. If an employee found their salary levels are too low as compared to the market price, there is a high tendency for the employee to quit the organization (Jennifer, 2013). This is because an employee's are actually representing human capital, which are the important resource which a company has. Temker R (2013) added that, employees actually are willing to

invest their knowledge, ideas, talent and creativity in supporting the organization to achieve their strategy and objectives.

Cho, Woods, Jang and Erden (2006) investigated that human management practices influences organizational performance. It found that incentive benefits provided by organization help to decrease turnover rate. These results indicate that compensation important in retaining the qualified and worthy workforce and in promoting organizations' strategic goals. Through the international evidence Perkins and Scutella (2008) indicates that a well designed financial incentives and benefits can play an important role in supporting retention. It is concluded that an attractive compensation and benefits package will make the valuable staff to stay longer in an organization and helps maintain high morale which will contribute to the loyalty of the employees to their organization.

2.6 Working Environment

The environment of a workplace is divided into two elements which are the physical and the social environment. The physical environment includes component of the tangible workplace environment for example the architecture of the work place, the sound and light levels, and the furniture. The social environment contains the atmosphere, and conditions for social interaction at a work place. The physical and social working environments connected with each other. Work environment is a main factor that drives the retention as it act as a basic need that a company provides to the employees which support and encourage them to perform effectively and efficiency (Christmas K, 2008). To support this Ling (2012) also stated that an employer should provide good physical

work environments such as facilities with latest technology and equipment's such as computers with latest software's that will lead to high productivity and efficiency. According to Datta Gupta and Kristensen (2008), employees' physical health and psychological affected by the physical environment such as atmosphere and safety of the workplace. The physical environment of an organization needs to be standardized to avoid the injuries of employees occurred in the workplace (Robertson, 2009). Social environment of a workplace are such as relaxed, friendly, fun-filled environment which give calmness and peaceful feelings to an employee and sometimes social environment is something more tangible compare to physical environment (RHI; Martin & Tulgan, 2001; Deloitte).

Organization that provides good and positive environment will have opportunity to keeps their employees when they feel valuable (Ramlall, 2003). Physical and work environment is one of major factors in employee retention because its play essential role in employee decisions where to leave or stay at the organizations. Sometimes, noise can disturbs the working environment and affect the physiological environment and employee's productivity. In economy perception, difference generation will evaluate risk in different way and analyze their work environment with differently situations (Earle, 2003). Researchers give monument importance to the working environment, and unpleasant working environment lead to the turnover of employee in an organization (Edvardsson and Gustavsson, 2003; Bloemer and Schroder, 2006; Deery, 2008; McGuire, 2008). Organization should always keep their workplace clean to reduce trip and fall hazards and improve productivity. Normally, white walls, a very good lighting system and uncluttered floor spaces make the space feel bright, open and inviting which make the

employee to feel comfortable to work with. Apart from creating an environment that attract worker, an organization also tries to retain experienced, knowledgeable and creative employees (Acton & Golden, 2003). An employee more likely to stay longer in organization if he/she is satisfied and committed and has positive perception towards the working environment of the organization. Briefly, working environment influenced employee retention more than compensation and benefits (Moncarz, Zhao & Kay, 2009).

An employee who has a positive perception about his organization more likely will be committed; so that, he must be appreciated for demonstrating persuasive skills which lead to stay longer in an organization (Deckop, Konard, Perlmutter & Freely, 2006). Healthy and safety working condition are directly linked to reduced employee retention, reduced of job stress, increased job satisfaction and burnout among employees (Kramer and Schmalenberg, 2008). Physical working condition includes comfortable, cleanliness and health and safety are important to Gen Y to increase the job satisfaction. A pleasant working environment of manufacturing company in term of good lighting, a clean facility and good air quality can help enhance employee productivity, morale and retention. Therefore, creating a peaceful and safety working condition is essential to maintain a competent workforce of any organizations. Pejtersen and Kristensen (2009) argued that if an employee has positive working condition, it will reduce employee stress, contribute to employee motivation, and lower employee retention. Markey, Ravenswood & Webber (2015), mentioned that most of the employees who think on leaving their current job are actually perceived their work environment unpleasing and not suitable to build a career on. Irshad M (2010) cleared that work environment is influencing employee retention and turnover. Pleasant working environment with healthy, stress free and fun-filled

atmosphere develops a long term relationship between and employee and organization which lead to high retention rate.

2.7 Research Framework

The research framework shown in Figure 2.1 is developed based on the discussion of literature on retaining Gen Y. Previous literature discussed that training and development, compensation and benefits and working environment has positive relationship with retention of employee. Thus, this proposed model for this research has been developed. The research framework for this study shows the relationship between training and development, compensation and benefits, working environment and retention of Gen Y. In this study, training and development, compensation and benefits, and working environment are the independent variables, while retention of Gen Y is the dependent variable.

