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**THE RELATIONSHIP BETWEEN HUMAN RESOURCE  
PRACTICES AND EMPLOYEE RETENTION IN  
MANUFACTURING INDUSTRY**

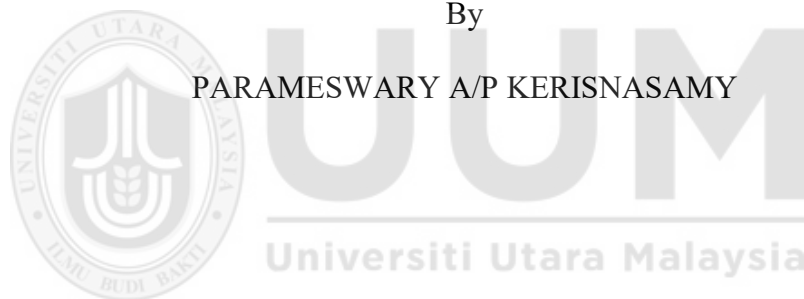


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JANUARY 2024**

THE RELATIONSHIP BETWEEN HUMAN RESOURCE  
PRACTICES AND EMPLOYEE RETENTION IN MANUFACTURING  
INDUSTRY



Research Paper Submitted to  
College of Business  
Universiti Utara Malaysia  
in Fulfilment of the Requirement for the Master of Human Resource Management



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SCHOOL OF BUSINESS MANAGEMENT

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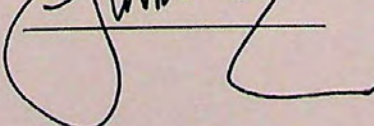
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## ABSTRACT

Retention of talents is crucial for organizations to remain competitive in the business. Hence, employee retention has received considerable research attention including the various long-term strategies and efforts performed by the organization to ensure that employees remain in the business. The study aims to examine the relationship between four human resource practices (training and development, career development, rewards and compensation, performance appraisal) and employee retention. The study was conducted among 170 employees selected from five manufacturing companies located in Penang, Malaysia. The respondents for this study were selected using a convenient sampling technique. This study employed a quantitative research approach, based on cross-sectional study research design. The data for this study were collected using the online survey via Google forms. The data was analyzed using Statistical Package for Social Science (SPSS) version 27. Both the descriptive and inferential analysis was performed to fulfil the objective of the study. The multiple regression analysis indicates that rewards and compensation and performance appraisal are strongly correlated with employee retention. However, training and development and career development do not have a statistically significant relationship with employee retention in the manufacturing companies. This study has also identified practical implications, theoretical implications, and limitations encountered during its execution. This study also proposed recommendations for future researchers interested in investigating the correlation between HR practices and employee retention.

Keywords: Human resource practices; Employee retention; Manufacturing industry.

## ABSTRAK

Objektif kajian ini adalah untuk menyiasat hubungan antara amalan sumber manusia dan pengekalan pekerja. Kajian ini merupakan analisis korelasi, kerana ia bertujuan untuk mengkaji hubungan antara pelbagai pemboleh ubah. Populasi kajian terdiri daripada pekerja-pekerja dari lima syarikat pembuatan yang terletak di Pulau Pinang, Malaysia. Jumlah populasi sasaran adalah 170 orang pekerja. Responden bagi kajian ini dipilih menggunakan kaedah persampelan rawak mudah. Kajian ini menggunakan pendekatan penyelidikan kuantitatif, khususnya reka bentuk kajian keratan rentas. Selain itu, data untuk kajian ini dikumpulkan dengan mengedarkan soal selidik melalui borong maya di Goggle kepada saiz sampel sebanyak 170 orang pekerja yang dipilih menggunakan teknik persampelan rawak mudah. Kajian ini mencapai kadar maklum balas 100 % yang kemudiannya digunakan untuk analisis tambahan. Data dianalisis menggunakan Perisian Analisis Statistik bagi Sains Sosial (SPSS) versi 27. Analisis korelasi Pearson menunjukkan hubungan positif dan signifikan antara pengekalan pekerja dan faktor-faktor seperti ganjaran dan pampasan serta penilaian prestasi. Analisis regresi berganda menunjukkan bahawa latihan dan pembangunan serta pembangunan kerjaya tidak memberikan impak yang signifikan secara statistik terhadap pengekalan pekerja. Pada masa yang sama, dalam sebuah syarikat pembuatan, ganjaran dan pampasan serta penilaian prestasi berkorelasi kuat dengan pengekalan pekerja. Kajian ini juga mengenal pasti implikasi praktikal, implikasi teoretikal, dan batasan yang dihadapi semasa pelaksanaannya. Kajian ini juga mencadangkan cadangan untuk penyelidik-penyelidik pada masa depan yang berminat untuk mengkaji hubungan antara amalan sumber manusia dan pengekalan pekerja.

Kata Kunci: Amalan sumber manusia, pengekalan pekerja, industri pembuatan

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## LIST OF ABBREVIATION

<b>Abbreviation</b>	<b>Meaning</b>
<b>E&amp;E</b>	Electrical and Electronic
<b>FDI</b>	Foreign Direct Investment
<b>GDP</b>	Gross Domestic Product
<b>HR</b>	Human Resource
<b>HRM</b>	Human Resource Practices
<b>SPSS</b>	Statistical Package for Social Science
<b>URL</b>	Uniform Resource Locator



# CHAPTER 1

## INTRODUCTION

### 1.1 Background of Study

Human resources are often mentioned as the most significant assets in every organization (Javed et al., 2019). Retention of talents in specific will provide competitive advantage to organizations (Ngethe et al., 2012). The current economic climate, distinguished by accelerated advancements in technology fields including machine learning, artificial intelligence, blockchain, and Industry 5.0, has escalated the necessity for proficient and capable workers. As such, the need for an effective retention strategy has become even more pronounced. Indeed, within organizations, knowledge is regarded as a highly treasured asset (Narayanan et al., 2019; Khan et al., 2021; Chatzoudes & Chatzoglou, 2022).

In today's competitive market, companies are trying hard to devise the best plan for increasing retention. To date, employee retention has received considerable research attention including the various long-term strategies and efforts performed by the organization to ensure that employees remain in the business (Bibi et al., 2018; Shivangee & Dixit, 2011). As noted by Kin et al. (2022), organizations strive to retain their talented employees who possess valuable knowledge and expertise. Increased employment flexibility in pace of globalization has further raised concern on employee retention as an issue to be addressed (Ahmad, 2013).

As reported in a recent Legal Jobs post (February 26, 2021), key statistics indicate that staff retention rates reached a new low in March 2020. The implications of low retention rates are severe, with an estimated cost of US\$430 billion per year by the

year 2030. This data underscores the urgency for organizations to address retention issues proactively to mitigate the financial and operational consequences of high turnover rates. Indeed, the issue of retaining talented employees is not unique to any specific country, and Malaysia is no exception. Recent survey results indicate that regardless of the size or market presence of companies, Malaysian employers consider retaining talented employees as their greatest fear (Job Street, 2016). This highlights the significance of employee retention as a critical concern for organizations operating in Malaysia. Undoubtedly, Malaysia encounters a substantial obstacle in the shape of employee retention (Stoughton, 2011; Ibrahim & Ali, 2019).

Manufacturing companies, in particular, face significant challenges in their efforts to attract and retain skilled employees (Hee et al., 2018; Ibrahim & Ali, 2019). The ability to retain skilled and talented employees is crucial for maintaining a competitive edge in the industry and ensuring sustainable growth and success. According to data from the Malaysian Department of Statistics (Ibrahim et al., 2019), manufacturing companies experienced the highest number of job losses among all industries in Malaysia in the year 2018. This indicates the severity of the impact on the manufacturing sector during that period. Furthermore, as reported by Willis Towers Watson (2017), an alarming figure of approximately 36% of Malaysian employees was projected to leave their respective organizations within a two-year timeframe. This expectation of high turnover reflects the challenges companies face in retaining their workforce in the country. Moreover, the financial crisis and the subsequent lockdown due to the epidemic had a significant impact on retention rates (Ibrahim et al., 2021). The data revealed that a considerable turnover rate contributed to the displacement of up to 150,000 individuals from their positions during this challenging period. This underscores the severity of the situation and underscores the critical importance of

addressing employee retention concerns. Indeed, there is a growing interest among both practitioners and researchers in identifying the key organizational elements that positively impact employee retention. The idea of utilizing human resource practices to enhance workforce stability and diminish the incidence of voluntary departures originated in the early 20th century. (Nelissen et al., 2017).

Over time, thorough studies have been conducted, revealing the positive impact of these HR practices on employee retention (Nelissen et al., 2017). These findings highlight the importance of effective HR strategies in fostering a work environment that encourages employees to stay with the organization and contribute to its success. While the factors influencing employee retention can vary for each worker across different sectors, it is worth noting that they also tend to differ among employees in the manufacturing industry. Specifically, in the context of this study, manufacturing businesses refer to those involved in production activities (Pandu & Shankar, 2019). This implies that the unique nature of the manufacturing sector may introduce specific elements that impact employee retention within these businesses.

Human resource practices, including training, assessment systems, and compensation, were identified as crucial factors affecting employee retention (Bibi et al., 2018; Sari & Dewi, 2020; Malik et al., 2020; Imna & Hassan, 2015; Samganakkan, 2010; Kakar et al., 2017). These strategies play a pivotal role in ensuring staff retention within organizations. The researcher emphasized that companies aspiring to achieve success should focus on reducing turnover and design their HR practices in a manner that influences employees' decisions to remain with the organization. By providing effective training, implementing fair assessment systems, and offering competitive compensation packages, companies can create an environment that motivates employees to stay committed to their jobs and contributes to overall organizational

stability and success. According to Arocas and Camps (2008), many authors who have studied the impact of human resource practices on employee retention have primarily focused on compensation systems. However, it is cautioned that solely concentrating on compensation and financial incentives may be a significant oversight if companies aim to develop effective commitment strategies that enhance employee retention. This implies that there is a need for further research to empirically demonstrate the effects of various human resource management practices on employee retention.

## **1.2 Background of Manufacturing Sector**

The manufacturing sector's continuous expansion has been instrumental in positioning Malaysia as a competitive player in the global market and has been an essential driver of economic progress for the country. Since 1980, the manufacturing industry has provided the Malaysian economy with a framework as a source of economic growth and a means of reducing poverty. To generate sustainable national revenue, Malaysia started to transfer its emphasis from primary industry to secondary industry. Malaysia's manufacturing industry focuses on industries producing goods including rubber, electrical and electronic equipment, food, timber, petroleum, and chemical items. Due to the manufacturing transformation's significant physical and structural effects on labour markets, it has been dubbed the industrial revolution (Perumal et al., 2018).

The manufacturing sector has played a significant role in driving Malaysia's economic development, contributing to job creation, balancing external trade, and boosting the country's GDP. This sector has shown adaptability and flexibility in response to changes in the economic landscape. Malaysia's manufacturing industry encompasses various key sectors, including electrical, electronic, chemical, petroleum, and wood goods, as well as textiles, clothing, and footwear (Department of Statistics Malaysia,

2018). These industries have contributed to the nation's growth and development, attracting investments, and promoting export-oriented growth.

According to Kin et al. (2022), manufacturing companies are characterized by their involvement in processing raw materials and mechanical components to create new products. The manufacturing sector's growth has been fueled by advancements in manufacturing methods, materials, and product development. Manufacturing plays a vital role in the development and prosperity of developing nations, as evidenced by its impact on GDP, international trade, and job creation. In Malaysia, manufacturing has been a significant driver of economic growth (Dogan & Koi, 2010). The manufacturing industry's contributions to the economy further underscore its importance and value in driving economic progress and development. As depicted in Figure 1.1, Malaysia's manufacturing sector accounts for 22.7% of GDP, making it the second-largest sector in the country after services.

