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**THE INFLUENCE OF MONETARY AND NON-MONETARY REWARD
TOWARDS EMPLOYEE RETENTION AT
AEROSPACE COMPOSITES MALAYSIA BERHAD**



**Othman Yeop Abdullah Graduate School of Business
Universiti Utara Malaysia,
In Partial Fulfillment of the Requirement for the
Master of Human Resource Management**



**Pusat Pengajian Pengurusan
Perniagaan**

SCHOOL OF BUSINESS MANAGEMENT

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ABSTRACT

The objective of this study was to investigate whether there were any influences between organization compensation in Aerospace Composites Malaysia (ACM) on employee retention. Compensation and benefits are consisting of monetary and non-monetary reward. Thus, the independent variables while the dependent variable was employee retention. This study also investigates the level of employee retention at ACM. A total of 275 employees participated in this study by answering survey questionnaire. Data was collected through 29 items questionnaires on a five-point Likert and another 6 items were demographic questions. Data were analyzed using descriptive statistics (mean and standard deviation) and inferential statistics (correlation and multiple regressions). The finding from this study showed that monetary and non-monetary reward have a significant influence with employee retention. The study also revealed that the mean for employee retention was at high level 3.715 in one to five scale. Meanwhile, 73.9 percent of independence variance were influencing the ACM employee retentions. This study would like to highlight to human resource and policymakers that total reward should be seen as according to employee performance not their entitlement.

Keywords: monetary reward, non-monetary reward, employee retention

ABSTRAK

Tujuan kajian ini adalah untuk menyiasat sama ada terdapat pengaruh pampasan dan faedah di organisasi Aerospace Composites Malaysia Sdn Bhd (ACM) terhadap pengekalan kerja. Pampasan dan faedah boleh di klasifikasikan dalam bentuk ganjaran kewangan dan bukan kewangan yang mana ianya akan dijadikan sebagai pembolehubah bebas manakala pembolehubah bergantung adalah pengekalan pekerja. Kajian ini juga menyiasat tahap pengekalan pekerja di ACM. Sebanyak 275 pekerja mengambil bahagian dalam kajian ini dengan menjawab soal selidik. Data dikumpul melalui 29 item soal selidik pada 5 skala Likert dan 6 item adalah soalan demografi. Data dianalisis menggunakan statistik deskriptif (min dan sisihan piawai) dan statistik inferential (korelasi dan regresi berganda). Hasil daripada kajian ini menunjukkan bahawa ganjaran kewangan dan ganjaran bukan kewangan adalah mempunyai hubungan yang signifikan dengan pengekalan kerja. Kajian ini juga menunjukkan bahawa nilai min bagi pengekalan pekerja adalah pada tahap yang tinggi iaitu 3.715 bagi sekala 1 hingga 5. Manakala, 73.9 peratus dari pembolehubah bebas adalah mempengaruhi pengekalan pekerja di ACM. Kajian ini juga ingin menekankan kepada pengurus sumber manusia dan pembuat polisi bahawa ganjaran secara keseluruhannya sepatutnya di lihat sebagai prestasi pekerja dan bukan sebagai kelayakan pekerja.

Kata kunci: ganjaran kewangan, ganjaran bukan wang, pengekalan pekerja

ACKNOWLEDGEMENT

First and foremost, praises and thanks to Allah the Almighty, for His showers of blessings throughout my research work to complete the research successfully. Secondly my deepest gratitude and sincere thanks to Assoc. Prof. Dr. Fadzli Shah bin Abd Aziz who had agreed to be my supervisor and advisor. His knowledge and guidance have greatly helped me at all steps in the process of preparing and would not have been completed successfully. Thirdly, thanks for Aerospace Composites Malaysia that allowing me to done my study at the company. For HR team that helping me in distributing the survey questions to the ACM employee.

A special thanks goes to my husband, my mother and my daughter, Abd Muzil bin Noor Azizan, Siti Zubaidah binti Omar and Dhofwatul Aisy Hafiyah for their endless patience, greatest support and understanding while I go through this challenging and difficult journey. My sincere gratitude also goes to my friends Ms Qutreen Nadia, Ms Asmaa' Zulaikha, Mrs Mariya, Mrs Mahanim, Ms Amalina, and Ms Puteri Noraini who have given me motivation, advice and support in preparing and submitting this research paper.

Finally, I would like to express my sincere and utmost appreciation to my other lecturers and UUM staffs whom have inputted me valuable knowledge during my studies and also not forgetting to all those involved in making this paper a reality.

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CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter was discussed the background of the study, problem statement, research questions, research objectives, the significance of the study, the scope of the study, and the definition of variables and terms. At the end of this chapter, the organization of the thesis was also presented.

1.1 Background of the Study

Previous studies revealed that the employees are their vital resource because it represents as their long-term investment where the investment are inclusive of recruiting, training, healthcare, bonuses, etc. (Fulmer & Ployhart, 2014). Every organization had creatively developed their benefits packages, performance appraisal, training programs, and work systems based on its organization policies. An employee were become more valuable to the organization based on their years in the job in the organization and the organization policies created beside as a guide to the employee it was also aiming to develop employee's loyalty. To maintain employee loyalty, the organization needs to provide a competitive package appropriate to their job performance and organizational productivity. Thus, this had made the employee feels secure to work with the organization. This because organization and employees have parallel responsibility and mutual commitments to define their influence to achieve the organization's goals (Peter et al, 2009).