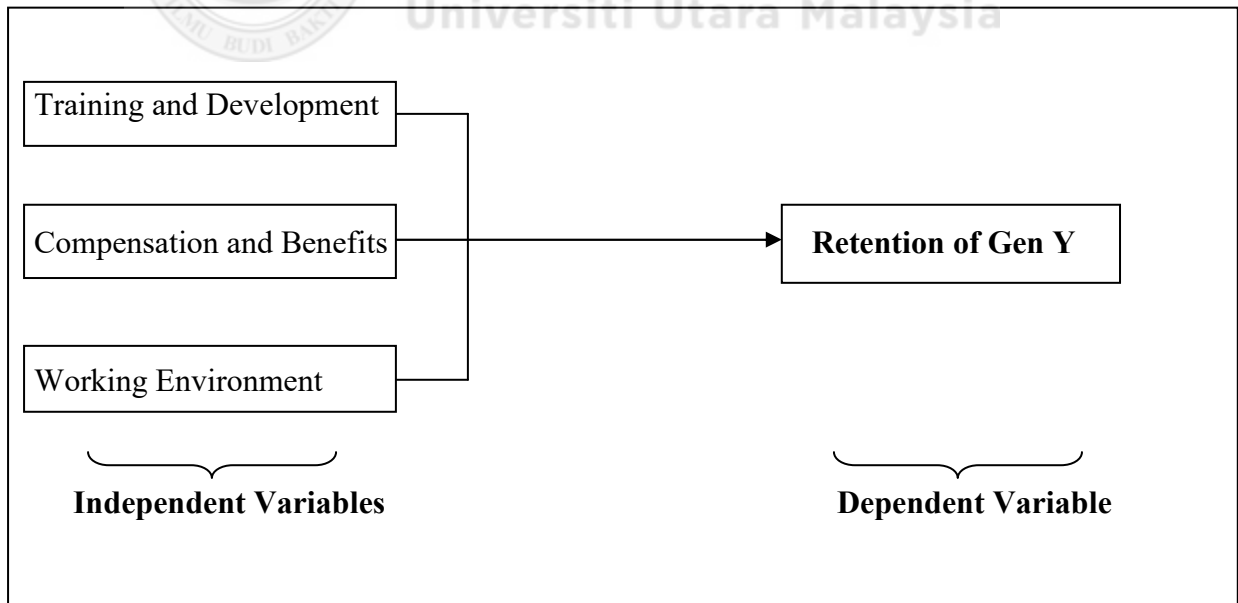


Figure 2.1
Research Framework
Source: Author

2.8 Hypothesis Development

Based on the research questions and objectives of the study, several hypotheses have been developed as below:

H1: There is a relationship between training and development and retention of Gen Y in manufacturing companies.

An employee needs to enhance the fulfillment and their performance by ongoing educational activities which designed by an organization. Thus, training and development refers to any attempt of learning to increase an employee's ability to perform a given task. Training and development could change the employee's attitude or enhancing his or her skill, talent and knowledge through learning system. Umer Ahmad (2014), agree that the relationship exist between training and development and retention of employee. This researcher has proved that training influence employees' decision to stay longer through his research of impact of training on employee retention among public/private organizations in Pakistan. Anders Dysvik and Bard Kuvaas (2008) explained that a social link has been developed between organization and employee through training and development.

An organization provide training and development to an employee in their organization in order to enrich them by knowledge, skills and attitude needed to completed a given task and perform well in their job. This social link bounds the employee to stay longer with an organization for long period of time as the employee feel that they are valued and most needed in that organization. At the same time, the purpose of the training and development implemented in an organization also fulfilled. It can be concluded that

training helps organization to increase employee retention and decrease turnover. When employees are ingoing process of training, they feel that organization is interested in them and want to develop their career. He or she feels that organization consider them so important and capable, that's why the employer is investing on them in order to improve employee knowledge, skills and ability in performing a task and achieving company strategies and goal.

The next factor is relationship which is referring to the connection between compensation and benefits and retention of Gen Y in manufacturing companies.

H2: There is a relationship between compensation and benefits and retention of Gen Y in manufacturing companies.

Compensation refers to monetary amount given to an employee as a return of service they have provided to run a company or as a part of employment relationship while benefits refer to additional perks received by the employee from employer other than compensation. Carey (2001) stated that compensation packages play an important role in attracting Gen Y. Therefore organization should design an attractive and strategy compensation packages to attract and retain a member of this generation in marketplace.

The next factor is relationship which is referring to the connection between working environment and retention of Gen Y in manufacturing companies.

H3: There is a relationship between working environment and retention of Gen Y in manufacturing companies.

Working environment is considered as crucial factors in employee's retention according to Zeytinoglu and Denton (2005). Working environment is vital concept in employee retention because its' enhance the employee potential and contribution towards the organization. Organization have to face the turnover problem if they less likely give attention on working environment (Edvardsson and Gustavsson, 2003; Bloemer and Schroder, 2006; Ensor et al., 2006; Deckop et al., 2006; Moncarz et al., 2009; Deery, 2008; McGuire, 2008). Therefore, creating a good working environment is essential to maintain a competent workforce of any organizations.

2.9 Summary

This chapter has presented a review of literature that concentrated on the retention of Gen Y the dependent variable namely training and development, compensation and benefits, and working environment, as independent variables and retention of Gen Y as dependent variable. A research framework was developed based on the literature review and hypothesis has been developed to analyze the relationship between independent variables and dependent variable.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter will explain the methodology used in this research. This chapter will cover the method of research, the sample for the research measurement instrument and scale and data analysis. In brief, a quantitative approach was chosen for this study. A survey questionnaire refers as primary data was designed based on variables obtained from existing literature. The data was then analyzed using SPSS 24.0 program.

3.2 Research Design

Research design described a clear outline of how a survey was conducted in the specific study. Since the main objective of this study is to determine the relationship between training and development, compensation and benefits, working environment and retention of Gen Y, quantitative research design is considered to be more suitable for this study.

Quantitative research design allows the researcher to test the relationship between variables using statistical method (Given, 2008). The types of quantitative data collected very useful when the respondents need time to gather information or consider their answers (Phellas, Bloch and Seale, 2011). These data were analyzed to identify the relationship between training and development, compensation and benefits, working environment and retention of Gen Y.

3.3 Operational Definition

This section described the operational definitions for the key terms used in this study.

The purpose of operational part is to clarify the nature of the variables that involves and helps to link the theoretical constructs under the study.