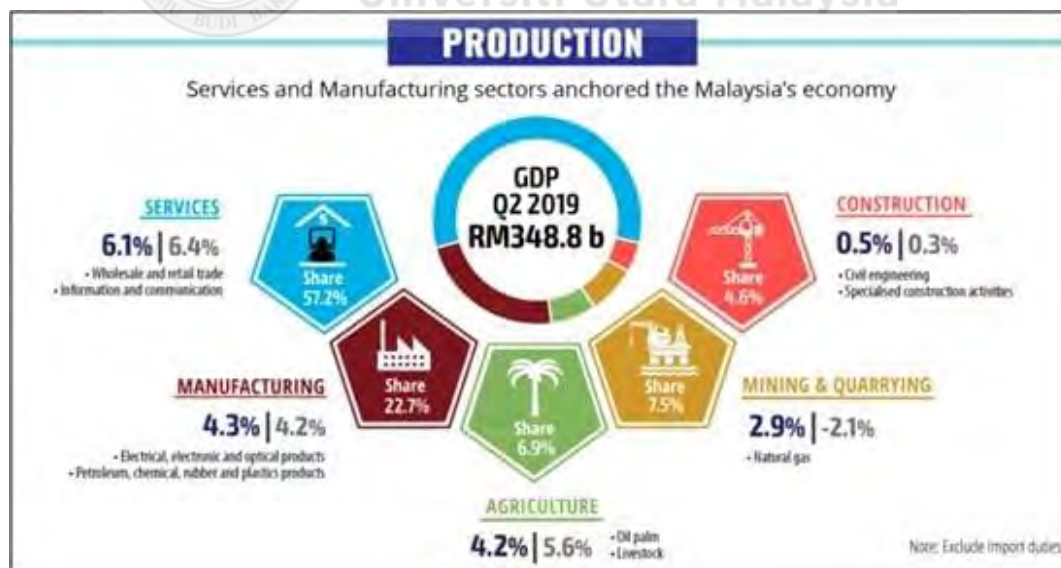


Figure 1.1  
*Services and Manufacturing anchored the Malaysia's economy*  
 Sources: Department of Statistics Malaysia

### **1.2.1 Overview of Electric and Electronic Sector**

The Electrical and Electronics (E&E) industry over the last ten years is one of the most vital elements of the Malaysian manufacturing industry. Business of electrical and electronics (E&E) in Malaysia has been and still is the most essential part of this country's industrial sector. It makes a wide range of goods, provides many jobs, and makes big inputs to investments, imports, and exports. The electrical and electronics (E&E) industry has been the largest export earner for Malaysia over the past long years (UKEssays, 2018). This industry contributed almost one-half of the entire exports of goods sent from Malaysia abroad, with a value of RM372.67 billion. It was also a big contributor to the economy of Malaysia in 2019, making up approximately 6.3%. They manufacture some important parts for cell phones, cars, and computers. There are many E&E companies situated in Kedah, Selangor, Melaka, and Johor, but most of them belong to Penang. Almost 560,000 jobs have been made in this business (Matrade, 2019).

### **1.2.2 Penang Electric and Electronic Sector**

The year 2022 was an outstanding year for Penang, celebrating 50 years of excellence in manufacturing, more particularly the E&E industry (Choon, 2023). The industrial environment in Penang is diversified, from tin smelting to steel and from food manufacturing to the medical device industry. However, it is the E&E, which is the most sought and well-known in the region, and even on the level of the nation and worldwide. Today, E&E items contribute to some 38% of the exports emanating from Malaysia, with Penang's contribution to this pie being about 60%. Additionally, the E&E industry significantly contributes to Malaysia's trade surplus, making up around 78% of it on average. Furthermore, Penang alone accounts for roughly 70% of that

surplus. In 2021, Malaysia's Foreign Direct Investments (FDIs) were mostly directed into the E&E industry, accounting for a substantial portion of 81% of all FDIs. Notably, Penang alone got half of these investments.

### **1.3 Problem Statement**

In today's highly competitive business environment, talented employees have emerged as a crucial asset for companies seeking to achieve long-term success and gain a competitive edge (Johara et al., 2019). Retaining talented employees is essential for organizations to maintain their financial stability and enhance their business performance (Claus, 2019). There is a widely held belief that keeping talents on board is crucial for companies to thrive in the market and stay ahead of their competition. Various studies have been conducted to unveil talent retention factors of different trades. Former study has always demonstrated that HR practices can significantly enhance an employee's propensity to stay with a company (e.g., Jayathilake et al., 2021; Balushi et al., 2022).

Kumar (2021) explained that effective human resources practices increase retention rates and improve measures of organizational effectiveness. Fathima and Umarani (2022) found out that fairness in HR practices will encourage good behavior and make employees stay. Existing studies suggest that HR practices such as reward and compensation, training and development, career development and performance appraisal are important factors of talent retention (Alhmoud & Rjoub, 2019; Zhu & Newman, 2022). By incorporating these HR practices tailored to the manufacturing sector's specific needs, organizations can create a conducive work environment that attracts and retains top talent, ultimately contributing to long-term success and competitiveness in the industry (Halliday et al., 2022; Alzaid & Dukhaykh 2023).

Rewards and compensation are crucial for employee retention (Verma & Kaur, 2023). Job satisfaction, performance, and retention are directly related to rewards (Alsakarneh, 2023). Stofberg et al. (2022) state that open communication about compensation practices promotes perceived organizational support, contributing to employee retention. The reward system builds trust through compensation and support (Alotaibi & Algethami, 2023). Caution against subjective rewards is advised to prevent performance issues (Mahmoud, 2023). Compensation and rewards drive behavior and enhance performance (Olatunji & Awolusi, 2020). Research consistently emphasizes their role in motivating employees and improving retention (Alsakarneh, 2023; Bakari, 2023; Subramaniam et al., 2019; Olatunji & Awolusi, 2020; Abugre & Nasere, 2020; Meng et al., 2022). For example, rewards significantly impact employee performance and retention (Alsakarneh, 2023). Human resource departments should consider offering comprehensive total rewards packages that go beyond monetary compensation can enhance employee engagement and retention (Alhmoud & Rjoub, 2019). Xuecheng et al. (2022) and Zhu and Newman (2022) prove that both financial and non-financial rewards influence public enterprises employees' retention and workforce environment which improve workforce productivity.

Training and development play a pivotal role in driving employee retention in companies (Kumari, 2022; Xuecheng et al., 2022; Bharadwaj, 2023). These programs are often cited as independent variables affecting retention (Osewe & Gindicha, 2021; Zemburuka & Dangarembizi, 2020; Taiwo et al., 2021), not only enhancing skills and knowledge but also impacting job satisfaction and commitment levels (Batmomolin et al., 2022; Maharmeh, 2021). Satisfied and committed employees tend to stay longer, boosting retention rates. Scholars frequently explore the mediating and moderating effects of training and development on retention, with factors like job satisfaction and

the work environment playing significant roles (Hassan, 2022; Alrazehi et al., 2021; Islam et al., 2022; Desta, 2021). This relationship holds across sectors, including public sector, higher education, and manufacturing (Nor, 2023; Khan et al., 2019; Taiwo et al., 2021), with consistent findings indicating the importance of training and development in employee retention.

Career development significantly influences employee retention in studies conducted by Tetteh and Asumeng (2022), Jena and Nayak (2023), and Obazea and Samikon (2022). According to Obazea and Samikon (2022), providing clear paths for career development can increase employee satisfaction and retention among employees. Recent studies by Jayathilake et al. (2021) and Balushi et al. (2022) has attached great importance to the retention of employees and raised questions about career development programs. Career development programs also moderate the relationship between organizational learning and retention and mediate the impact of organizational commitment and job satisfaction (Tania & Kowser, 2022; Siaw et al., 2022; Pallangyo & Hanai, 2020). Career development acts as a mediator between supervisory support and retention intentions (Tetteh & Asumeng, 2022). These findings underscore the importance of creating conducive environments for employees through aligned career development efforts.

Performance appraisal significantly impacts employee retention in companies. Zainal et al. (2022) found that performance appraisal positively affect retention. Kalia (2023) suggests effective appraisal practices enhance job satisfaction and loyalty, and lead to increasing retention rates. Hasan (2022) highlights the moderating role of performance appraisal in enhancing retention. Properly conducted performance appraisals lead to fair pay, advancement opportunities, and higher retention rates, but their impact varies by industry and HR practices.

Social exchange theory (SET) suggests that HR practices and employee retention are closely entwined. Jayathilake et al. (2021) stated according to this theory, social relationships are formed through the exchange of mutual benefits; as a result, participants in interactions expect reciprocity and mutual gain. Employees are more likely to stay with the organization and more seriously dedicate themselves to it, if the organization provides them with good treatment modern benefits as part of a mutually binding exchange for their loyalty (Kumar, 2021). Human resources practices are central to fostering social exchange dynamics within organizations. For example, pay transparency and reward systems set up a good exchange environment by enhancing perceived organizational support inherently employee wellbeing which improves retention (Stofberg et al., 2022; Alzaid & Dukhaykh, 2023). When companies carry out fair human resources practices (such as giving fair pay and having a structured career path), they show that the organization cares for its employees and is committed to them.

As a result, people are likely not only more productive but also less likely not to leave their position (Verma & Obazea 2022; Samikon, 2022). Based on these considerations, SET provides a complete paradigm for comprehending how HR practices influence employee retention. By aligning human resources practices with the values of social exchange, organizations can create a good working atmosphere that further encourages employee loyalty, commitment, and long-term retention

#### **1.4 Research Question**

- i. Is there a relationship between rewards and compensation and employee retention in manufacturing industry?
- ii. Is there a relationship between training and development and employee retention in manufacturing industry?
- iii. Is there a relationship between career development and employee retention in manufacturing industry?
- iv. Is there a relationship between performance appraisal and employee retention in manufacturing industry?

#### **1.5 Research Objective**

- i. To examine the relationship between rewards and compensation and employee retention in manufacturing industry.
- ii. To analyze the relationship between training and development and employee retention in manufacturing industry.
- iii. To investigate the relationship between career development and employee retention in manufacturing industry.
- iv. To examine the relationship between performance appraisal and employee retention in manufacturing industry.

## 1.6 Scope of Research

The primary objective of this research was to identify effective HR practices for retaining production employees in the manufacturing industry, primarily in the E&E sector in Penang, Malaysia. Specifically, we aimed to examine the relationship between HR practices, namely rewards and compensation, training and development, career development, performance appraisal, and employee retention. The respondents consist of a sample of production employees (including production managers, engineers, supervisors, line leaders, technicians, production maintenance, production operators, production administrators, and quality control) working in the manufacturing industry in Penang, Malaysia. The five companies are chosen based on the subsector under electric and electronic sector in Penang Malaysia. The first subsector are electrical component and the company chosen under the sector are Intel following by industrial electronic and company chosen are Bosch, third subsector and company chosen are electrical product and the company are Osram, the fourth and fifth subsector and companies are electronic manufacturing services and company are Jabil and the last renewable energy and the company are Jinko Solar. The research adopted a quantitative research approach, utilizing a survey method. Data were collected by distributing questionnaires to production employees in the selected five manufacturing companies in the E&E sector in Penang, Malaysia. The results of this study offered essential knowledge on human resources practices that had a substantial influence on employee retention in the manufacturing industry, namely in the E&E sector. It had the potential to enhance job conditions within the sector.

## 1.7 Significance of the Research

The significance of the study is twofold. From the theoretical point of view, it was found that minimal studies have been conducted on employee retention among production employees in the manufacturing industry. The findings could enhance the empirical evidence on the influence of HR practices on employee retention in manufacturing industries. This research will help the manufacturing industry to achieve its company goals and maintain its economic level by retaining production employees. The nature of relationship between HR practices and production employee retention must be truly studied. The research is also expected to make significant contributions to the field of employee retention in the manufacturing industry. It aims to enhance the foundational knowledge of employee retention in this sector. Additionally, it seeks to explore the relationship between employee retention and HR practices in the manufacturing industry, allowing for a deeper understanding of the concept and its importance.

From the practical point of view, this research endeavours to improve employee retention practices specifically among production employees in the manufacturing industry, focusing on a sample of employees in Penang, Malaysia. Ultimately, the study endeavours to provide valuable insights into employee retention, particularly in the context of HR practices, and its implications for production employees within the manufacturing sector. Moreover, this research might be a guide for the human resources personnel of the manufacturing industries. HR personnel can use this research to enhance the practices and policies used by their company, it will help them to retain employees. The research will assist managers in understanding the perspectives and expectations of production employees to develop an effective strategy for overcoming the issues that may affect employee retention. Besides that, this

research can be useful for employers to have strategies for retaining their employees, especially talented ones in manufacturing industries.

## **1.8 Definition of Key Terms**

### **Rewards and Compensation**

Rewards and compensation refer to the overall rewards given to employees in return for their commitment, effort, and contribution to a company's success (Beijer et al., 2021).

### **Training and Development**

Training and development refer to the formal support offered by an organization to its employees for them to learn important knowledge, develop new abilities, and gain useful experience for their present and future duties (Beijer et al., 2021; Fahim, 2018).

### **Career Development**

Career development is about giving individuals the opportunity to grow both personally and professionally. It means that employees can be promoted and grow within their organizations (Sharafi et al., 2018).

### **Performance Appraisal**

Performance evaluation, also known as performance appraisal, is the process of assessing how well employees are fulfilling their duties and responsibilities according to a predetermined set of standards (Fahim, 2018).

## **Employee Retention**

Employee retention refers to the actions taken by an organization to create and maintain a positive work environment that motivates employees to stay with the company (Mahadi et al., 2020).