Retaining employees was important in all types of organizations, and the cost of losing an employee was normally exceeding 100% of the annual compensation for the

position (Phil C. Bryant, 2013). The employer was always striving to be the most competitive company to others. Therefore, to maintain a competitive employer they had to ensure that their employees are highly motivated, satisfied, and loyal to their company. A key resource to determine organization as a success or a failure was based on their employee motivation, satisfaction, and loyalty. The capability of the employer to tackle employee to retains, and reward the skilled employee was also a factor in determining the organization's success. With refer to Chiekezie, O. M, Emejulu, G, & Nwanneka, A. (2017), organizations have to applied varieties of appropriate ways to retain the employee and also to ensure employee satisfaction toward their job.

Currently, companies are paying attention to employer branding to stand out in the increasingly competitive field of talent acquisition and retention of their employee, where 56% of employers in Asia said that their organizations practice employer branding activities and companies that succeed are those that can communicate clearly to employees what they stand for by sharing their culture and values with the employee. (MichealPage,2017).

Traditional incentives such as compensation packages remain one of the top considerations for an employee. I had personally asked a few employees in Aerospace Composites Malaysia who had worked more than 5 years regarding their reason on retain working with the organization. Mostly was due to compensation and benefits followed by career progression, training, and development, and their personal perspective like the company location was near to their hometown.

1.2 Background of Aerospace Composites Malaysia Sdn Bhd (ACM)

A collaboration between U.S giant company which are Boeing and Hexcel in 1998 had established Aerospace Composites Malaysia Sdn. Bhd. which based in Bukit Kayu Hitam, Kedah. It was officially launched by our former Prime Minister Tun Dr. Mahathir Mohamad in September 2002. ACM supplies of composite products and subassemblies to the global aerospace industry where mostly was for Boeing and Hexcel itself.

In year 2000, first batch of Alpha Team was sent for a training of six months in the United States. ACM were using composites as their material to manufactured spoiler, aileron skin, and leading-edge, flat-panel, and shipped either to Boeing or Hexcel. ACM vision was Aerospace global industrial champion. In 2005, ACM had produced the aileron composites as the world's sole producer of aileron for 737 commercial jetliners. Prior to that, ACM was the sole producer and distributor of the fixed trailing-edge composite and fixed leading-edge composite for others Boeing airplane model and also for commercial airplane models.

ACM had been award by Boeing to deliver the elevator and rudder machined honeycomb core for the 777 model in 2008. Throughout the year, ACM had expended their factory to support the increased production by Boeing Commercial Airplanes. With the USD 17 million investment, had allows ACM to continue expanding production of composite flight surfaces for all Boeing airplane programs. In 2017, ACM commenced with new 777X work, including composite fixed trailing edge panels and empennage panels.

Based on data received from ACM Human Resource, there have 7 departments that consist of Production, Quality, Engineering and Operations, Finance, Program, Human Resource, and Managing Director Office. The population of this study was 950. For this research, departments that involved are as per table 1.1 below: -

Table 1.1: Number of employees at ACM

Department	Number of Employee
Managing Director Office	11
Human Resource	28
Finance	45
Program	6
Production	655
Quality	143
Engineering and Operations	62
Total Employees	950

1.3 Problem Statement

With refer to Department of Statistic Malaysia (DOSM), the labor force had increased by 2.0% from 14.3 billion people in 2016 to 14.5 billion people in 2017 (Utusan online on 28 April 2018). DOSM at their press released, the hiring rate in January 2018 was 68.2%, up by 0.3% compared to December 2017 and if compared based on year-to-year comparison, hiring rate in January had increase by 0.5% if compared to the previous year. According to a survey done by MichealPage in 2017 most company are planning to increased their headcount because for year 2015 to 2016 their hiring was a bit slow where there was no replacement for those resign. While for 2017 hiring was actually for replacement only, and majority of them was actively looking for mid-to high-level employees especially those with technical and digital skills (MichealPage, 2017).

Aerospace Composites Malaysia (ACM) declares that their employees were their precious assets, therefore they are dedicated to retained their employee. Besides that, customer expectation and demand required ACM product were at high quality. This was to assure that ACM product are safe and reliable in accordance with industry standards and customer requirement. Due to that, ACM were do their best to retain their employee because ACM employee are well trained, skilled and competence employee.

At ACM, employee attrition rate for the year 2017 had increased by 0.8% if compared to the year 2016 (10.8%). The majority of the attrition comes from those who had to serve with the company for at least 3 years. With referred to a survey done by MIS Company, market rate for annual attrition for year 2017 was 20.8%, and the attrition rate for company with similar industries such as Sprit Aerosystem, Subang, and CTRM, Melaka was 13.0% and 12.6%. It's also shown an increasing trend from year to year.

