FACTORS THAT INFLUENCE EMPLOYEE TURNOVER INTENTION

AMONG GENERATION Y IN MANUFACTURING INDUSTRY

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ABSTRACT

Employee turnover intention is the employee considerations of leaving or aiming to look for other employment and resigned from the current position in the organization. The organizations have spent a lot money especially on hiring cost (advertising, selection, interview, hiring firm, and candidate background check), training and development, and retaining them in the organization. This study is to examine how perceived organization support (POS), employee engagement and supervisory communication being factors that can influence turnover intention. Thus, recommended effective practises in handling the turnover intention issues particularly among Generation Y as organizations are experiencing difficulties in retaining Generation Y employees are discussed. Most of these employees perceived their job as temporary and unreliable since they had seen their parents' lose jobs because of economic conditions, business growth and reorganizations. The study was conducted on generation Y employees in one of manufacturing company, First Solar (M) Sdn. Bhd. It is one of the manufacturing company in Kulim and 250 respondents have participated and provide feedback in this survey. The result analyzed using Statistical Package for the Social Sciences (SPSS) version 22 indicated significant correlation between perceived organization support, employee engagement and supervisory communication with employee turnover intention among the Generation Y. The result showed that employee engagement had the strongest significant relationship with employee turnover intention followed by supervisory communication. Findings of this study may not represent other organization. Recommendations are listed to help organization retain the employee and lower employee intention to leave the organization.

Keywords: employee turnover intention, perceived organization support, employee engagement, supervisory communication.

ABSTRAK

Kadar lantik henti pekerja (*employee turnover intention*) ialah pertimbangan niat pekerja meninggalkan organisasi atau bertujuan untuk mencari kerja lain dan meletak jawatan dari jawatan semasa dalam organisasi. Organisasi telah menghabiskan banyak wang terutamanya untuk kos pengambilan pekerjaan (pengiklanan, pemilihan, temuduga, pembayaran pada firma perekrut dan periksa latar belakang calon), latihan dan pembangunan untuk mengekalkan pekerja dalam organisasi. Kajian ini bertujuan untuk melihat bagaimana persepsi sokongan organisasi *(perceived organization support)*, penglibatan pekerja (employee engagement) dan komunikasi penyelia (supervisory communication) menjadi faktor yang boleh mempengaruhi niat untuk meninggalkan pekerjaan. Oleh itu, amalan yang berkesan dalam mengendalikan isu kadar lantik henti terutamanya di kalangan Generasi Y kerana organisasi mengalami kesukaran untuk mengekalkan pekerja dari golongan Generasi Y juga di bincangkan. Kebanyakan pekerja tersebut menganggap pekerjaan mereka sebagai sesuatu yang sementara dan tidak percayainya kerana mereka telah melihat ibu bapa mereka kehilangan pekerjaan disebabkan keadaan ekonomi, pertumbuhan perniagaan dan penyusunan semula organisasi. Kajian ini dilaksana dikalangan pekerja generasi Y di syarikat perkilangan, First Solar (M) Sdn. Bhd. Ia merupakan sebuah syarikat perkilangan di Kulim dan sebanyak 250 responden telah mengambil bahagian dan memberi maklum balas dalam kajian ini. Keputusan dianalis menggunakan Pakej Statistik untuk Sains Sosial (SPSS) versi 22 menunjukkan hubungan yang signifikan di antara persepsi sokongan organisasi, penglibatan pekerja dan komunikasi penyelia dengan kadar lantik henti pekerja di kalangan Generasi Y. Keputusan kajian juga menunjukkan bahawa penglibatan pekerja mempunyai hubungan paling signifikan dengan kadar lantik henti pekerja di ikuti dengan komunikasi penyelia. Penemuan kajian ini tidak melambangkan organisasi lain. Cadangan disenaraikan untuk membantu organisasi mengekalkan pekerja dan mengurangkan niat pekerja untuk meninggalkan pekerjaan mereka di organisasi.

Kata Kunci: Kadar lantik henti pekerja, persepsi sokongan organisasi, penglibatan pekerja, komunikasi penyelia

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To my friends, I cannot thank you all enough, for your moral support and assistance when I felt down and stress. Thank you all and I hope our friendship will last forever and I pray for your success and happy in life.

TABLE OF CONTENTS

LIST OF TABLE

LIST OF FIGURES

ABBREVIATION

MIDA	Malaysian Investment Development Authority
KHTP	Kulim High Tech Park
SP	Specialty Lighting
MEF	Malaysian Employers Federation
APAC	Asia Pacific
LMX	Leader Member Exchange
IV	Independent Variable
DV	Dependent Variable

CHAPTER ONE

INTRODUCTION

1.1   Introduction

Turnover intention is the employee considerations of leaving or aiming to look for other employment and resigned from the current positon in the organization (Rehman, 2012) and Boon and Biron (2013). The organizations have spent a lot money especially on hiring cost (advertising, selection, interview, hiring firm, candidate background check), training and development, and retaining them in the organization. Therefore, organization should focus on understanding factors that contribute to employee intention to leave because with highly competition among industries, organizations cannot afford to lose their skilled employees as they are the key persons to move towards achieving the mission, vision and objective of the organization. This chapter consist the background of study, problem statement, followed by research questions, research objective, significance of study, scope of study organization of research.