### **1.9 Organization of Research**

There are five chapters in this research paper. Chapter One provides an overview of the study's context including problem statement, research questions, research objectives, scope of study, significance of study and definition of key terms. By conducting a systematic literature review, the second chapter examined prior research and studies that are pertinent to the current investigation. The third chapter provided an in-depth examination of the research methodology, encompassing the research framework, hypotheses, population, samples, and sampling procedures. The chapter also encompassed the following: study measurement, data collection, pilot testing, data analysis, and a concluding chapter summary. The outcomes derived from the study and the results that were disseminated to the participants were detailed in Chapter four. Chapter five comprised the concluding remarks, which included a summary, conclusion, and recommendations.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

In this chapter, the research that focused on the correlation between employee retention (the dependent variable) which is dependent and human resource management practices (the independent variable) which is independent, was proposed. In addition to that, the study comes from the underpinning theory is disclosed. The HR services are comprised of compensation and rewards, career development, training and development, and appraisals. It is aimed to oversee the past research reports about the effect of human resources techniques on retention of employees.

#### 2.2 Definition of Employee Retention

The phenomenon of retention means maintaining employees, by making them feel desired and needed, furthermore, it is a combination of rules/regulations that provide employees what they need. Human resources retention is about employees having their careers at the company for as long as possible. Recruitment and acquisition is a strategy to upkeep good employees and meeting the corporate needs and goals for the organizations (Ghani et al., 2022). Different experts have put forward various definitions of the idea on maintaining a stable workforce. Another for instance is that of Bekhit et al. (2023) where the term employee retention is considered as a set of steps that an organization has to take to keep its employees. Sija (2022) reaffirms that employee retention is a complicated matter that cannot be simplified adopting solely one principle for keeping employees. Among employees, there could be many different people's views on employee retention. Similarly, also spell out employee

retention as the action which organizations take to review and improve upon the work environment in order to persuade employees to remain with the organization. Moreover, they state that employee retention is a strategic consideration imperative to organizational efforts design for the sake of the preservation of the expensive human capital. According to Kurdi et al. (2020), employee retention is important because the cost of training new employees can be significantly high. Research indicates that replacing a departing employee with a new hire can cost as much as twice the annual salary of the departing employee.

In the employee retention-related research of Ozioma et al. (2022), one the main factors employees think before they make a decision to stay with the organization is the possibility of their career advancement and learning opportunities. Employee retention implies particular procedures and policies that organizations use to retain their skilled workers longer (Ulla et al., 2020). Besides, Zainal et al. (2022) believe that, employee retention includes the effort to retain employees for more years, the practice and the policies used by businesses to attract key employees. Effective employee retention strategies are crucial for managers in order to retain employees and maintain profitability. Industry leaders need to acknowledge employee retention as a significant challenge and take swift action by hiring experienced managers who can develop effective strategies (Singh, 2018). Employee retention is influenced by multiple factors, including competitive pay, benefits, flexible work hours, empowerment, training and career growth opportunities, learning prospects, a fair evaluation system, and a supportive work environment, among other factors (Siddiqui & Yousuf, 2018).

Famous nineteenth-century industrialist Andrew Carnegie was cited by Ibrahim and Ali (2019) as saying, "Take away my factories, my plants; take away my railroads, my ships, my transportation; take away my money; strip me of all of these, but leave me with my key employees, and in two or three years, I will have them all again." An organization's long-term success depends on its ability to hold on to its best employees, as this quote puts it. In addition, research by Dorothee et al. (2018) indicates employees are inclined to remain with an organization when they are fairly rewarded, but they could think about leaving if they are underpaid. Organizations that show appreciation for their employees' talents, ideas, and efforts are more likely to continue retaining them around (Dorothee et al., 2018). Fairness from both external and internal parts are recommended factors to be implemented, on which compensation would be built on

As a retention strategy. One of the best grounds to hire competent employees is to improve organization's effectiveness and services. On the other hand, today's job market is quite competitive thus employees can easily shift jobs. Therefore, it has become important to motivate them considering retention for longer periods. This objective is significantly correlated to the human capital a business must nurture, which is achieved through the implementation of the employee retention policy (Khatun et al., 2023). Having the employees for long-term is a very crucial issue as well as a factor that determines organizational success. The effective implementation of human resources policies is said to be a good approach in achieving that.

### **2.2.1 Studies on Employee Retention**

Several empirical studies have highlighted the retention of employees as the indicator to be measured to establish the effectiveness of the study or the investigation. Zainal (2022) argues that in the business field featuring dynamic character, it is critical that

organizations take longer employee retention seriously to stay competitive. A number of authors have used meta-analyses in their works which have been used to explain the issue of employee retention from different viewpoints Azeez (2017) stresses out the necessity of using prior research on workers' retention and HR practices in application when examining employee retention. From the multitude studies undertaken in the past on human resource practices and employee retention by scholars of varied disciplines, there still so much more to be known. Examining aspects like career advancement, leadership, compensation, rewards, training, employee interactions, and the working environment help understand better the nature of this problem in a given corporate setup. This realization highlights the importance of human resources practices for employee retention which, as a result, demands effectiveness and propriety.

Employee retention is extensively studied within human resource management. Numerous studies have attempted to define employee retention (Cherif, 2020; Naim & Lenka, 2018; Fahim, 2018; Imna & Hassan, 2015) as well as the HRM practices that influence it (Akther & Tariq, 2020; Sirirwardhana et al., 2019; Nabi et al., 2017; Imna & Hassan, 2015). According to a study by Siddiqui and Yousuf (2018), the longevity of employees is significantly influenced by their satisfaction and the opportunities available to them within the organization. Implementing effective HR practices can increase profitability by boosting productivity levels among contented employees. Increased employee retention reduces the need for new hires, thereby saving resources and money associated with training and recruitment (Noranee et al., 2021).

Past research by Hassan and Mohd Asri (2020) shows the strong correlation between the strategic approach to talent management and the ability of an organization to retain the employees. Hence, firstly the companies must do work at managing an operational

system and a planned program for employee retention to improve their performance. A well-established employee retention strategy surely helps a lot in the attractive and retaining the best workers, so the expensive employee replacement issue is solved. According to Budiana et al. (2019), it is recommended that organizations and human resource departments introduce both short-term and long-term programs to retain employees as these employees would help to advance the company, which is will also contribute to the company's productivity.

Researchers and scholars have identified multiple factors that contribute to employee retention. Munish and Agarwal (2017) suggest a comprehensive strategy for employee retention that includes training and development, compensation, quality of work-life, and work policies and arrangements. According to Singh and Arumugam (2021), workplace factors such as leadership, career advancement, work-life equilibrium, training and development, and rewards indirectly impact employee retention. Moreover, Hassan (2022) explores the relationship between independent variables such as rewards and compensation, training and development, performance appraisal, and career development, and the dependent variable of employee retention. In summary, several HR factors have a positive impact on employee retention.

### **2.3 Independent Variables**

#### **Human Resources Practices**

Noranee (2021) explained that to ensure employee retention in the organization, one of the methods that Human Resource practitioners can employ is through the implementation of human resource practices. Human resource management practices are the strategies and policies an organization adopts to ensure employees effectively contribute to achieving its objectives and goals. In today's competitive environment,

these practices are crucial for retaining employees, who are seen as the organization's most valuable asset.

Zainal (2022) brought out regarding the several HRM elements utilized to change the structural entity of the organization. To progress in the Introduction segment and pinpoint reasons why HRM functions are wide and elaborated is that HRM has evolved in constantly adjusting on the core HRM practices. The practice of Human Resource Management (HRM) is viewed by employees in different perspectives (Santhanam et al., 2017). Previous labor market research highly links the suggested HRM practices of compensation, rewards, and recognition for maintaining employee loyalty in regard to extrinsic factors, while intrinsic factors are proving connections to training programs, performance appraisals, career development, and hence employee retention (Mehtar et al., 2020; Imna & Hassan, 2015).

Previous research has shown that compensation, reward, and recognition practices are the most commonly cited human resource practices pertaining to employee retention (Malik et al., 2020; Imna & Hassan, 2015), followed by training and development (Bibi et al., 2018), performance appraisal (Bibi et al., 2018), and career development (Sari & Dewi, 2020). A significant majority of known empirical research found that salary, rewards, or recognition significantly enhanced employee retention rates (Rombaut & Guerry, 2020).

Furthermore, several studies suggested that training and development have a significant effect on employee retention (Sari & Nizam, 2020; Imna & Hassan, 2015) while other studies showed no significant effect on employee retention (Murtiningsih, 2020; Jehanzeb, Aldakhil, Hamid, & Khan, 2017). This suggests that past research was mixed and inconclusive. Similarly, performance appraisal in relation to employee

retention was mixed (Boon et al., 2019), as well as career development (Nelissen, Forrier, & Verbruggen, 2017). This leaves a significant conceptual gap for this study to fill in establishing the effect of human resources practices on employee retention.

Rewards and compensation, training and development, career development and performance appraisal are the human resources practices that are suggested in this study.

### **2.3.1 Rewards and Compensation**

Ebrahim et al. (2021) brings into attention the influence of proper staff incentives and compensation on staff's behavior. When workers are communicated with and appreciated for their activities that eventually contribute to desirable results, they are more likely to repeat these behaviors. Adil et al. (2020) defines them as the salaries, allowances and appreciations which employees receive for their services to the organization. These can be cash, allowance, or psychological reward. On the other hand, Kin et al. (2022) emphasize the idea that compensation is an indispensable element in organizational strategy as it can profoundly affect an organization. Indeed it is imperative in creating job satisfaction and improving efficiency that runs for the achievement of organizational objectives. Almond and Rjoub (2020) claim that total rewards subsume all types of compensation, whether they are tangible or intangible which the employees receive as result of their work. The primary reason behind the installation of a total rewards system is to draw and retain highly competent staff, as well as to inspire the workers with a will to remain within the organization. Shanjeevan (2018) portrays that rewarding employees of the organization with a robust system will lead to employee satisfaction and loyalty. The organization which has a good reward and compensation system in place, reduces the frequencies of the people thinking

about leaving the job and provides the motivation for them to remain on the job. Employees benefits also a key factor for retention in the long run because rewards aren't just all about pride.

Amadi et al. (2021) suggest that the success of provides that the criteria for eligibility is clearly understood and that the results are verifiable. Most organizations apply reward mechanisms to invoke elevated job performance and to retain the desired workers as part of their retention strategy. A successful rewards system follows key principles: the guide should be of value to the user, be easy to comprehend, and have a flexible design. Sorn et al. (2023) state that employee compensation consists of different factors, such as regular pay, benefits, bonuses, and extra advantages based on personal contribution. Also, in our materialistic world, employees place a high value on intrinsic benefits, which come from the inside. Ebrahim et al. (2021) conducted a literature study that found that workers' motivation was the most important factor in their decision to stay or quit their organization.

According to various surveys, it has been found that compensation enhances employee productivity and fosters loyalty to the organization. There is a substantial connection between compensation and job satisfaction. Organizations can impact employee satisfaction by offering attractive rewards and compensation including competitive salaries, regular promotions, and recognition (Khatun et al., 2023). Numerous research studies, such as those conducted by Nawaz (2019) and Ahmed et al. (2020), have found a correlation between compensation and employee retention. In his study, Nawaz (2019) states that conducting an annual survey of compensation packages is necessary to ensure competitiveness. The compensation package, comprising of incentives, salary, and bonuses, serves as a motivating factor for employees to enhance their work performance, excel, and exhibit a willingness to work for longer durations within the

organization. Ahmed et al. (2020) suggests that improving the compensation system will positively impact employee motivation and perception of worth, thereby influencing employee retention.

### **2.3.2 Training and Development**

Chalise (2019) defines training as a deliberate initiative undertaken by an organization to assist its employees in acquiring job-related competencies. The training aims to facilitate the application of behaviors, skills, and knowledge that are emphasized in training to the daily lives of employees. On the contrary, development encompasses formal education, work experiences, interpersonal connections, and talent and personality evaluations that aid personnel in setting goals for the foreseeable future. In addition, Nnorom (2021) defines training as a collection of activities that address current requirements and center around the instructor. This is in contrast to learning, which is a process that emphasizes the development of individual and organizational potential, as well as the development of abilities for the future. According to Masputra et al. (2023), training is focused on improving employees' proficiency in the specific jobs they perform daily. However, development encompasses a broader range of areas, aiming to enhance one's knowledge, abilities, attitudes, and personal attributes more comprehensively.

Training is an important component of HRM practices since it improves the employee's skills and knowledge. Training serves as a means to close the disparity between the requirements of a work and the abilities, expertise, and conduct of an employee. Training is a crucial aspect of HRM practices since it enhances employees' abilities to not only carry out their current job responsibilities effectively but also prepares them for future roles (Padmaja et al., 2020). Pan et al. (2021) agreed that

human resource development initiatives aid employees in attaining the necessary knowledge and skills to improve their performance. Consistent training may enhance the growth, achievement, and retention of employees. Training and development initiatives convey to employees that their company is committed to their growth and advancement, values their contributions, and is likely to provide a sense of job security (Mahadi et al., 2020).