Table 3.1:
Operational Definition

Variable	Operationalization of Definition	Items	Sources
Independent Variables	An organization undertaken an activity to provide skill and experience that is needed to perform job in current and future by an employee	Training and Development	(Mandy & Noe, 2005)
	Intrinsic and extrinsic rewards that employee receive as a employment relationship with employer	Compensation and Benefits	(Martochio, 2013)
	The work pattern, environment and the work condition which could influence the working atmosphere and employees' feeling at work	Working Environment	(Moncarz, Zhao & Kay, 2009)
Dependent Variable	A technique applied by business to keep a worthy employee and meet operational requirement	Employee Retention	(Mita, 2014)

3.4 Sampling Technique

For this study, convenience sampling had used. This sampling is a specific type of non-probability sampling method that relies on data collection from population members who are conveniently available to participate in study. Data are collected conveniently from Gen Y at manufacturing companies.

3.5 Population and sampling size

The study population includes all the employees refer as Gen Y born between years 1980 to 2000 who are currently working in the manufacturing companies in Seri Kembangan, Selangor. The main intend of this study is to identify the factor of influencing Gen Y retention in manufacturing companies.

Since the total number of Gen Y employees was not known to the researcher, the total number of questionnaire distributed to each company contacted was based on the number that the company's representative willing to distribute. Only 10 manufacturing companies were willing to participate in the study. A total of 200 questionnaires were distributed but only 113 questionnaires were returned.

3.6 Unit of Analysis

Unit of analysis is well-defined as the kind of unit a researcher uses in quantifying the variables, it is also used to explain the units themselves and also to state to what us being analyzed in the study (Neuman, 2006). In this study, the unit of analysis will be the individuals as data was gathered from the Gen Y working in manufacturing companies.

3.7 Questionnaire Design

This questionnaire consisted of three parts, first part consisted of general information of the respondent and the second parts consisted of questions on the three independent variables namely training and development, compensation and benefits, and working environment. The third part consisted of questions on the dependent variable, namely retention of Gen Y. The questions were formed in a five point Likert scale. It allows respondents to indicate how strongly they agree or disagree with the statement provided.

The variables used in this study were measured through the five point Likert scale ranging from 1 = strongly disagree, to 5 = strongly agree. Five items were adapted from the source Abeysekera (2007) for measuring training and development. For the purpose of the compensation and benefits measurement, five items were adapted from Muller & Watson (1996). Working environment was measured using the seven items employed in the study of Moncarz et al. (2009). Retention of employee was assessed using four questions from the same source Moncarz et al. (2009). All the variables were evaluated by using Likert Scale varying from 1 to 5 (1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree).

According to Johns (2010) the ranking of this code could be summed or averaged to give an indication of each respondent's overall positive or negative orientation towards that subject matter. Five to seven points tend to be a good balance between having enough points of discrimination without having to maintain too many response options (Sauro, 2010).

The first part consisted of general information of the respondents such as gender, ethnicity, educational level, age, and marital status, length of services, job category, and monthly income.

The questions for second part A, B and C are used to measures training and development, compensation and benefits, and working environment. Part A measures the questions related to relationship between training and development and retention of Gen Y in manufacturing companies and the questions are as below:

Table 3.2:
Measurement for Training and Development

Variable	Source	Measures
Training and Development	Abeysekera (2007)	<ol style="list-style-type: none"> 1. I have been provided training from company for my next promotion. 2. I have been equipped with training that need to do my job well. 3. I have opportunities to learn and grow 4. Company creates the platform for me to execute my knowledge. 5. I have been sent to training which is related to my job.

The questionnaires are to evaluate the relationship between training and development and retention of Gen Y in manufacturing companies. According to (Pineda, 2010) one of the human resource development key to achieve organizational objectives is training. Mentoring, coaching, all sort of in-house training, on job training, formal and informal

training which will be examine by the employer help to develop employee and keep them engage with organization.

Part B measures the questions related to relationship between compensation and benefits and retention of Gen Y in manufacturing companies and the questions are as below:

Table 3.3:
Measurement for Compensation and Benefits

Variable	Source	Measures
Compensation and Benefits	Muller and Watson (1996)	<ol style="list-style-type: none"> 1. I received recognition for my achievement. 2. The salary I receive encouraged me to do a better job. 3. Incentives such as bonuses motivate me do more than that is required 4. The fringe benefits offered by this organization attractive. 5. In general, my salary is the same/similar as the salary of my colleague holding equivalent position as I am.

The questionnaires are to evaluate the relationship between compensation and benefits and retention of Gen Y in manufacturing companies. Compensation is very valuable tool for retention. Therefore, providing a good and competitive compensation and benefits packages is important in motivate, and retaining employees.

Part C measures the questions related to relationship between Working environment and retention of Gen Y in manufacturing companies and the questions are as below:

Table 3.4
Measurement for Working Environment

Variable	Source	Measures
Working Environment	Moncarz, Zhao and Kay (2009)	<ol style="list-style-type: none"> 1. My organization represents a caring culture environment for employees. 2. My organization provides a comfortable working environment for employees. 3. My organization provides a lot of security measures. 4. My organization create a fun work environment for employees 5. Overall, my organization is a harmonious place to work. 6. My organization offers a work life balance environment for employees.

The questionnaires are to evaluate the relationship between working environment and retention of Gen Y in manufacturing companies. Heneman (2007) said that one of the most important part of any organizations total reward strategy is having positive work environment because its play essential role in employee decisions where to leave or stay at the organizations.

The questions for third part are used to measure the retention among Gen Y employees and the questions are as below:

Table 3.5
Measurement for Employee Retention

Variable	Source	Measures
Employee Retention	Moncarz, Zhao and Kay (2009)	<ol style="list-style-type: none"> 1. If I were given choice, I would prefer to continue working in this organization as long as possible. 2. I will return to work here in the future if I have to quit my job due to unpredictable circumstances. 3. I intend to remain working in this organization. 4. I often think of leaving the organization.