The contents of the thesis is for internal user only

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APPENDICES

<u>APPENDIX A – QUESTIONNAIRE</u>

COLLEGE OF BUSINESS

UNIVERSITY UTARA MALAYSIA

FACTORS THAT INFLUENCE EMPLOYEE TURNOVER INTENTION AMONG

GENERATION Y IN MANUFACTURING INDUSTRY

This is a study conducted as part of my requirement to be rewarded a Master in Human Resource from University Utara Malaysia. It is estimated that answering the questions will not take more than 10 minutes. All responses will be kept anonymous; **PLEASE ANSWER ALL QUESTIONS.**

Your cooperation in this master project is highly appreciated. Again, thank you for your valuable time.

Sincerely Yours,

Fatin Ayuni Binti Mohamad Khair
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SECTION 1
Personal Background

Instruction: Please tick (/) at the relevant spaces next to question in which the answers that are more applicable for you.

1. **Gender**

   ( ) Male   ( ) Female

2. **Age**

   ( ) Below 24 years   ( ) 24 to 29 years
   ( ) 30 to 35 years   ( ) Above 35

3. **Race**

   ( ) Malay   ( ) Indian
   ( ) Chinese   ( ) Others. Please state: ____

4. **Marital Status**

   ( ) Single   ( ) Divorce

   ( ) Married

5. **Education Level**

   ( ) Diploma   ( ) Master
   ( ) Degree
   ( ) Others Please specify:_____

6. **Years of Service**

   ( ) Less than 3 years   ( ) 9 to 11 years

   ( ) 3 to 5 years   ( ) 12 years & Above

   ( ) 6 to 8 years

7. Income

( ) RM1000 to RM1999   ( ) RM4000 to RM4999
( ) RM2000 to RM2999   ( ) RM5000 to RM5999
( ) RM3000 to RM3999   ( ) RM6000 & Above

8. Job Category

( ) Non Exempt

( ) Exempt

( ) Manager

SECTION 2

Part One: Employee Turnover Intention

INSTRUCTION: This section consists of 4 parts. Read each part carefully and carefully and circle an answer which you feel reflects your judgment by using the following scale:

1.   Strongly disagree

2.   Disagree

3.   Slightly disagree

4.   Neither disagree nor agree

5.   Slightly agree

6.   Agree

7.   Strongly Agree

A. Employee Turnover Intention

Question	Scale					
1. I frequently think of quitting my job	1 7	2	3	4	5	6
2. I will probably look for a new job within next 12 months	1 7	2	3	4	5	6
3. I plan to stay in this company to develop my career for a long time	1 7	2	3	4	5	6
4. For me, this company is the best of all possible organizations to work for	1 7	2	3	4	5	6
5. It is easy for me to leave my present job	1 7	2	3	4	5	6
6. My investment in my job is too great for me to think of quitting	1 7	2	3	4	5	6
7. I might consider to leave if I find better organization	1 7	2	3	4	5	6

Part Two: Perceived Organization Support

Circle an answer which you feel reflects your judgment by using the following scale:

1.   Strongly disagree

2.   Disagree

3.   Slightly disagree

4.   Neither disagree nor agree

5.   Slightly agree

6.   Agree

7.   Strongly Agree

B. Perceived Organization Support

Question	Scale					
1. The organization values my contribution to its well-being	1 7	2	3	4	5	6
2. If the organization could hire someone to replace me at a lower salary it would do so. (R)	1 7	2	3	4	5	6
3. The organization fails to appreciate any extra effort from me. (R)	1 7	2	3	4	5	6
4. The organization strongly considers my goals and values.	1 7	2	3	4	5	6
5. The organization would ignore any complaint from me. (R)	1 7	2	3	4	5	6
6. The organization disregards my best interests when it makes decisions that affect me. (R)	1 7	2	3	4	5	6
7. Help is available from the organization when I have a problem.	1 7	2	3	4	5	6
8. The organization really cares about my well-being.	1 7	2	3	4	5	6

9. Even if I did the best job possible, the organization would fail to notice. (R)	1 7	2	3	4	5	6
10. The organization is willing to help me when I need a special favor.	1 7	2	3	4	5	6
11. The organization cares about my general satisfaction at work.	1 7	2	3	4	5	6
12. If given the opportunity, the organization would take advantage of me (R)	1 7	2	3	4	5	6
13. The organization shows very little concern for me. (R)	1 7	2	3	4	5	6
14. The organization cares about my opinions	1 7	2	3	4	5	6
15. The organization takes pride in my accomplishments at work.	1 7	2	3	4	5	6
16. The organization tries to make my job as interesting as possible	1 7	2	3	4	5	6