A wide variety of training and development opportunities are available. Mentoring and coaching, as well as on-the-job and off-the-job training, job transfers, and employee development, are all part of it. Kalyanamitra et al. (2020) state that workplace training courses lead to increased productivity, interest in work, job satisfaction, and organizational commitment, which in turn leads to employee retention. emphasize that a good retention plan must involve training since training may generate an incentive for workers to stay with the firm for a longer amount of time. As a result, professional training and career development programs must be incorporated into the organization's policies. Training is one method of motivating employees to stay with the firm (Murthiningsih, 2019).

Furthermore, training and development opportunities significantly impact employee retention (Ng et al., 2019). Organizations that provide training and development opportunities to enhance the capabilities and skills of their current workforce can effectively manage employee retention. Moreover, development and training initiatives will promote creativity in employees, allowing them to serve both organizations and individuals (Nguyen & Duong, 2020). Focusing on training and developing employees is now seen as an important part of business strategies. When company owners invest in these programs, it makes them feel motivated (Bhakuni & Saxena, 2023).

Many successful companies know that offering training and development is crucial for attracting and keeping good employees. Some experts, like Storey and Sisson, say training isn't just about giving employees skills for their jobs. It also shows how much a company cares about its workers. Training can be seen as part of a company's plan to add value, not just save money. Overall, giving employees the right training helps them feel appreciated and gives them chances to grow, which keeps them sticking around (Abdoulay, 2018).

Dhanpat (2018) explained that when companies provide training and opportunities for employees to grow, it can have a positive impact on their mindset. This can lead to them being more committed to the organization and giving it a competitive advantage. If employees feel that they have a chance to advance or get promoted within the company, they are more likely to perform better and less likely to consider leaving. It's important to understand that not all employees want to do the same job forever; some want to move up and take on more challenging roles with higher pay. Training should focus on increasing employees' necessary skills and knowledge, aligning them with the organization's goals and ensuring they contribute to the employees' overall growth and career advancement (Siddiqui & Yousuf, 2018). A thoughtful approach to training and development not only fosters job satisfaction but also enhances employee engagement and loyalty, which can significantly impact employee retention rates. One of the most important aspects of modern human resource practices is training and development, which helps workers gain competence, expertise, optimism, and ultimately, financial gain for their employers (Elsafy & Oraby, 2022).

### 2.3.3 Career Development

Arar and Oneren (2018) defined career development as the path a person follows in their working life. It's all the experiences, activities, and how a person acts professionally throughout their life. Career development is an ongoing journey involving the management of learning and professional growth. The manner and quality of this process profoundly influence various aspects of an individual's life, including the type of person they become, their sense of purpose, and their financial resources (Nanle & Goodluck, 2021). Nroom (2021) define in the phrase 'career' refers to a series of job experiences that an individual may have throughout time. Work experiences may include transitioning from one job to another, as well as the changing nature of work within a single position and the experience of working on various projects. Career development is the ongoing practice of managing growth in both learning and employment.

People sometimes use the terms "career growth" and "career development" to mean the same thing. Career development is like a lifelong journey where employees get ready to choose, actually make choices, and keep making choices from various jobs available throughout their working life. Career growth is more about how an individual sees their career as they work in different organizations (Houssein et al., 2020). Furthermore, Sheraz et al. (2019) describe career development is all about what interest people, especially employees. It's a key step in reaching both individual and organizational goals. Career development is a lifelong process where people keep learning throughout their lives. Besides that, opportunities for career development are ways for people to get better at their jobs (Kumar et al., 2023). This can happen through things like learning more, meeting new people, or getting better at what they do.

Organizations, in general, are responsible for their employees' career development (Al-Sharafi et al., 2018). Not only will an organization benefit from retaining its employees via career development, but it will also increase productivity. There are various measures that an organization may take to help employees' career development. A good example is career planning and development programs (Al-sharafi et al., 2018). An individual's career development entails the progression and accumulation of positions held throughout their professional journey. It denotes the ongoing growth, skill acquisition, and industry experience of an employee (Dalayga et al., 2021). Career development includes essential occupational tactics for the advancement of workers' professional paths, such as training, developing capabilities, mentoring, and requiring verifiable results (Khazei, 2019). It indicates that individuals can be promoted and rise through the ranks within their company. One of the human resource practices that contribute to retention management is career development. According to several studies, it is one of the most essential retention strategies (Sharafi et al., 2018).

Through career development, individuals can acquire essential skills within an organization that may not be readily available in the external job market. It enables effective deployment of individuals in roles that align with their abilities and enhances the organization's capacity to attract and potentially retain talented employees (Nanle & Goodluck, 2021). The challenge for HR professionals is to create and identify career development methods, as well as train them, in order to boost employee commitment by making them feel important and significant. HR personnel should strive to establish possibilities for career advancement, train employees, and keep them satisfied in order to retain them in the firm (Sepahvand & Khodashahri, 2021). Career development encompasses providing individuals with the chance to advance both personally and professionally (Sharafi et al., 2018).

Employee retention is directly influenced by the presence of career growth and training opportunities. It involves a structured framework, intentionally designed to harmonize an individual's career aspirations with the organizational workforce demands (Sharafi et al., 2018). According to Mule et al. (2020), career development is a benefit that motivates employees to stay with the company and be productive. According to Mahadi et al. (2020), personal and professional improvement with career progression chances provided by the business will boost employee commitment to stay. Career development is really important in organizations. Many researchers have different opinions on this. They show that both individuals and organizations need to work together for career development. In the traditional view, employers protect the rights of their employees through career planning, but it doesn't mean employees have complete freedom to choose their career path (Sheraz et al., 2019).

Employees feel better about their jobs when they can achieve results and plan their careers. Organizations benefit because skilled and productive employees help them succeed. Employees are attracted to organizations that offer chances to learn new skills and move up in their careers. Most employees in organizations want training and opportunities to improve their skills. When employers provide career growth options, employees can make themselves more employable (Roopavathi & Kishore, 2020). Employees demand a variety of career development options to further their careers, therefore they quit jobs whenever a promising chance arises. According to Yousuf and Siddiq (2019), retaining talented people requires a variety of growth and learning opportunities, therefore an organization must provide a supportive working and learning environment. The significance of career development has been amplified as a result of numerous research initiatives that create and cultivate opportunities for employees to enhance their careers within an organization (Dalayga et al., 2021).

Career development now plays a pivotal role in human resource processes, encompassing areas such as retention, recruitment, training, promotion, succession planning, and more.

#### **2.3.4 Performance Appraisal**

Performance appraisal is a fundamental process in evaluating employees' performance and assessing their tasks against a specific set of standards (Aljalani & Yesufu, 2022). Abdullah (2022) provide a precise definition, stating that it involves systematically assessing employees' performance and determining their job outcomes based on predetermined criteria. According to Bagul (2014), performance appraisal measures both qualitative and quantitative aspects of an organization's employees' performance.

Additionally, Almanie (2022) emphasizes that employee feedback plays a vital role in fostering desired behaviors, enhancing the learning process, and ultimately contributing to employee retention and performance. According to Pan et al. (2021), performance evaluation refers to the organizational process of assessing employees' performance. Continuous employee observation provides a salient tool for better workforce utilization while the assessment systems favor both the companies and the workers. Appraisal by performance is the main instrument to establish the strengths and weaknesses, as well as the necessary skills required, of individuals in order for them to learn, improve and even gain incentives. It plays as a way through which the organizations can help their staff to increase their job skills and grow their career within the company.

According to the study of the Aleem and Bawra (2019), evaluation of performance has the power to attain the high quality in the organizational targets and goals.

Consequently, performance review should mean that the employees are evaluated as an integral part of their job functions using performance indicators as the basis of the evaluation keeping in mind the positive areas which could be developed in the employees in order to promote their growth.

Performance appraisal system in fact is an important part of the life of those companies, which is engaged in the evaluation of staff performance and career development of the employees. The appraisal reports have been shown to be of great importance as they can be used quite easily for the early indication and resolution of problems. It has been proven that the appraisal system is the energizing element of the organizational effectiveness (Emily & Dorcus, 2023). The performance appraisal system is a vital area that the competent companies concentrate on in terms of their staff success. It involves the clues on whether the staff are a good at their jobs and how better they can do it after a while. Evaluations serve as means to determine the problems which exist now and find ways of solving them before they become serious. According to research, the appraising system seems to be the main instrument to successful human resource management issues.

According to Bowra (2019), performance appraisals is a Western way companies hold onto employees for a long period of time A fair and clear performance evaluation system where an employee can use to enhance their performance is good for employee retention. The singles on that team are not only advantaged professionally but also personally. This affects both his/her and his/her organization. If the assessment of an employee is based on his/her efficacy then it means that his/her efficiency can be improved (Kamalaveni et al., 2019). Khaleemullah and Behl (2020) asserts that performance appraisal tool is a platform through an organization assess and enhance employee's performance.

## **2.4 Research Gap Identification**

Currently, lack of research on employee retention as a result of HR strategies that would work in the manufacturing industry creates a considerable knowledge gap because of the effect that HR practices have on short-term and long-term employee retention. There exists a gap for a systematic research that collects, analyses and interprets the multi-level information on HR practices like performance appraisal, career development, training and development and interactions between them and ramifications on business operations in manufacturing organizations. For instance, although most store will consider a pay package as a significant factor in employee retention, there is yet little research about these types of compensation systems and their effects on manufacturing worker retention rates. The reason why training and development programs are important for employee personal and professional improvement is not the secret but what they do for manufacturing organizations and mostly with production employee retention is unknown. Research into the specific processes by which different HR practices impact manufacturing employee retention is, thus, urgently required.

### **2.4.1 Underpinning Theory - Social Exchange Theory (SET)**

According to the social exchange theory (SET), individuals who receive benefits from others feel compelled to reciprocate with positive behavior and loyalty. This theory emphasizes that interpersonal interactions in the workplace are based on a mutual exchange, where both parties engage in actions that foster a positive and mutually advantageous relationship. The concept of social exchange involves a process of negotiated interactions, where both sides assume responsibility for each other and

heavily rely on one another. These interactions are characterized by mutual dependence, where the actions of one party significantly impact the other (Blau, 1964).

This mutual reliance creates a framework in which individuals engage in exchanges of resources, support, and cooperation, ultimately fostering a reciprocal relationship that benefits both parties involved. In contrast, the SET revolves around the concept of costs and rewards (Ogbonna & Mbah, 2022; Zayed et al., 2022) in establishing connections. According to recent research, employee retention is influenced by the amount of information acquired from the initial stages of their engagement with the company.

Mary and Susan (2017) defined the SET, which explains that when individuals are in a mutually beneficial relationship, it creates a sense of responsibility for both parties. This theory has implications for training and development within organizations. When a company demonstrates a commitment to its employees, it boosts their morale and strengthens their dedication to their work. Through training programs, employees perceive that the company is supporting their learning and growth, leading to improved job performance.

Consequently, employees are more likely to remain with the company because they feel satisfied and content in their work environment. Therefore, based on SET, it's evident that employees tend to stay with their employer, manager, or owner when they see the relationship as valuable to them. However, when the costs of being in that relationship exceed the rewards they gain, they are more likely to end it (Almaitaah et al., 2017).

## 2.5 Chapter Summary

This chapter presents a literature review on the correlation between human resource practices and employee retention. The framework, processes, and methodology for the study's data acquisition and analysis were established based on the findings of the literature review. In the following chapter, further elaboration on these aspects will be provided. The researcher aims to gain a better understanding of the correlation between human resource practices and employee retention in the manufacturing sector of Penang, Malaysia.



## **CHAPTER 3**

### **METHODOLOGY**

#### **3.1 Introduction**

This part is concerned with giving an extensive overview of techniques we used in our work by describing our research methodology step by step. Identified is as one of the major influencing factors, the research frameworks, the development of a hypothesis, designing the research, sampling, instrument, data gathering, questionnaire design, pilot study, and data analysis methods are all parts of the methodology.

#### **3.2 Research Framework**

Research would have covered the area of manufacturing firms of Penang, Malaysia and their application of HR policies and procedures towards diminishing staff turnover rates. Evaluation, promotional extension, raise, and professional growth possibilities are the ones I consider to be independent factors. Human resources were the independent variable, and employee retention served as the dependent variable. The main point of the research is to specify the correlation between the employee turnover of manufacturing industry in Penang, Malaysia and the four considered factors. Figure 3.1 presents the breakdown of the research framework.