The questions are to evaluate the retention of Gen Y in manufacturing companies. Davies (2001) stated that organization should appreciate an employee capabilities, contribution and efforts to maintain them in organization for long been. Employee retention as become a major problem for corporate and organization nowadays because it is believed that an employee have tendency to move to other organization if they feel that they are not satisfied and valued in their organization.

3.8 Data Collection

Data collection is a crucial aspect of any types of research study. The results of a study will be impacted if data collection is inaccurate which lead to invalid results. For this research, primary data collection was adapted and data are collected through survey questionnaires.

Primary data is a data collected by the researcher themselves using questionnaire method. This type of data is generally collected for the first time. According to University of Minnesota (2014), the sources of primary data are obtained from survey, observation and experimentation. Primary data collection divided into two types includes quantitative and qualitative data. In this research, primary data gathered using questionnaires to the respondent's Generation Y employees in manufacturing companies in Seri Kembangan area which involved from skill workers of organizations. All the information for the specific purpose study that obtained first hand by the researcher on the variables of interest will called primary data.

3.9 Target Population

Refers to a total number of people from various groups of races. A specific group of individuals is used by the researcher in the related subject (Sekaran, 1992). The main intend of this research is to identify the relationship between Hr Practices on retaining Generation Y in manufacturing companies. Hence, the target population for this research will be Generation Y working in 10 manufacturing companies located in Seri Kembangan area, Selangor.

3.10 Data Analysis Techniques

Analysis technique refers to the process on how the data is being analyzed and information is gathered reflecting the relationship between variables. Few steps have been taken to analyze the data of the study. The feedback forms which were gathered from the respondent will be arranged according to the serial number. The feedback form has to be checked to ensure the collected data is accurate, trustworthy and complete. The

forms will be arranged accordingly to shorten the coding and tabulation. SPSS software used to interpret and analyze quantitative data to get accurate and effective results. SPSS software will support to generate the descriptive analysis by computing mean and standard deviations for independents and dependent variable items. High mean indicates the respondent agree with a particular statement and low mean indicates the respondent disagree with statement.

The researcher has developed the reliability test in order to find the Cronbach's Alpha for each variable. This test generated to examine whether the reliability of respondents' answer for each independent variable in the direction of dependent variable or not. Besides, correlation and multiple regression analysis was been analyzed to in order to find out the degree of relationship between variables.

3.10.1 Descriptive Analysis

The descriptive analysis will provide demographic characteristics of respondents to the researcher. The process is to ensure that the respondents obtain in this study represent all the demographic characteristic of the population. In this research, the demographic characteristic of respondents such as gender, ethnicity, educational level, age, marital status, length of services, job category, and monthly income were described by using frequency and percentage.

3.10.2 Reliability Result for Pilot Test

The researcher has proceed with pilot test where 28 questionnaire were distributed to the manufacturing companies in Seri Kembangan, Selangor by using email to ensure that the respondents are understand well the list of questions which were distributed. Pilot test is

done to test the reliability of the questionnaire that given to the respondents before run the actual output for total respondents.

Table 3.6:
Pilot Test

Scale	No of Items	Cronbach's Alpha
Training and Development	5	0.985
Compensation and Benefits	5	0.993
Working Environment	6	0.974
Retention	4	0.972

The Cronbach's Alpha value for dependent variable which retaining Gen Y in manufacturing would be 0.972. The Cronbach's Alpha value for all the independent variables were above 0.6. Compensation and Benefits has ranked the highest with 0.993, secondly training and development with 0.985 and working environment has placed at third with 0.974.

3.10.3 Pearson Correlation Coefficient

According to Zikmund (2003) correlation analysis is one of inferential analysis in research studies and used to drawn conclusion by interpreting collected data. It is important to determine the significant correlation and how solid independents variables (Training and Development, Compensation and Benefits, and Working Environment) influence dependent variables (retention of Generation Y).

Pearson correlation is used to measure between two or more variables to test whether it have significant relationship and either positive or negative correlation of relationship

(Sekaran, 2003). The symbol of correlation coefficients is r , and its range is from -1.00 to +1.00.

3.10.4 Multiple Regression Analysis

To investigate the relationship between variables, researcher use regression analysis. In this study, multiple regression analysis is used to analyze the relationship between dependent variable and independent variables. This analysis will help to find out the strength of the relationship that exists between dependent variable and independent variables. Correlation test used to identify if there is a significant relationship between two variables.

3.11 Summary

Overall, this chapter has explained the research method for the study on how data has been collected from respondents through step by step. Besides that, questionnaires were distributed to collect data and several analyses used to test the research hypotheses. The results are reported in Chapter 4.

CHAPTER 4

RESULT AND DISCUSSION

4.1 Introduction

This chapter discuss the technique used to analyses the sample using SPSS software and interpret the finding related to the hypothesis developed in Chapter 3. The aim of this study was to identify the relationship between training and development, compensation and benefits, working environment and retention among Generation Y in manufacturing companies. This data examined with descriptive analysis, reliability analysis, regression analysis and correlation analysis.

4.2 Reliability Analysis (Cronbach's Alpha)

Reliability test will be used in order to measure the reliability of the variables in this study by checking Cronbach's Alpha. According to Bougie et.al. (2013), Cronbach's Alpha of .70 or greater is acceptable, those over .80 are good and reliabilities less than 0.60 are considered to be poor.