Universiti Utara Malaysia

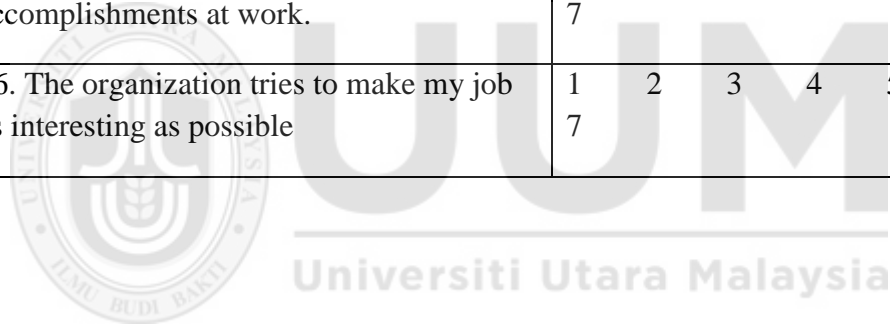**Part Three: Employee Engagement**

Circle an answer which you feel reflects your judgment by using the following scale:

1.   Strongly disagree

2.   Disagree

3.   Slightly disagree

4.   Neither disagree nor agree

5.   Slightly agree

6.   Agree

7.   Strongly Agree

C. **Employee Engagement**

Question	Scale						
1. I really "throw" myself into my job'.	1	2	3	4	5	6	7
2. I am really not into the "goings-on" in this organization	1	2	3	4	5	6	7
3. Being a member of this organization makes me come "alive"	1	2	3	4	5	6	7
4. Being a member of this organization is exciting for me	1	2	3	4	5	6	7
5. At my work, I feel full with energy	1	2	3	4	5	6	7
6. I am passionate about my job	1	2	3	4	5	6	7
7. I feel happy when I am working passionately	1	2	3	4	5	6	7
8. I am fascinated with my work	1	2	3	4	5	6	7

Part Four: Supervisory communication

Circle an answer which you feel reflects your judgment by using the following scale:

1.   Strongly disagree

2.   Disagree

3.   Slightly disagree

4.   Neither disagree nor agree

5.   Slightly agree

6.   Agree

7.   Strongly Agree

D. Supervisory communication

Question	Scale					
1. I think my superior asks me about my interests outside of work	1 7	2	3	4	5	6
2. I question my superior's instructions when I do not understand them	1 7	2	3	4	5	6
3. I tell my superior when I think things being done are wrong	1 7	2	3	4	5	6
4. I question my superior's instructions when I think he/she is wrong	1 7	2	3	4	5	6
5. I think my superior lets me know why changes are made in work assignments	1 7	2	3	4	5	6
6. I think my superior keeps me informed about rules and policies	1 7	2	3	4	5	6
7. I think my superior gives clear instructions to me	1 7	2	3	4	5	6
8. I think my superior informs me about future plan for me in the group.	1 7	2	3	4	5	6

APPENDIX B: DESCRIPTIVE STATISTICS OF VARIABLES

Descriptive Statistics

	Mean	Std. Deviation	N
Employee Turnover intention	4.07	0.43	250
Perceived Organization Support	3.95	0.41	250
Employee Engagement	3.98	2.47	250
Supervisory Communication	3.81	1.67	250

APPENDIX C: PEARSON CORRELATION RESULT

Correlations

		ETI	POS	EE	Supvcomm
Employee Turnover intention	Pearson Correlation	1	-.71	-.78**	.76**
	Sig. (2-tailed)		.012	.000	.000
	N	250	250	250	250
Perceived Organization Support	Pearson Correlation	-.71	1	.153**	.141**
	Sig. (2-tailed)	.012		.043	.062
	N	250	250	250	250
Employee Engagement	Pearson Correlation	-.78**	.153**	1	.594**
	Sig. (2-tailed)	.000	.043		.000
	N	250	250	250	250
Supervisory Communication	Pearson Correlation	-.73**	.141**	.594**	1
	Sig. (2-tailed)	.000	.062	.000	
	N	250	250	250	250

APPENDIX D: MULTIPLE REGRESSION RESULT

Model Summary ^{b}

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.645^{a}	. 412	.432	.23561

Predictors: (Constant), Supervisory Communication, Perceived Organization Support,

Employee Engagement

Coefficients ^{a}

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	1.72	.33		7.32	0
Perceived Organization Support	-.48	.059	-.74	-6.31	0.26
Employee Engagement	-.29	.045	-.62	-5.33	0
Supervisory Communication	.34	.042	-.69	-5.61	0

a. Dependent Variable: Employee Turnover intention