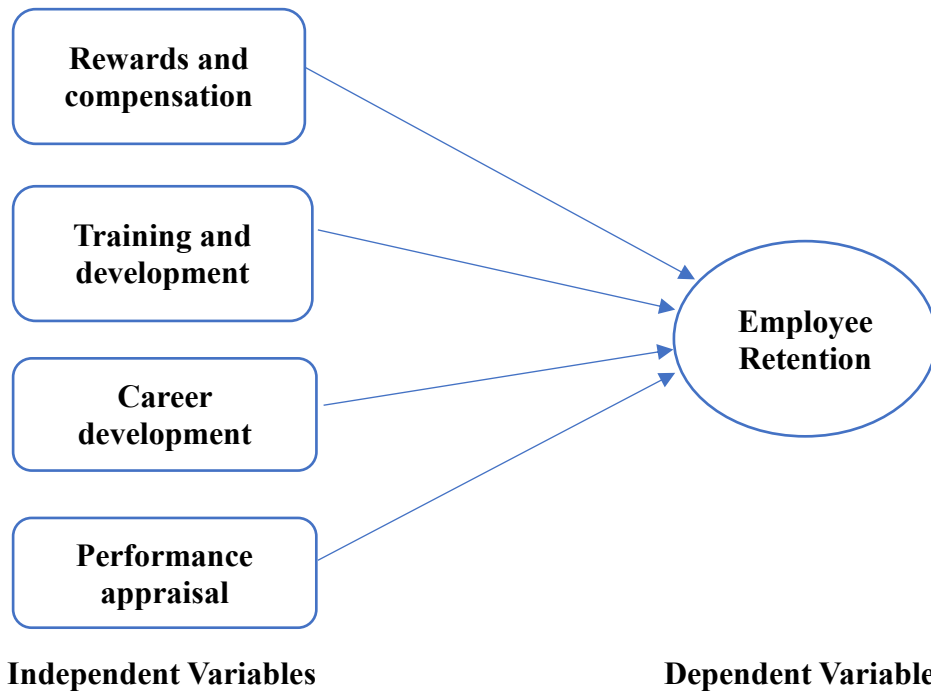


Figure 3.1  
*Research framework*

### 3.3 Hypothesis Development

#### 3.3.1 Relationship between rewards and compensation and employee retention

Compensation is widely acknowledged as a critical element in retaining employees (Bibi et al., 2018). It pertains to the remuneration that employees receive for their services within a company (Malik et al., 2019). Past research has demonstrated that compensation plays a vital role in retaining employees and reducing absenteeism (Arthur, 1994; Ichniowski et al., 1995; Delaney & Huselid, 1996; Malik et al., 2019). Several academic papers have explored the link between compensation and employee retention (Chiang & Birtch, 2010; Choi & Dickson, 2009; Hinkin & Tracey, 2010; Sturman, 2001; Malik et al., 2019; Aleem & Bowra, 2019; Zainal et al., 2022) and have identified a significant positive relationship. By establishing a fair, just, and appealing salary structure, organizations can effectively attract and retain a skilled workforce. It is essential for companies to offer employees suitable compensation for

their efforts, achievements, and duties. This approach cultivates a sense of gratitude among employees, boosts job satisfaction, and encourages enduring loyalty to the organization (Murtiningsih, 2019). Hence, the subsequent hypothesis is posited:

H1: Rewards and Compensation is positively related with employee retention.

### **3.3.2 Relationship between training and development and employee retention**

Training and development serve as powerful motivators that contribute to longer employee tenure within a company (Dalayga et al., 2021). This aspect of human capital development yields numerous positive effects for both the employer and the employee. As highlighted by Dalayga et al. (2021), employees perceive their participation in training and development programs as a reflection of their significance to the company. Training, as a structured activity, is designed to enhance employee performance by upgrading their skills and capabilities (Malik et al., 2019). This continual improvement through training and development contributes to employee growth, job satisfaction, and their overall commitment to the organization. Employee performance may be improved with training. It also makes people more devoted to the business, resulting in lower turnover and employee retention (Bibi et al., 2018; Malik et al., 2019). Hence, the following hypothesis is proposed:

H2: There is a positive relationship between training and development and employee retention.

### **3.3.3 Relationship between career development and employee retention**

Talents are consistently driven by effective strategies and plans for career development. The specific approach to career development may vary depending on the goals and strategic plans of the organization. A highly skilled employee will be motivated to stay in their current position if they have promising and enhanced career aspirations. Implementing a well-defined career development strategy, such as a comprehensive succession plan, can greatly contribute to addressing the shortage of talented individuals (Ali et al., 2019). Through giving their employees a set of skills and a chance to develop professionally, the companies create an environment that enables them to keep their valuable workers (Dalayga et al., 2021). Career management is about providing the career structure and way for individuals to put their skills, expertise, and knowledge to the forefront of their certain field or professional path. Research demonstrates that the majority of employees understand the significance of training and development for their progression in their careers which undisputably validates the correlation between career development and employee retention (Aleem & Bowra 2019; Mule et al., 2020). Therefore, the well-defined career plan works as motivation factor for the employees and increases the chances of their Commitment (Gulzer et al., 2017) undefined.

H3: Career development and employee retention have a positive relationship.

### **3.3.4 Relationship between performance appraisal and employee retention**

Performance appraisal functions as a tool to inspire employees to enhance their performance levels. Across diverse sectors and companies, various rewards or compensation are implemented to achieve this objective. The relationship between performance appraisal and employee retention has been extensively explored in previous research (Malik et al., 2019; Daniyal & Khan, 2020). Due to the strong association between performance appraisal and employee retention, it is recommended to enhance performance evaluation processes in order to retain top talent. Moreover, the honesty and transparency of performance appraisal significantly impact employee retention. Numerous studies have demonstrated the crucial role of performance appraisal in employee retention, particularly when it involves open discussions with the employees. As a result, the following hypothesis is put forward:

H4: Performance appraisal positively affect employee retention.

### **3.4 Research Design**

Research design refers to the framework or plan adopted by a researcher for data collection, assessment, and analysis (Sekaran & Bougie, 2016). The research adopts a quantitative methodological approach, focusing on collecting and analyzing numerical data. It is a correlational study, which focuses on the relationship between two variables. Given that just one round of data collecting and responding to research questions was required, the study is defined as cross-sectional. Furthermore, the study's unit of analysis is the individual, specifically employees of a manufacturing industry in Penang Malaysia.

### **3.5 Sample**

Due to difficulty to obtain the population size, alongside with the time constraint, this study has survey 170 employees from five manufacturing companies mainly from E&E Sector in Penang, Malaysia. The study findings, therefore, would not have been generalized to a wider context, which would have been one of the limitations of the study.

### **3.6 Sampling**

This study used nonprobability sampling technique of convenience sampling. Participants in this study are employees of a manufacturing industry (E&E sector) based in Penang, Malaysia.

### **3.7 Research Instrument**

The study's questionnaire was divided into six sections. Section A of the instrument was for demographic data. about the respondents, such as their age, gender, marital status, level of education, and employment history. The remaining sections (Section B – F) measure items for key variables of the study namely employee retention, rewards and compensation, training and development, career development and performance appraisal. Each section consists of 5 questions for each variable. The questionnaire items measured using Likert-type scale ranging from 1-5 (1-strongly disagree to 5 strongly agree). Table 3.1 summarizes the constructs and its measurement.

Table 3.1  
*Constructs and its measurement*

Section	Variables	No. of items	Scale	Sources
A	Demographic Data	5	-	-
B	DV- Employee Retention	5	5-point Likert Scale	Imna and Hassan (2015)
C	IV- Compensation and rewards	5	5-point Likert Scale	Imna and Hassan (2015)
D	IV- Training and Development	5	5-point Likert Scale	Imna and Hassan (2015)
E	IV- Career Development	5	5-point Likert Scale	Imna and Hassan (2015)
F	IV- Performance Appraisal	5	5-point Likert Scale	Imna and Hassan (2015)
	Total	30		

### 3.7.1 Demographic Factor

This study's questionnaire began with the individual background information that respondents needed to answer, which were age, gender, education level, position, and years of service. All respondents were asked to choose the relevant answer among the classified response alternatives that is suitable for each of the production employees.

### 3.7.2 Employee Retention

Employee retention is the study's dependent variable, and it is the section B of the questionnaire. The employee retention questionnaire was modified from Imna and Hassan (2015). The employee retention questionnaire consists of five questions. Employee retention questions are measured using five-point Likert scales ranging from 1 (strongly disagree) to 5 (strongly agree). The internal consistency of the questionnaire was demonstrated by utilizing Cronbach Alpha, also known as the alpha coefficient, to assess the reliability of the items. Earlier studies have also indicated that

the reliability values for employee retention are 0.815 (Haider et al., 2015) and 0.95 (Malik et al, 2020). Table 3.2 depicts the items for the variable.

Table 3.2  
*Employee retention items*

Variable	Operational Definition	Items / Measures
Employee Retention	Employee retention is explained as an organization's attempt to create and maintain a working environment that motivates employees to stay with the organization	1) My experience with my current employer has been positive, and I plan to remain employed there. 2) The organization makes me happy and comfortable. 3) I am not planning to quit the company any time. 4) Committed to staying with this company. 5) Consider myself very dedicated to our organization and do not intend to ever leave.

Source: Imna and Hassan (2015)

### 3.7.3 Rewards and Compensation

Rewards and compensation are the study's first independent variable, and it is in the section C of the questionnaire. The questionnaire rewards and compensation were modified from Imna and Hassan (2015). The rewards and compensation questionnaire consists of five questions. Rewards and compensation questions are measured using five-point Likert scales ranging from 1 (strongly disagree) to 5 (strongly agree). The internal consistency of the questionnaire was demonstrated by utilizing Cronbach Alpha, also known as the alpha coefficient, to assess the reliability of the items. Earlier studies have also indicated that the reliability values for rewards and compensation are 0.846 (Alajlani & Yesufu, 2022) and 0.95 (Malik et al., 2020). Table 3.3 depicts the items for the variable.

Table 3.3  
*Rewards and compensation items*

Variable	Operational Definition	Items / Measures
Rewards and Compensation	Rewards and compensation are the total compensation provided to employees in exchange for their commitment and effort in their roles and for their contribution to a company's success	<ol style="list-style-type: none"> <li>1) Financial Reward is given for good performance.</li> <li>2) Employees that go above and beyond are acknowledged in my organization through celebrations of their accomplishments and rewards like employee of the month or year.</li> <li>3) Along with other non-monetary benefits, staff at my organization are provided with paid vacation and organizational trips.</li> <li>4) Employees in my company are eligible for salary increases, bonuses, and other financial incentives according to their performance and tenure.</li> <li>5) Workers are empowered to make decisions that directly impact their work and given important tasks to do at my organization.</li> </ol>

Source: Imna and Hassan (2015)

### 3.7.4 Training and Development

Training and development are the study's second independent variable, and it is in the section D of the questionnaire. The questionnaire for training and development was modified from Imna and Hassan (2015). The training and development questionnaire consists of five questions. Training and development questions are measured using five-point Likert scales ranging from 1 (strongly disagree) to 5 (strongly agree). The internal consistency of the questionnaire was demonstrated by utilizing Cronbach Alpha, also known as the alpha coefficient, to assess the reliability of the items. Previous research has also shown that the reliability values for training and

development stand at 0.829 (Alajlani & Yesufu, 2022) and 0.78 (Wijesri et al., 2019).

Table 3.4 depicts the items for the variable.

Table 3.4  
*Training and development items*

Variable	Operational Definition	Items / Measures
Training and Development	Training and Development is the official support that an organization offers to its employees in order for them to learn essential knowledge, develop new skills, and get more experience in order to perform their present or future duties	<ol style="list-style-type: none"> <li>1) Training programs conducted in working hours.</li> <li>2) Employees are given time-off from their job to attend training programs that are conducted outside of the organization</li> <li>3) There is a routine to transfer employees from one job to another in different departments to develop skills and experience</li> <li>4) There are always be a senior employee, manager or supervisor is assigned to help, support and guide when a new employee joins to work.</li> <li>5) It's a structured employee development program, such as long-term training and scholarships offerings to develop the skills and knowledge of employees</li> </ol>

Source: Imna and Hassan (2015)

### 3.7.5 Career Development

Career development is the study's third independent variable, and it is in the section E of the questionnaire. The questionnaire for career development was modified from Imna and Hassan (2015). The career development questionnaire consists of five questions. Career development questions are measured using five-point Likert scales ranging from 1 (strongly disagree) to 5 (strongly agree). The internal consistency of the questionnaire was demonstrated by utilizing Cronbach Alpha, also known as the alpha coefficient, to assess the reliability of the items. Previous research has also

shown that the reliability values for career development stand at 0.933 (Frimayasa, 2021) and 0.78 (Singh & Arumugam, 2019). Table 3.5 depicts the items for the variable.

Table 3.5  
*Career development items*

Variable	Operational Definition	Items / Measures
Career Development	Career development is about giving individuals the opportunity to grow both personally and professionally. It means that employees can be promoted and grow within their organizations	<ol style="list-style-type: none"> <li>1) The succession planning process is well-defined in my company</li> <li>2) To keep our best employees around, my company has a well-defined procedure for finding and organising our workforce development</li> <li>3) Thirdly, my company runs leadership development programmes to help people become ready for bigger roles</li> <li>4) Employees have access to organised professional development programmes at my company</li> <li>5) A self-assessment procedure is used to identify the right career path at my organisation</li> </ol>

Source: Imna and Hassan (2015)

### 3.7.6 Performance Appraisal

Performance appraisal is the study's fourth independent variable, and it is in the section F of the questionnaire. The questionnaire for performance appraisal was modified from Imna and Hassan (2015). The performance appraisal questionnaire consists of five questions. Performance appraisal questions are measured using five-point Likert scales ranging from 1 (strongly disagree) to 5 (strongly agree). The internal consistency of the questionnaire was demonstrated by utilizing Cronbach Alpha, also known as the alpha coefficient, to assess the reliability of the items. Previous research has also

shown that the reliability values for performance appraisal stand at 0.933 (Frimayasa, 2021) and 0.70 (Aleem & Bowra, 2019). Table 3.6 depicts the items for the variable.