Table 4.1:
Reliability Statistic Item – Total Statistics

Scale	No of Items	Cronbach's Alpha
Training and Development	5	0.991
Compensation and Benefits	5	0.991
Working Environment	6	0.993
Retention	4	0.979

Reliability test were conducted for both independent and dependent variables that are the training and development, compensation and benefits, working environment, and

retention by using the Cronbach's Alpha. The Cronbach's Alpha for the training and development shows (0.991) with 5 items, compensation and benefits shows (0.991) with 5 items, working environment shows (0.993) with 6 items and retention shows (0.979) with 4 items. The above table shows that all the value in the level 0.9 is acceptable and reliable.

4.3 Data Recording Process

The process of inserting raw data from the questionnaire that has been received is the first step before the data analyzed by SPSS software. Each data entered by using the coding system based on the item category and the number of questions in the questionnaires. The coding systems are as Table 4.2.

Table 4.2:
Code List

Code List	Description
TD	Training and Development
CB	Compensation and Benefits
WE	Working Environment
RTN	Retention

4.4 Data Screening

Data Screening is defined as the process of exploratory error data and correcting them based on previous studies in data analysis (Allison, 2002). The showing may involve checking the unprocessed data. Identify the outliers and handle the missing data are the purpose of data screening. In this study, there is no missing and input errors have been found.

4.5 Descriptive Analysis

This analysis used to gain details regarding respondents' background information. Descriptive technique is used to describe data collected from the distribution of the questionnaire, the frequency and the percentages of the particular type of analysis are used in getting the general information of the data. Thus, descriptive analysis will become initial point to represent the detail information of sample data collected and its followed by the descriptive analysis for each of the element in each construct of this study namely the independent and dependent variable.

Table 4.3:

Demographic Analysis

Demographic Variables	Frequency	Percentage (%)
<i>Gender:</i>		
Male	59	52.2
Female	54	47.8
<i>Race:</i>		
Malay	41	36.3
Chinese	37	32.7
Indian	32	28.3
Others	3	2.7
<i>Marital Status:</i>		
Single	53	46.9
Married	60	53.1
<i>Highest Education:</i>		
Secondary / High School	40	35.4
Diploma	28	24.8
Undergraduate / Bachelor Degree	25	22.1
Post Graduate	20	17.1
<i>Length of Service:</i>		
Less Than 1 Year	28	24.8
1-3 Years	47	41.6
More Than 3 years	38	33.6

<i>Employment Category:</i>		
Executive	55	48.7
Non-Executive	58	51.3
 <i>Monthly Income:</i>		
Less Than RM 2,000	42	37.2
RM 2,001 – RM 3,000	46	40.7
More Than RM 3,001	25	22.1

4.5.1 Background of Respondent

A total of 113 responses were collected, analyzed and summarized in Table 4.3. Out of the 113 Gen Y respondents, 52.2% were male and 47.8% were female. As for the race distribution, majorities of 36.3% were Malay, 32.7% were Chinese, 28.3% were Indian and 2.7% consisted of other races. Most of the respondents (53.1%) were married and 46.9% were single. In terms of highest education achievement, 35.4% of the respondents were high school graduates, 24.8% had a diploma certificate, 22.1% had an undergraduate degree and the remaining 17.1% had a postgraduate degree. Subsequently, 41.6% of them had 1 to 3 years of working experience, 33.6% had more than 3 years of working experience and 24.8% had less than 1 year working experience.

As for the designation of the respondents, 51.3% of them held a non-executive position and 48.7% of them held a executive position in their organizations. Lastly, 40.7% were earning about RM 2,001 to RM 3,000 per month, 37.2% earned less than RM 2,000 per

month and remaining 22.1% earned more than RM 3,000 per month. The year of birth of the respondents ranged from 1980 to 1999; which is within the range of the Gen Ys' birth year (1980 to 2000). On average, the respondents were mainly born in between 1989 to 1991.

To sum up the Demographic profiles, a majority of the Gen Y respondents are married, Malay, males, with at least a high school graduates qualification. They had 1 to 3 years of working experience and earned about RM 2,000 to RM 3,000 on a monthly basis. The average age of the respondents at the time the research was conducted was approximately 26 to 28 years old.

4.5.2 Descriptive Analysis of the Dependent Variable

Table 4.4:
Descriptive Analysis of Retention Gen Y

Element for Retention	Mean
Q1: If I were given choice, I would prefer to continue working in this organization as long as possible	3.42
Q2: I will return to work here in the future if I have to quit my job due to unpredictable circumstances	3.42
Q3: I intend to remain working in this organization	3.44
Q4: I often think of leaving the organization	3.42
Total Average Mean	3.43

Table 4.4 indicates the descriptive analysis of retention towards Gen Y in manufacturing companies. According to table 4.4, there are four elements was used to evaluate the retention toward Gen Y in manufacturing companies. The total mean is calculated the total perception of Gen Y towards retention. From the analysis, the highest mean is 3.44

and this result shows the higher intention of Gen Y to remain working in manufacturing companies. In the overall, the answer range of respondents are more to agree to say the existing of retention practices among Gen Y as the total averages shows 3.43 mean indeed.

4.5.3 Descriptive Analysis of the Independent Variable

Table 4.5:
Descriptive Analysis of Training and Development

Element for Training and Development	Mean
Q1: I have been provided training from company for my next promotion	3.28
Q2: I have been equipped with training that need to do my job well	3.29
Q3: I have opportunities to learn and grow in this company	3.30
Q4: Company creates the platform for me to execute my knowledge	3.32
Q5: I have been sent to training which is related to my job	3.29
Total Average Mean	3.30

Table 4.5 indicates the descriptive analysis of training and development towards retaining Gen Y in manufacturing companies. According to table 4.5, there are five elements was used to evaluate the training and development among Gen Y in manufacturing companies. The total mean is calculated the total perception of Gen Y towards training and development. From the analysis, the highest mean is 3.30 and this result shows the higher intention of Gen Y to learn and grow in manufacturing companies. In the overall, the answer range of respondents are more to agree to say the training and development influences retention practices among Gen Y as the total averages shows 3.30 mean indeed.

Table 4.6:
Descriptive Analysis of Compensation and Benefits

Element for Compensation and Benefits	Mean
Q1: I received recognition for my achievement	3.54
Q2: The salary I receive encouraged me to do a better job	3.51
Q3: Incentives such as bonuses motivate me to do more than that is required	3.52
Q4: The fringe benefits offered by this organization attractive	3.52
Q5: In general, my salary is the same/similar as the salary of my colleague holding equivalent position as I am	3.53
Total Average Mean	3.52

Table 4.6 indicates the descriptive analysis of compensation and benefits towards retaining Gen Y in manufacturing companies. According to table 4.5, there are five elements was used to evaluate the compensation and benefits among Gen Y in manufacturing companies. The total mean is calculated the total perception of Gen Y towards compensation and benefits. From the analysis, the highest mean is 3.54 and this result shows the higher intention of Gen Y to received recognition for their achievement in manufacturing companies. In the overall, the answer range of respondents are more to agree to say the compensation and benefits influences retention practices among Gen Y as the total averages shows 3.52 mean indeed.

Table 4.7:
Descriptive Analysis of Working Environment

Element for Working Environment	Mean
Q1: My organization represents a caring culture environment for employees	3.45
Q2: My organization provides a comfortable working environment for employees	3.47
Q3: My organization provides a lot of security and flexible work schedule	3.45
Q4: My organization creates a fun work environment for employees	3.41
Q5: Overall, my organization is a harmonious place to work	3.43
Q6: My organization offers a work life balance environment for employees	3.44
Total Average Mean	3.44

Table 4.7 indicates the descriptive analysis of working environment towards retaining Gen Y in manufacturing companies. According to table 4.7, there are six elements was used to evaluate the working environment among Gen Y in manufacturing companies. The total mean is calculated the total perception of Gen Y towards working environment. From the analysis, the highest mean is 3.47 and this result shows the higher intention of Gen Y to received comfortable working environment in manufacturing companies. In the overall, the answer range of respondents are more to agree to say the working environment influences retention practices among Gen Y as the total averages shows 3.44 mean indeed.

4.6 Correlation Analysis

Table 4.8:
Correlation Matrix

Variable	TD	CB	WE	RTN
TD	1			
CB	.657**	1		
WE	.734**	.753**	1	
RTN	.752**	.760**	.771**	1

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

TD: Training and Development;

CB: Compensation and Benefits;

WE: Working Environment;

RTN: Retention

The Pearson product-moment correlation coefficient (r) is basically being carried out to measure the strength of a linear association between the variables. The linear association between the variables provides a basic understanding to the researcher and correlation analysis also perform as one of the requirement fulfillment in order to run the multiple regression analysis. To measure the closeness of the linear relationship between the defined variables, researcher use correlation analysis (Taylor, 1990). The correlation coefficient indicates how closely the data fit a linear pattern.

The above Pearson correlation in table 4.8 shows that the training and development variable (TD) correlation value is 0.752**, for compensation and benefits (CB) value is 0.760** and for working environment (WE) value is 0.771**. The correlation is

significant at the level of 0.01 level 2 tailed. This regression analysis is used to further prove the significant correlation.

4.7 Hypothesis Testing

Table 4.9:
Multiple Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of The Estimate
1	.845 ^a	0.715	0.707	0.271

a. Predictors: (Constant), TD, CB, WE

Table 4.10:
Multiple Regression Coefficient Results

	Unstandardized Coefficient		Standardized Coefficient		
	B	Std. Error	β	t	Sig
TD	0.327	0.077	0.328	4.230	0.000
CB	0.346	0.082	0.335	4.191	0.000
WE	0.277	0.089	0.277	3.123	0.002

a. Dependent Variable: RTN

Regression analysis was applied to test the hypothesis of the research. The result of the analysis shows in Table 4.9. The variables were able to explain 71.5% of the variance had been found and explained by using these independent variables (training and development, compensation and benefits & working environment). However the remaining 28.5% is unexplained in this research paper. The overall conclusion of the regression analysis said that only 71.5% of training and development, compensation and benefits and working environment have been identified towards Gen Y retention. The regression analysis on all three independent variable which are namely training and

development, compensation and benefits and working environment were significant to retaining Gen Y in manufacturing since the p-value of each was 0.000 and 0.002 as shown in Table 4.10.

Based on Table 4.10, we may conclude by saying that training and development, compensation and benefits and working environment has impact on retaining Gen Y in manufacturing companies. In Summary, H1, H2 and H3 were accepted.

4.8 Summary Result of Hypothesis Testing

The hypothesis testing for this research can be summarized in Table 4.11 as below:

Table 4.11
Summary Result

Hypotheses	Outcome
H1 There is a relationship between training and development and retention of Gen Y in manufacturing companies	Accepted
H2 There is a relationship between compensation and benefits and retention of Gen Y in manufacturing companies.	Accepted
H3 There is a relationship between working environment and retention of Gen Y in manufacturing companies.	Accepted

4.9 Chapter Summary

After referring to the findings which were analyzed, it has concluded that there is positive correlation between the three independent variables includes training and development, compensation and benefits, and working environment with dependent variable i.e the retention of Gen Y in manufacturing companies. Moreover, Training and development, compensation and benefits and working environment are the factors contribute to retention of Gen Y in manufacturing companies.



CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter is summarizing according to research objective, which is to identify whether there is a relationship between training and development, compensation and benefits, working environment and retention of Gen Y in manufacturing companies. This chapter also will discuss and conclude the whole dissertation. Finally, some recommendations are presented as final thought for the readers.