Table 3.6  
*Performance appraisal*

Variable	Operational Definition	Items / Measures
Performance Appraisal	Performance appraisal is an essential process for assessing, summarizing, and enhancing an employee's workforce to improve effectiveness and positivity	<ol style="list-style-type: none"> <li>1) Employees receive constructive criticism on their work as it relates to their assigned responsibilities</li> <li>2) Managers and employees have an open line of communication regarding performance reviews</li> <li>3) At my company, both managers and employees take part in establishing objectives, and everyone is given a clear rundown of what we've agreed upon</li> <li>4) To make sure we're on track to meet our goals, we have a performance review for everyone once a year</li> <li>5) Every year or every two years, my company conducts an evaluation and review of the performance of both employees and supervisors</li> </ol>

Source: Imna and Hassan (2015)

### 3.8 Data Collection Method

Collecting data was an important part of research. The data for this study was gathered from the sample that has been chosen using convenient sampling technique. The respondents for this study were production employees from five manufacturing companies in Penang, Malaysia. The questionnaire was sent to a group of people via WhatsApp URL link. Along with the questionnaire, a message that the survey was confidential and would only be used for academic research was stated. Respondents were asked to answer all the questions.

### 3.9 Pilot Test

Lowe (2019) defined a pilot study is a small trial conducted as part of a research project. Its purpose is to test if the methods planned for a larger study will work effectively. Instead of providing answers to specific questions, the focus is on ensuring that the methods are appropriate and functional, helping to prevent costly errors before starting the main research. In this study, a pilot test was conducted among 30 participants from a manufacturing company in Penang Malaysia. This company shared similarities with the location where we gathered the actual data. It was important to note that those 30 participants would not have been part of the final data collection. The data collected undergo analysis using IBM SPSS Statistics 27 software to ensure the accuracy of the survey. Table 3.7 below illustrates the internal reliability computed during the pilot test. The Cronbach Alpha values ranged from 0.896 to 0.965 for all the scales.

Table 3.7  
*Result of reliability testing*

<b>Dimension</b>	<b>Number</b>	<b>Cronbach's Alpha</b>
Employee Retention	5	0.965
Rewards and Compensation	5	0.918
Training and Development	5	0.937
Career Development	5	0.951
Performance Appraisal	5	0.896

### 3.10 Data Analysis Technique

Data analysis was carried out using the Statistical Package for the Social Science (SPSS) version 27, and primary data was acquired throughout the research using a questionnaire. Descriptive statistics, Pearson correlation, and multiple regression analyses were the foundation of this investigation. Important information, such as the

mean and standard deviation, were presented using descriptive statistics. Also, the research has confessed the use of the multiple regression analysis to check the assumption of the four independent variables relating to rewards and compensation, training and development, career development, and performance appraisal.

### **3.10.1 Descriptive Analysis**

The use of descriptive data analysis helps scientists to narrow down their focus, untie from making rather general assumptions and instead focusing on certain demographic groups for data collection. This study is based on descriptive statistics which embrace the measures such as frequencies, mean values, standard deviation and percentages among others. Vectors, including male, female, single, married, under 30 years, duration 3 years and higher degree were studied through both percentage and frequency distributions. Data summaries with these computations help scientist quickly comprehending their findings (Hassan, 2020).

### **3.10.1 Inferential statistic**

Inferential statistics, on the other hand, focus on drawing conclusions that can be generalized to the entire population based on the data gathered from the respondents, and to demonstrate whether the representative sample already proves or rejects the hypothesis.

### **3.10.2 Pearson Correlation**

The Pearson correlation coefficient is a matchmaking procedure for the variables that help us exactly understand the relationship between two variables and estimate the strength of the two variables' connection.

### 3.10.3 Multiple Regression

Multiple regression analysis is a statistical method, which elucidates the link of a specific independent variable with a dependent variable. It is an extension of linear regression which kicks in to compute the numerical value of calculated variable, which depends on some other variable. For predictive model, all the predicted values are assigned a specific priority which expresses its importance in determining the final outcome. Then, we carried out an analysis of the link between remuneration and compensation schemes as well as between training and development, career development, performance appraisal and employee retention using regression analysis. The model's presented equation is shown in the table 3.8.

Table 3.8  
*Multiple Regression Equation*

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<b><math>Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4</math></b>
Where a is the interception at Y, When x=0
Y = Employee retention (dependent variable)
X1 = Rewards and Compensation
X2 = Training and Development
X3 = career development
X4 = Performance Appraisal
b1, b2, b3, b4, b5 and b6 are the standardized coefficient (betas)

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### **3.11 Conclusion**

This chapter primarily focuses on the research methodology employed for the study. It provides a detailed account of the sample selection process and how the research material and data collection procedures were developed. Additionally, the chapter delves further into the analysis techniques utilized, such as correlation and regression in Statistical Package for Social Science (SPSS), to test the research hypotheses. Moving on to chapter four, the researcher will elaborate extensively on the actual findings derived from this study.



## CHAPTER 4

### RESEARCH FINDING

#### 4.1 Introduction

The primary aim of this chapter, following the completion of the study and data collection, is to evaluate, examine, and report the findings. This chapter presents a comprehensive analysis, which includes an initial study of data, such as the demographic characteristics of the respondents, analysis of the mean and standard deviation, evaluating normality, evaluation of the Pearson correlation, and multiple regression analysis to examine the relationships between variables.

#### 4.2 Response Rate

The response rate and the completion rate of the questionnaire were both 100% among the participants. The researcher sent 170 surveys, via a Google form, to the employees employed by five manufacturing industries located in Penang. The Google form is sent to employees at random intervals who are accessible during data collection. A total of 170 questionnaires were returned and approved, resulting in a 100% response rate. This response rate was considered sufficient for the study.

#### 4.3 Demographic Background of Respondents

This segment described the backgrounds of the study's respondents. The respondents' backgrounds include gender, age, highest education level, and years of employment in their present organization. Table 4.1 depicts the respondent's background, and results show that most of the respondent is male 68.2% (116 respondent), while the female respondent is 31.8% (54 respondent). The highest age group was between 25 to 30

years, representing 55 respondents of the sample, or 32.4%. The second highest in age category are those in the age group between 31-36 years, accounting for 48 respondents, which is 28.2% of the sample. The lowest respondent from age group above 54 years, which has 2 respondents, representing 1.2 % of the sample.

As for the highest education, the frequency result shows that 62 respondents (36.5% of the sample) have a bachelor's degree. Those has diploma consist of 54 respondents or 31.8% of the sample. Those has master's degree as their highest education level consist of 11 respondents, representing 6.5% of the total sample. In terms of position, the result shows that 36 respondents or 21.2% of the sample are supervisors, followed by technicians (n=33 or 19.4%). Line leaders consist of 6 respondents or 3.5%, and finally production maintenance consist of 4 or 2.4% of respondents. Regarding years of service, most of the respondents which are 48 or 28.2% has 3 – 5 years of service in the same organization. This is followed by 44 respondents or 25.9% respondents who worked between 0 to 2 years. Respondents who have worked between 12 – 14 years consist of 4.1 % or 7 individuals.

Table 4.1  
*Respondent Background by Gender, Age, Education Level, Position, Years of Service in the current organization in the Manufacturing industry in Penang, Malaysia (N=170)*

<b>Variable</b>	<b>Frequency</b>	<b>Percentage %</b>
<b>Gender</b>		
Male	116	68.20%
Female	54	31.80%
<b>Total</b>	<b>170</b>	
<b>Age</b>		
Below 25	22	12.90%
25-30	55	32.40%
31-36	48	28.20%
37-42	30	17.60%

Table 4.1 (Continued)

<b>Variable</b>	<b>Frequency</b>	<b>Percentage %</b>
43-48	9	5.30%
49 -55	4	2.40%
Above 54	2	1.20%
<b>Total</b>	<b>170</b>	
<b>Education level</b>		
SPM	24	14.10%
Certificate	18	10.60%
Diploma	54	31.80%
Bachelor degree	62	36.50%
Master degree	11	6.50%
Others	1	0.60%
<b>Total</b>	<b>170</b>	
<b>Position</b>		
Production manager	16	9.40%
Engineer	23	13.50%
Supervisor	36	21.20%
Line leader	6	3.50%
Technician	33	19.40%
Production maintenance	4	2.40%
Production operator	14	8.20%
Production admin	25	14.70%
Quality control	13	7.60%
<b>Total</b>	<b>170</b>	
<b>Years of service in the current organization</b>		
0-2	44	25.90%
3-5	48	28.20%
6-8	36	21.20%
9-11	21	12.40%
12-14	7	4.10%
15 years and above	14	8.20%
<b>Total</b>	<b>170</b>	

## 4.4 Coding

### 4.4.1 Standard Coding

Before looking at the data more closely, the researcher used SPSS version 27.0 to code the response rate. The 5 items measuring employee retention was labeled ER1 - ER5. The 5 items for rewards and compensation were given codes RC1 - RC5. For training and development, the 5 items were coded TD1 - TD5, while the 5 items for career development were coded CD1 - CD5. Finally, the 5 items of performance appraisal are coded PA1-PA5. The specific codes for each variable are shown in Table 4.2.

Table 4.2  
*Variable Coding*

<b>Variable</b>		<b>Code</b>
Employee Retention	DV	ER1-ER5
Rewards and Compensation	IV	RC1-RC5
Training and Development	IV	TD1-TD5
Career Development	IV	CD1-CD5
Performance Appraisal	IV	PA1-PA5

### 4.5 Analysis of Mean and Standard Deviation

This section presents the descriptive analysis of the study's variables. The study focuses on five important variables: rewards and compensation, training and development, career development, performance appraisal, and employee retention. Table 4.3 provides details about the average score and variability (standard deviation) for each item. In this study, M is defined as the Mean and SD as the standard deviation. The findings were based on a five-point Likert scale, with ratings ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The standard deviations for independent variables range from 0.84 to 0.96. The mean values for these factors range from 3.36

to 3.49. These findings suggest that human resource managers consistently employ these practices to enhance employee retention efforts. Furthermore, the analysis indicates an average value of 3.38 and a standard deviation of 1.09 for the employee retention.

Table 4.3  
*Descriptive Statistics of Study Variables (N=170)*

<b>Variable</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std Deviation</b>
Rewards And Compensation	1	5	3.3624	.96519
Training And Development	1	5	3.4165	.84473
Career Development	1	5	3.4094	.94608
Performance Appraisal	1	5	3.4906	.86101
Employee Retention	1	5	3.3835	1.09056

#### 4.6 Reliability Test

The researcher performed a reliability evaluation to confirm the internal consistency of measure used to collect the data obtained for analysis. This evaluation is critical because it ensures the trustworthiness and impartiality of the data (Sekaran, 2013). Cronbach's alpha is used to assess the consistency and coherence of Likert scale surveys. A Cronbach's alpha score of 0.8 or above is considered good, although a value of 0.9 suggests extremely high dependability. According to Sekaran and Bougie (2010), values more than 0.7 are acceptable, whereas values less than 0.6 are less than optimum.

Cronbach's alpha was used in this study to measure the reliability of the 20 items examined. As shown in Table 4.4, Cronbach's alpha for retention of employees was found to be 0.959. Furthermore, Cronbach's alpha coefficients for the independent variables, which included rewards and compensation, training and development, career

development, and performance appraisal were 0.913, 0.883, 0.949, and 0.924, respectively. The values obtained shows that the scales have fairly good reliability based on the guideline proposed by Kin et al. (2022).

Cronbach's alpha	Internal Consistency
$\alpha \geq 0.9$	Very Good
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Accepted
$0.7 > \alpha \geq 0.6$	Fair
$0.6 > \alpha \geq 0.5$	Poor

Source: Kin et al. (2022)

Table 4.4  
*Reliability Coefficients (Cronbach Alpha) of the Scales*

Variables	No. Of Items	Cronbach's Alpha
Employee Retention	5	.959
Rewards and Compensation	5	.913
Training and Development	5	.883
Career Development	5	.949
Performance Appraisal	5	.924

## 4.7 Inferential Analysis

### 4.7.1 Correlation Analysis

To find out which way the study's variables were related, the researchers employed Pearson's correlation. Rewards and compensation have a positive link with employee retention ( $r = 0.696$ ;  $p < 0.001$ ), as shown in Table 4.5. There is a favourable relationship ( $r = 0.651$ ;  $p < 0.001$ ) between training and development and staff retention, as seen in Table 4.5 as well. Career development and employee retention are positively correlated ( $r = 0.701$ ;  $p < 0.001$ ), according to the correlation coefficients. Additionally, there is a positive and directionally significant association ( $r = 0.746$ ;  $p$

< 0.001) between performance appraisal and staff retention. Finally, all of the independent variables, including rewards and pay, training and development, career growth, and performance appraisal (2-tailed), show extremely significant associations ( $p < 0.001$ ) in the correlation analysis.