5.2 Discussion

This study purposes to measure the relationship between three independent variables of training and development, compensation and benefits and working environment with retention of Gen Y in manufacturing companies. Besides that, to examine retention factors from three independents variables that most significantly influence employees to stay and work in the manufacturing industries. The findings of the study are important for manufacturing companies to understand the reasons of employee turnover and identify the best strategy for their retention. The objectives of this study are indicates as follows:

1. To examine the relationship between training and development and retention of Gen Y
2. To examine the relationship between compensation and benefit and retention of Gen Y
3. To examine the relationship between working environment and retention of Gen Y

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

5.2.1 Relationship between training and development and retention of Gen Y

Training and development is one of the factors indicates as a third important among the other two variables on retention of Gen Y among manufacturing companies. The correlation results show that training variable has significant and positive relationship. This is in conformity with the findings of Adesola and Adeyemi (2013), Samuel and Chipunza (2008), that training and development has significant effect on staff retention. This research can help the organization to build a reputation of a learning organization and become a favorite organization for Gen Y as the training session aligned with their style of management. Training is one of the key that can improve business performance, profit and staff morale. The more an employee has been trained, the more reducing employee turnover in the organizations. Organization is investing time and money on employee to have the job done correctly and efficiently. This will lead employees to feel that the job they do is important to the success of the business. Training also allows employees the opportunity to learn new skills. By learning new skills employee able to grow in their current position and do well in their job. Increasing the productivity and reducing turnover are the benefits which organization gets from the training and development its workers.

Employers are implored to use other training options to ensure the optimization of the employee's and potential retention. The development of a life- long engaged learner is a positive element for the organization regardless of how long the employee chooses to

stay employed to the organization. In this study, manufacturing companies implemented training and development among Gen Y to enhance their ability and skills in performing a task. As Gen Y refers as a technology savvy, their training are based on online training to support the technology driven by manufacturing companies. This will help the employer to identify the capable employees for their organization as the manufacturing companies are grown up with latest technology and Gen Y will feel happy as their style of work aligned with technology based. It will lead Gen Y to stay longer in their organization.

5.2.2 Relationship between compensation and benefits and retention of Gen Y

Based in the research findings, compensation and benefits indicates as a second most important among the other two variables on retention of Gen Y among manufacturing companies. The correlation results show that compensation and benefits variable has significant and positive relationship. This is supported by Osibanjo, O.A, Adeniji, A.A, Falola, H.O, & Heirsmac, P.T (2014), in a study among private university employees in Nigeria found that compensation and benefits positively related to the retention of employees. Compensation and benefits influences employee retention in terms of offer and implement a good salary system to all employees to keep them in the organization. The result from this study shows that in order to attract the valued and worthy Gen Y employees to remain in the organization compensation and benefits package offered by organization should be lucrative.

Good salary and rewards increase the employee satisfaction towards the company. Employee tends to be motivated and feel appreciated when the company gave fair

increment and bonus. As such, employee will continuously put their effort and expecting more benefits if they stay work with the company. The financial and non financial compensation are given to employees as a return of employment relationship. According to Zobal (1998), reward can be spontaneous and official, even though pay for performance is also referred as form of rewards which is given based on performance of an employee.

The Gen Y had grown up getting rewards for good behavior and they were expecting the same thing in their working life. Gen Y is expecting financial rewards in return for their long services in organization. Gen Y expecting other benefits as important incentives besides salary when looking for and remaining at a job. The examples of benefits are health and dental care, and paid vacation (Deloitte, 2001).

Each individual employee has an idea of his own worth and would want to feel that he is being treated fairly and is paid according to his own valuation of his worth. Employees as individuals will also expect their salaries and fringe benefits to increase when they feel there are improvements in their performance or when they feel their responsibilities have increased. There are high chances to employees to leave for other organizations that pay market rates if compensation and benefits are not competitive and satisfied. Therefore, to keep worthy employee with the organization and reduce turnover, organization must ensure that pay is kept competitive with that of other organization.

5.2.3 Relationship between working environment and retention of Gen Y

Based in the research findings, working environment indicates as a most important among the other two variables on retention of Gen Y among manufacturing companies.

The correlation results show that compensation and benefits variable has significant and positive relationship. This is supported by Msengeti, D.M (2015), in a study among employees in hotel industry in Mombasa country found that working environment positively related to the retention of employees. Work environment is a place where an employee can perform his/her duties comfortably and satisfy. Manufacturing companies need to make sure that the working place where the employee doing their task is comfortable and satisfy in order to retain Gen Y employees.

Organization have to represent caring culture, safety, comfortable and harmonious, a lot of security and work life balance towards Gen Y in order to retain them in organization and reduced turnover of an organization. According to Wells & Thellen (2002), organizations offering privacy and safety at the work place to improve motivation and commitment of employees. This increased employees' satisfaction, motivate them to continue work and help to retain them in organization. To remain employee, organization have to represents caring culture, safety, comfortable and harmonious, a lot of security work life balance towards employee among Gen Y.

5.3 Implication of the study

This study has proven that retention of Gen Y can be determined by the factors of training and development, compensation and benefits and working environment. During this research, all four independent variables which are training and development, compensation and benefits and working environment are being presumed by the Gen Y as the important factor for them to stay with the manufacturing companies. Moreover, based on the findings which applies regression analysis to test the hypothesis of the

research, mentioned that all three independent variables only explained 71.5% of the variance in retaining Gen Y workforce in manufacturing companies. However, there is remaining 28.5% of other factors that were not examined in this study but also contribute in retaining Gen Y in manufacturing companies. This 28.5% of unknown factors should be examined in future research. Besides, this research targeted about 113 respondents. The total respondents should be increased in order to get more reliable data for data analysis and expand more on statistical tools used for analysis.

5.4 Limitation of the study

At the same time, there are many limitations during this research such as lack of information. Researcher has difficulty to get response from all groups of respondents. This is because when the survey was conducted, many employees especially from production group were on a staggered leaves and some of office employees were clearing their annual leave. Therefore, the questionnaires took a long time to collect. Furthermore, data collection also may not be complete by the respondents as some of the questionnaires distributed are not returned.

This research focuses on retaining factors among Gen Y in manufacturing companies. To some extent, this may considered as a limitation. As shared, this study was also focusing on one of the demographical area known Seri Kembangan. Thus sample size may act as barrier to analyze the findings. As an academic paper, common restriction such as time, cost, lack of experience and difficulties are fundamental barrier that should take into consideration.

5.5 Recommendation for Future Research

The future research should be extended to the other factors or elements from both employer and employee perspective to retain Gen Y in manufacturing industries. It may speak and contribute more ideas on workforce retention in manufacturing companies. Besides, the future research might add in other independent variable such organizational culture and employee engagement in retaining workforce.

In addition, it also recommended to broadened the scope of the future research by including the manufacturing companies in other demographic areas in Malaysia in order obtain huge number of targeted respondents which highly supportive for the analysis and findings. Furthermore, it is also recommended to do research on retaining Gen Y by using the same independent variables such as training and development, compensation and benefits and working environment among other industries in Malaysia such as service industry, constructions and etc.

5.6 Conclusions

This study was conducted with intention to investigate factors that might influence retention of Gen Y in manufacturing companies. The main interest is on the role of training and development, compensation and benefits and working environment on retaining Gen Y in manufacturing industries. The results indicate that all the three independent variables used in this research such as training and development, compensation and benefits and working environment are all related with retention of Gen Y in manufacturing companies. By examining all these factors, it is hoped that

management of the manufacturing companies can have more complete understanding of factors that might influences retention of Gen Y in manufacturing companies.



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APPENDICES

Survey Questionnaire



THE RELATIONSHIP BETWEEN TRAINING AND DEVELOPMENT, COMPENSATION AND BENEFITS, WORKING ENVIRONMENT AND RETENTION AMONG GEN Y: A STUDY IN MALAYSIAN MANUFACTURING COMPANIES

Dear Respondent,

I am a postgraduate student at The Universiti Utara Malaysia. As part of my Master of Human Resource Management Thesis, I am conducting a study on examining the relationship between training and development, compensation and benefits, working environment and retaining Gen Y (born between 1980 to 2000) in Malaysian Manufacturing companies.

This questionnaire will take no longer than 10 minutes to complete. All responses are anonymous. The data collected will be treated with strict confidence and will be used for the purpose of this study only. Hence I will appreciate it very much if you answer the questions as honestly as possible because the success of my research depends heavily on the accuracy of the results.

If you have any questions with regards to this questionnaire, feel free to contact me at cchandrakalaa@yahoo.com.

I sincerely thank you for the valuable time you took to fill out this questionnaire.

Yours Truthfully,

Chandrakalaa

Universiti Utara Malaysia

Section A: Respondent's Profile

Please tick the appropriate box for each question.

1. Gender

- Male
- Female

2. Race

- Malay
- Chinese
- Indian
- Others:

3. Year of Birth:

4. Marital Status

- Single
- Married
- Other:

5. Highest education achievement

- Secondary / High School
- Diploma
- Undergraduate / Bachelor Degree
- Post Graduate
- Other:



6. Length of services

- Less than 1 year
- 1-3 years
- More than 3 years

7. Employment Category

- Executive
- Non-Executive

8. Monthly Income

- Less than RM 2,000.00
- RM 2,001.00 – RM 3,000.00
- More than RM 3,001.00

Section B: HR Practices that influences in Retaining Generation Y

Please answer the following question using the scale shown below.

Part A: Training and Development

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. I have been provided training from company for my next promotion.	●	●	●	●	●
2. I have been equipped with training that need to do my job well.	●	●	●	●	●

3. I have opportunities to learn and grow in this company.	●	●	●	●	●
4. Company creates the platform for me to execute my knowledge	●	●	●	●	●
5. I have been sent to training which is related to my job	●	●	●	●	●

Part B: Compensation and Benefits

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. I received recognition for my achievement.	●	●	●	●	●
2. The salary I receive encouraged me to do a better job.	●	●	●	●	●
3. Incentives such as bonuses motivate me to do more than that is required	●	●	●	●	●
4. The fringe benefits offered by this organization attractive	●	●	●	●	●
5. In general, my salary is the same / similar as the salary of my colleague holding equivalent position as I am	●	●	●	●	●

Part C: Working Environment

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. My organization represents a caring culture environment for employees	●	●	●	●	●
2. My organization provides a comfortable working environment for employees.	●	●	●	●	●
3. My organization provides a lot of security and flexible work schedule.	●	●	●	●	●
4. My organization creates a fun work environment for employees.	●	●	●	●	●
5. Overall, my organization is a harmonious place to work.	●	●	●	●	●
6. My organization offers a work life balance environment for employees.	●	●	●	●	●

Section C: Employee Retention

Please answer the following question using the scale shown below.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. If I were given choice, I would prefer to continue working in this organization as long as possible.	●	●	●	●	●
2. I will return to work here in the future if I have to quit my job due to unpredictable circumstances.		●	●	●	●
3. I intend to remain working in this organization.	●	●	●	●	●
4. I often think of leaving the organization	●	●	●	●	●

Additional comments on HR practices that influence to retain in this organization. (if any)

THANK YOU!