Table 4.5  
*Correlation Analysis of the Independent and Dependent Variable*

	RC	TD	CD	PR	ER
RC	<b>1</b>				
TD	.791**	<b>1</b>			
CD	.833**	.840**	<b>1</b>		
PA	.767**	.768**	.819**	<b>1</b>	
ER	.696**	.651**	.701**	.746**	<b>1</b>

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

Note: RC- Rewards and compensation, TD-Training and Development, CD-Career Development, PR-Performance Appraisal and ER – Employee Retention

#### 4.8 Multiple Regressions Analysis

The study employed multiple regression analysis to test the proposed hypothesis of the study involving the relationship between human resource practices and employee retention. Table 4.6 presents the results of the multiple regression analysis conducted using the stepwise method, revealing an  $R^2$  value of 0.598 and an F value of 61.295 ( $p < 0.00$ ).

Table 4.6  
*Regression Analysis*

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Rewards and Compensation	.265	.108	.235	2.453	.015
Training and Development	.016	.126	.013	.130	.897
Career Development	.136	.131	.118	1.036	.302
Performance Appraisal	.582	.115	.460	5.051	<0.01

Note:  $R^2$  value = 0.598, F value = 61.295 ( $p < 0.00$ )

#### 4.8.1 Hypothesis Testing

There were four hypotheses proposed to test the relationship between independent variables (rewards and compensation, training and development, career development, and performance appraisal) and dependent variable (employee retention). Results in Table 4.6 shows that the four HR practices were able to explain 59.8 % of the variance of employee retention in the manufacturing industry in Penang Malaysia. The regression analysis found that out of four only two HR practices were significant which have p-value <0.05.

The following hypothesis is tested:

H1: There is a positive relationship between HR practices of rewards and compensation and employee retention.

The result shows rewards and compensation are positively related to employee retention ( $B=.235$ ,  $p<0.05$ ), thus supports H1. This implies that the greater rewards and compensation offered, higher the employee retention.

H2: There is a positive relationship between HR practices of training and development and employee retention.

Training and development are not significantly related to employee retention in the manufacturing industry ( $B=0.013$ ,  $p > 0.05$ ), thus H2 is rejected.

H3: There is a positive relationship between HR practices of career development and employee retention.

Career development is not significantly related to employee retention in the manufacturing industry ( $B=0.118$ ,  $p > 0.05$ ), thus H3 is rejected.

H4: There is a positive relationship between HR practices of performance appraisal and employee retention

Performance appraisal positively related to employee retention ( $B=.460$ ,  $p<0.05$ ), thus supports H4. This implies that the better the performance appraisal system, higher the employee retention.

#### 4.9 Summary Result of Hypotheses Testing

The hypotheses testing for this research can be summarized in Table 4.7 below:

Table 4.7  
*Summary Result of Hypotheses Testing*

Hypotheses	Outcome
H1 There is a positive relationship between HR practices of Rewards and compensation and employee retention	Accepted
H2 There is a positive relationship between HR practices of Training and Development and employee retention	Rejected
H3 There is a positive relationship between HR practices of Career Development and employee retention	Rejected
H4 There is a positive relationship between HR practices of Performance appraisal and employee retention	Accepted

#### 4.10 Chapter Summary

Based on the finding which was analyzed, the researcher has concluded that only hypothesis H1 and H4 is accepted. It means there is a positive significance between rewards and compensation and employee retention (H1). Likewise, performance appraisal also has a positive relationship with employee retention (H4). Meanwhile, H2 and H3 was rejected. It implies that training and development and career development are not significant predictors of employee retention in the manufacturing industry.

## CHAPTER 5

### DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

The objective of this study is to investigate the relationship between human resources practices and employee retention in the manufacturing industry. This chapter is organized into four sections. Firstly, it provides a summary of the study findings, followed by the discussion of research findings. The final section focuses on the contributions that this study makes to the current knowledge base. Subsequently, the study's constraints are acknowledged, and suggestions for future investigation are provided.

#### 5.2 Recapitulation of Study Findings

The purpose of this research is to examine the relationship between employee retention and various HR practices, namely rewards and compensation, training and development, career development, and performance appraisal. To achieve the research objectives, a quantitative research method was employed to conduct the study. The researcher utilizes multiple regression analysis to test the respective hypothesis representing each objective of study. The multiple regression analysis reveals that the factors of rewards and compensation, together with performance appraisal have a positive and significant correlation with employee retention. There is no significant correlation between training and development and career development and employee retention in this study.

### **5.3 Discussion of Research Findings**

This section summarizes the research findings, which are analyzed in line with the study's objectives. The researcher has defined four study objectives, each of which is discussed separately in the following discussion.

#### **5.3.1 Rewards and Compensation and Employee Retention**

The first objective of this study is to examine the relationship between rewards and compensation and employee retention in manufacturing industry. Accordingly, H1 was developed to test the proposed relationship. Table 4.6 presents the outcomes of the regression analysis, demonstrating a significant positive correlation between rewards and compensation and employee retention ( $B=.235$ ,  $p<0.05$ ). The findings align with prior research by Ahmad and Kamarudin (2022) and Nazir et al. (2013), which found that compensation can significantly influence employee retention. Performance-based compensation improves employee performance, motivation, and recruitment, ultimately leading to increased employee retention. Additionally, organizational reward systems can influence employee performance and motivation, resulting in increased staff retention (Ahmad & Kamarudin, 2022; Olaimat & Awwad, 2017).

Several studies, such as Arokiasamy (2019), Ardiansyah et al. (2020), and Oduntan (2020) have emphasized the importance of pay and benefits in attracting and maintaining employees, especially in the competitive job market of today. Research has shown that offering competitive pay is one of the most effective ways to keep employees loyal to their companies. A study done by Olaimat and Awwad (2017) supported these findings; they discovered a positive and significant correlation between rewards and compensation and employee retention. Increased employee

retention levels are possible when employees are happy with their pay and benefits. In summary, considering all of this information, H1 is supported because there are convincing factors contributing to the positive correlation between rewards and compensation and employee retention in the manufacturing industry.

### **5.3.2 Training and Development and Employee Retention**

The second objective is to examine the relationship between training and development and employee retention in manufacturing industries. Accordingly, H2 was developed to test the proposed relationship. Table 4.6 presents the outcomes of the regression analysis ( $B=0.013$ ,  $p > 0.05$ ). The results indicated that there was no significant relationship between training and development and employee retention among manufacturing industry employees. Our finding although not supported, however has important implications. Such findings underscore the complexity of the relationship between training programs and employee retention, suggesting that the impact may vary depending on various organizational and contextual factors.

The finding that training and development had no significant effect on employee retention aligns with the previous research findings of Gan and Mohd Yusof (2019). These researchers concluded that training alone may not be the sole determining factor influencing the rate of employee retention. They suggest that there are likely other variables and factors at play that contribute to the complex relationship between training and retention, resulting in a relatively weak connection between the two variables. Indeed, Elsafty and Oraby (2022) highlight that training alone may not be sufficient to ensure high retention rates. Other factors such as interpersonal connections, performance management, leadership style, and career development also contribute to enhancing employee retention. These additional factors can complement

the impact of training programs and create a more comprehensive approach to retaining employees.

Training development has minimal impact on employee retention because as the organization does not consistently support employees in attending training programs. In addition, the organization lacks a strong focus on employee training and development, resulting in insufficient training opportunities for its employees. When this situation occurred, it proved challenging for the employees to connect training development with their level of retention, as they had limited involvement in the training process. Meanwhile, employees are also utilizing the training as an opportunity to advance their careers and increase their earnings outside of the organization.

### **5.3.3 Career Development and Employee Retention**

The third objective is to examine the relationship between career development and employee retention in manufacturing industries. Accordingly, H3 was developed to test the proposed relationship. The findings revealed in Table 4.6 presents the outcomes of the regression analysis ( $B=0.118$ ,  $p > 0.05$ ) that there was no significant correlation between career development and employee retention in the manufacturing industry. This finding is supported by Frimayasa (2021) who suggests that even if there is improvement or increase in career development, it may not have an impact on employee retention. These findings align with research by Pratiwi and Sriathi (2017) and Dewi and Riana (2019), both of which concluded that career development does not significantly affect employee retention.

According to research by Sharafi et al. (2018), Career growth has no impact on employee job satisfaction or employee retention, while this result differs from many studies, however, it aligns with a study that found no significant relationship between career development and organizational commitment, as well as employees' decision to stay. According to this study, the reason for this result could be the mismatch between the provided career development and employees' personal growth plans. Roy (2021) argues similarly, that there is no direct link between the career development opportunities provided by the organization and the probability of employees staying with the company. These findings suggest that while career development is important for employee satisfaction and motivation, it might not be the sole factor influencing employee retention in those specific studies

Career development has an insignificant effect on employee retention since it is strongly tied to training and development. When employers fail to give training opportunities, employees perceive their career progress as stagnant and believe there is not enough opportunity for them to attain their professional goals. Meanwhile, employers may perceive career development as something minor, without an understanding of its fundamental significance.

#### **5.3.4 Performance Appraisal and Employee Retention**

The fourth objective is to examine the relationship between performance appraisal and employee retention in manufacturing industries. Accordingly, H4 was developed to test the proposed relationship. The study found a strong link between performance appraisal and employee retention among manufacturing employees. Table 4.6 presents the outcomes of the regression analysis ( $B=.460$ ,  $p<0.05$ ). The HR practice of performance appraisal showed a positive and significant relationship with employee

retention in the manufacturing industry, consistent with the findings of Malik et al. (2018). Performance appraisal, a structured process for evaluating employee performance and contributions, is seen as essential for career development. One of the most popular opinions regarding the whole appraisal process is the fact that it is good for the improvement of employee retention. Numerous previous studies have explored the correlation between performance appraisals and employee retention. Given the strong positive relationship between performance appraisals and employee retention, enhancing effective performance appraisal processes is crucial for retaining the most talented employees (Sepahvand & Kodashahri, 2020).

## **5.4 Implication of the Study**

### **5.4.1 Practical Implication**

This study also aims to help the management of manufacturing companies by offering additional guidelines for improving their human resource management practices. According to the results of this study, a better rate of employee retention may be achieved through well-designed rewards and compensation packages, as well as thorough performance appraisal. The results clearly show that assessing performance and providing fair compensation are crucial for retaining employees. Therefore, it's important for management to recognize and reward employees for their hard work and create opportunities for career growth by enhancing their skills and talents.

In conclusion, organizations should understand and meet their employees' expectations to keep them satisfied and contribute to the organization's growth, making it an attractive place to work for talented individual Employees are the lifelines to any business where they ground the importance of the company. Management must be thoughtful, launching employees into success and also guaranteeing them that they are

valued. In addition, they encourage a career improvement and give them the necessary compensation. For example, an appraisal of an employee performance is important as it works to enhance the workers' talents, skills, and leadership and management duties providing them a possibility to grow instead of remaining as stagnant as the remaining part of their careers.

Manufacturing companies must take into account these human resource management (HRM) practices as they contribute to the retention of talented personnel who are highly motivated by rewards, remuneration, and a performance rating system. These practices foster a sense of belongingness among employees. By analyzing the data from this research, manufacturing organizations in Malaysia may identify the most effective human resource management methods to use in order to increase employee retention among the new generation.

#### **5.4.2 Theoretical Implication**

This study contributes to the growing research on how HR practices affect employee retention. The research serves as a milestone in identifying the crucial factors for retaining employees in the manufacturing industry. However, it also reveals that relying solely on HR practices may not be sufficient to retain employees in this sector. Instead, other factors need to be addressed comprehensively to achieve successful employee retention within an organization.

## **5.5 Limitation of Study**

The study had limitations that should be acknowledged. Firstly, it concentrated solely on HR practices within employees in manufacturing industry, potentially restricting its broader applicability. Additionally, it was conducted exclusively in Penang Malaysia, which might limit how applicable the findings are to other areas. Moreover, the sample size could have been larger to enable a more thorough analysis. However, it's important to note that these limitations were primarily due to constraints such as time and budget. Like many academic scholars, we encountered common challenges including limited time, budget, experience, and logistical issues.

Thus, the second limitation is that in the study only qualitative methods utilized, which may introduce biases and inaccuracies. This may seem to happen, if the participants do not read all the questions carefully, or if they give the wrong answers. Thus, there could be disconnects between what has been measured and the responses gotten. This may mean that ratings could carry along the biases and inconsistencies in the way individuals make judgments. It is recommended that for future research it is logical to combine quantitative as well as qualitative approaches.

## **5.6 Recommendation for Future Research**

In future research it is suggested to take into account multifarious aspects from both sides of an employer and employee specters that may help performing low employee turnover rates in the manufacturing sector. That would be helpful for creation of a framework that can be used by other organizations in the sector to retain employees. Additionally, various researchers' speculations can be done on other independent factors like the culture, language, and employee empowerment which can be further useful to understand the impact on employee retention. The focus of this study may be

broadened, for instance, by considering one or two independent variables more in the next research. It could provide fuller data to the researcher, and allow to look into the issue deeper.

Similarly, expansion of geographic coverage about the manufacturing companies of various locations in Malaysia should be included in the next research. This approach will provide greater respondent coverage and enlarge the diversity of the interviewees. Moreover, future research samples should not be limited to production employees in Penang, Malaysia, but should also include employees at all levels within the industry.

In addition, numerous previous studies have consistently found that training and development and performance appraisal have a significant impact on employee retention in a company. However, this study presents a different perspective on the matter. When applying the Multiple Linear Regression analysis method, it reveals no relationship between these factors. Thus, this research has provided a fresh perspective and reference point for upcoming researchers to explore the connection between employee retention and the relatively minor effects of training and development and career development in the Malaysian manufacturing industry.

## **5.7 Conclusion**

The primary aim of this study is to examine the influence of HR practices on employee retention within five selected companies in the manufacturing industry, specifically focusing on the E&E Sector in Penang, Malaysia. SPSS was utilized for statistical analysis, and a quantitative methodology was adopted to collect data. The primary focus was on understanding how these HR practices affect employee retention. Rewards and Compensation, and performance appraisal, exhibit a significant

association with employee retention. These outcomes underscore the significance of establishing efficient rewards and compensation initiatives, along with implementing a robust performance appraisal system to retain employees. Nevertheless, additional research is necessary to comprehend the influence of the remaining two HR practices, namely training and development, and career development, on employee retention.

Although training and development, as well as career development, may not have an effect on employee retention compared to other HR practices, it's not wise to ignore them completely. Instead, organizations should rethink and improve their approaches based on this study's findings. By better aligning these practices with the specific needs and characteristics of their workforce, organizations can potentially enhance their ability to retain employees.

The practical implications of this study for human resource management in the manufacturing sector are considerable. Companies within this industry can utilize the identified influential HRM practices to improve employee retention, consequently boosting productivity, job satisfaction, and overall organizational performance. In summary, this study highlights the vital significance of employee retention in the manufacturing sector and emphasizes the significant role of specific HRM practices in enhancing retention. It offers valuable insights for organizations seeking to formulate targeted and effective strategies to elevate employee retention levels.

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## APPENDICES

### Appendix 1: Cover letter for Questionnaire



#### **TOPIC: THE IMPACT OF HR PRACTICES ON EMPLOYEE RETENTION IN THE MANUFACTURING INDUSTRY**

I am **Parameswary A/P Kerisnasamy**, a student of Master of Human Resource Management from University Utara Malaysia. I am conducting a survey for my master's dissertation, and I humbly seek your kind cooperation to complete the questionnaire for my study.

This study is required in completing my master's program and it is about **the impact of HR practices on employee retention in the manufacturing industry**. This questionnaire is divided into six (6) sections: Section A (Demographic Information of the respondent), Section B (Reward and Compensation), Section C (Training and Development), Section D (Career Development), Section E (Performance Appraisal) and Section F (Employee Retention).

This survey questionnaire is open to all Production Employees Your information will be kept confidential and will be used only for statistical analysis and academic purposes. Your contribution is very much important to this study and I deeply appreciate your kind cooperation and participation.

Thanking you in advance

Should you have any queries, do contact me:

Parameswary Kerisnasamy  
Master of Human Resource Management  
School of Business Management  
UUM Sintok  
Tel. No.: 010- 4617473

## Appendix 2: Questionnaire

### SURVEY QUESTIONNAIRE

#### THE RELATIONSHIP BETWEEN HUMAN RESOURCE PRACTICES AND EMPLOYEE RETENTION

##### SECTION A PERSONAL INFORMATION

Instruction: The following item is related to personal information. Please click to respond. Your personal information will be kept confidential.

##### (1) AGE

- below 25     25-30     31-36  
 37-42     49-55     above 54

##### (2) GENDER

- MALE     FEMALE

##### (3) EDUCATION LEVEL

- SPM     CERTIFICATE     DIPLOMA  
 DEGREE     MASTER     OTHERS

##### (4) POSITION

- PRODUCTION MANAGER     SUPERVISOR  
 TECHNICIAN     LINE LEADER  
 ENGINEER     PRODUCTION ADMINISTRATIVE  
 PRODUCTION OPERATOR     QUALITY CONTROL  
 PRODUCTION MAINTENANCE

##### (5) YEARS OF SERVICE IN THE CURRENT ORGANIZATION

- 0-2 YEARS     3-5 YEARS     6-8 YEARS  
 9-11 YEARS     12-14 YEARS     15 YEARS AND ABOVE

## SECTION B: PERCEIVED THE REWARDS AND COMPENSATION

Instructions: The items that follow are related to how perceive the reward and compensation in the organization. Please choose one of the five options on the range of 1 to 5 to show your level of agreement (1 = strongly disagree; 5 = strongly agree). Pleas **CIRCLE** the number that best fits your circumstances.

In my organization financial (monetary) rewards are given for good performance	1	2	3	4	5
In my organization employees who excel in their tasks are recognized (giving awards such as an employee of the month or year) by celebrating the achievement of employees.	1	2	3	4	5
In my organization employees are given paid leave and paid organizational trips and other nonfinancial benefits	1	2	3	4	5
In my organization pay rises, bonuses, and other financial rewards are offered to employees based on their performance and length of service	1	2	3	4	5
In my organization employees are given meaningful tasks along with the freedom to make their own decisions in relation to the job the employee performs	1	2	3	4	5

## SECTION C: TRAINING AND DEVELOPMENT

Instructions: The items that follow are related to how you perceive training and development in the organization. Please choose one of the five options on the range of 1 to 5 to show your level of agreement (1 = strongly disagree; 5 = strongly agree). Please **CIRCLE** the number that best fits your circumstances.

In my organization training programs are conducted regularly during working hours	1	2	3	4	5
In my organization employees are given time-off from their job to attend training programs that are conducted out-side of the organization	1	2	3	4	5
In my organization there is a routine to transfer employees from one job to another in different departments to develop skills and experience	1	2	3	4	5
In my organization a senior employee, manager or supervisor is assigned to help, support and guide when a new employee joins to work.	1	2	3	4	5
In my organization there is a structured employee development program, such as long-term training and scholarships offerings to develop the skills and knowledge of employees	1	2	3	4	5

## SECTION D: CAREER DEVELOPMENT

Instructions: The items that follow are related to how you feel about career development in the organization. Please choose one of the five options on the range of 1 to 5 to show your level of agreement (1 = strongly disagree; 5 = strongly agree). Please CIRCLE the number that best fits your circumstances.

In my organization, there is a clear structure of succession planning	1	2	3	4	5
In my organization, there is a clear process of identifying and planning the workforce development to retain key talents (employees)	1	2	3	4	5
In my organization leadership development programs are conducted to prepare employees for responsibilities	1	2	3	4	5
In my organization, there are structured career development plans for employees	1	2	3	4	5
In my organization, there is a self-assessment process practiced that helps to choose the appropriate career	1	2	3	4	5

## SECTION E: PERFORMANCE APPRAISAL

Instructions: The items that follow are related to how you view performance appraisal in the organization. Please choose one of the five options on the range of 1 to 5 to show your level of agreement (1 = strongly disagree; 5 = strongly agree). Please CIRCLE the number that best fits your circumstances.

In my organization feedback is provided to employees on what is expected from the duties assigned	1	2	3	4	5
In my organization, there is a clear structure of two-way communication between employees and managers regarding the employee performance	1	2	3	4	5
In my organization employees and managers are directly involved in setting targets and goals, and the agreed targets will be then clearly communicated to employees	1	2	3	4	5
In my organization every year there is a performance evaluation of the employees and managers to assess whether we have achieved the agreed targets	1	2	3	4	5
In my organization, there is a periodic review and evaluation of employees and managers performance every year or 2 years	1	2	3	4	5

## SECTION F: HOW YOU FEEL ABOUT THE ORGANIZATION

Instructions: The items that follow are related to how you feel about the organization. Please choose one of the five options on the range of 1 to 5 to show your level of agreement (1 = strongly disagree; 5 = strongly agree). Please ~~CROSS OUT~~ CIRCLE the number that best fits your circumstances.

I am very satisfied with my organization and intend to stay with the organization	1	2	3	4	5
I am very happy and comfortable with my organization	1	2	3	4	5
I have no intention to leave the organization soon	1	2	3	4	5
I will not leave this organization	1	2	3	4	5
I am very committed to this organization and I think I will never leave this organization	1	2	3	4	5



### Appendix 3: Reliability Analysis

#### i) Employee Retention

##### Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded <sup>a</sup>	0	.0
	Total	30	100.0

- a. Listwise deletion based on all variables in the procedure.

##### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.965	.966	5

#### ii) Rewards and Compensation

##### Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded <sup>a</sup>	0	.0
	Total	30	100.0

- a. Listwise deletion based on all variables in the procedure.

##### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.918	.919	5

### iii) Training and Development

#### Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded <sup>a</sup>	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.937	.937	5

### iv) Career Development

#### Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded <sup>a</sup>	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.951	.950	5

v. **Performance Appraisal**

**Case Processing Summary**

		N	%
Cases	Valid	30	100.0
	Excluded <sup>a</sup>	0	.0
	Total	30	100.0

- b. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.896	.898	5



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## Appendix 4: Descriptive Analysis

### Descriptive Statistics

	Mean	Std. Deviation	N
REWARDSANDCOMPENSATION	3.3624	.96519	170
TRAININGANDDEVELOPMENT	3.3565	.86496	170
CAREERANDDEVELOPMENT	3.4094	.94608	170
PERFORMANCEAPPRAISAL	3.4906	.86101	170
EMPLOYEERETENTION	3.3835	1.09056	170



## Appendix 5: Correlation

		Correlations				
		EMPLOYEE RETENTION ER	REWARDS AND COMPENSATION C	TRAINING AND DEVELOPMENT D	CAREER DEVE LOPMENT D	PERFORMAN CE APPRAISAL PA
EMPLOYEE RETENTION	Pearson Correlation	1	.696**	.651**	.701**	.746**
	Sig. (2- tailed)		.000	.000	.000	.000
	N	170	170	170	170	170
REWARDS AND COMPENSATION	Pearson Correlation	.696**	1	.791**	.833**	.767**
	Sig. (2- tailed)	.000		.000	.000	.000
	N	170	170	170	170	170
TRAINING AND DEVELOPMENT	Pearson Correlation	.651**	.791**	1	.840**	.768**
	Sig. (2- tailed)	.000	.000		.000	.000
	N	170	170	170	170	170
CAREER DEVE LOPMENT	Pearson Correlation	.701**	.833**	.840**	1	.819**
	Sig. (2- tailed)	.000	.000	.000		.000
	N	170	170	170	170	170
PERFORMAN CE APPRAISAL	Pearson Correlation	.746**	.767**	.768**	.819**	1
	Sig. (2- tailed)	.000	.000	.000	.000	
	N	170	170	170	170	170

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

## Appendix 6: Multiple Regression

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

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.773 <sup>a</sup>	.598	.588	.70001	.598	61.295	4	165	.000

a. Predictors: (Constant), PERFORMANCEAPPRAISALPA, REWARDSANDCOMPENSATIONRC, TRAININGANDDEVELOPMENTTD, CAREERDEVELOPMENTCD

b. Dependent Variable: EMPLOYEERETENTIONER

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	120.142	4	30.035	61.295	.000 <sup>b</sup>
	Residual	80.852	165	.490		
	Total	200.994	169			

a. Dependent Variable: EMPLOYEERETENTIONER

b. Predictors: (Constant), PERFORMANCEAPPRAISALPA, REWARDSANDCOMPENSATIONRC, TRAININGANDDEVELOPMENTTD, CAREERDEVELOPMENTCD

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

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error				Lower Bound	Upper Bound
1	(Constant)	-.062	.239		-.257	.797	-.534	.411
	REWARDSANDCOMPENSATIONRC	.265	.108	.235	2.453	.015	.052	.479
	TRAININGANDDEVELOPMENTTD	.016	.126	.013	.130	.897	-.232	.264
	CAREERDEVELOPMENTCD	.136	.131	.118	1.036	.302	-.123	.395
	PERFORMANCEAPPRAISALPA	.582	.115	.460	5.051	.000	.355	.810

a. Dependent Variable: EMPLOYEERETENTIONER