From the company perspective, employee attrition had resulted an interruption, loss of efficiency, scheduling difficulties, and the exhaustion of the company's intellectual capital. Usually, the employee had leave companies due to a better compensation package, career development, and personal perspective.

According to a survey by Michealpage (2019), reason for employee switching to other organizations was due to better remuneration such as high basic pay, better work life balance, and lack of promotion. This situation considered as a challenged to the employer on retaining their employees especially those with skills or competent

employees. Organization are tended to created lots of creative and attractive benefits to offer for those employees with skills and competent.

Nowadays skills and competent employees has a high value in the industry. Besides that, employers are more likely to hire a candidate with this package, as it shall reduce their hiring and training costs. In a survey done by Michealpage 2019, an organization were willing to offered by 10% – 15% of their current salary especially when the employee has similar working experience or skills with the current job offered.

Due to this, there was a need to survey influence factor for employee retention in ACM. The study, therefore seeks to identify either monetary and non-monetary reward factors influence employee retention in Aerospace Composites Malaysia Sdn Bhd (ACM), Bukit Kayu Hitam, Kedah.

1.4 Research Questions

Below research question was formulated to address research objective:

- i. What was the level of the employee retention in ACM?
- ii. Does the monetary compensation provide influence employee retention in ACM?
- iii. Does the non-monetary compensation encourage employee to become as a loyal employee at ACM?

1.5 Research Objectives

This study was to investigate whether there were any influences between organization compensation in ACM on employee retention. The research help to identify the most significant compensation either monetary or non-monetary towards employee retention.

Results of this study help an organization to understand the sentiment of the employee's view towards their compensation package. It also helps in the policymaking process of improving the overall compensation system.

The specific objective is:

1. To investigate factor that related with employee retention.
2. To examine the influence between monetary compensation with employee retention.
3. To examine the effect of non-monetary on employee retention.

1.6 Significance of the Study

The significant of this study can be view both from practical and theoretical aspect. Practically, the outcome of this study had benefits ACM in creating strategies for Human Resource Manager and policymakers to retain their employees. In addition, the results of this study contributed part of the knowledge for the researchers and the future study.

1.7 Scope of the Study

The study was concerned about the monetary and non-monetary reward affecting employee retention in ACM. The unit of analysis was based on an individual basis and the population of this study were from ACM employee. Total of 950 employees came from all levels and various departments such are Human Resources, Finance, Managing Director Office, Production, Quality, Program, Engineering, and Operations department. The respondent was based on 320 set of questionnaires that was distributed randomly.

1.8 Definition of Variables and Terms

1.8.1 Compensation and Benefits Package

Compensation and benefits packages involve few features that lead to making employees satisfied with their job that include salaries, allowances, bonuses, increment, incentives, promotion, and others recognition (Omotayo A., Adenike A., Hezekiah O., & Princess Thelma, 2014).

1.8.2 Monetary Reward

According to Martha H., & Herbert K. (2013), monetary reward was referred to any reward that may be converted into cash that includes base pay, incentives, allowances, bonus, and medical allowances.

1.8.3 Non-monetary Reward

Non-monetary reward consists of decision-making roles, promotions, flexible working hours, company uniforms and many more where those rewards were cannot turn into money to employee (Martha H. & Herbert K., 2013).

1.8.4 Employee Retention

Retention was a process where an employee was encouraged to be loyal to the company for the maximum period. In a simple word, retaining an employee in the same employer for a period of time where it was beneficial for both either the company or employee. (Dr. Saravanan M., Sruthi TT., 2017).

1.9 Organization of Thesis

This thesis contains five main chapters. It starts with an overview of the study in the introductory part of Chapter 1 that consists of a background of the study, problem statement, research questions, research objectives, the scope of the study, the significance of the study, and definition of variables and key terms. Chapter 2 were discussing the literature review part, gives an insight into critical literature reviews and theories related to this thesis topic. Chapter 3 explains the methodology and techniques applied to the current study that encompasses the design of the study, population and sample, measurement of variables/instrumentation, questionnaire design, data collection procedure, and data analysis techniques. Results and discussion are highlighted in Chapter 4 with a complete analysis of the data and the findings of the research in the form of figures and tables. Lastly, in Chapter 5, a summarization of the whole research was concluded prominence the influence of the variables discussed and ended with recommendations for future research.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter discuss the reviews of related literature about the concept of compensation, reward, monetary reward, non-monetary reward. Besides, this chapter also explains the expectancy theory that supports the proposed research framework.

2.1 Employee Retention

According to Johnson (2000), the definition of employee retention was the ability of holding their employees in the organization for a longer period. It's also can be referred to the organization policies, practices or company applies to prevent their employee from leaving the organization. Organizations have to stretch tons of efforts to reassure employees to be loyal with the organization (Kyi, 2011). Retaining the existing employee was one of the costs saving for an organization than hiring new talent due to existing employee had leave the organization. According to Ahlrichs (2000), in every employee turnover it were involve costs such as hiring and training costs especially when to hired skilled or experiences employee.

Hence, in the process of sustaining the organization, retaining talented and skilful employees was plays as an excessive portion to flourish the organization competitiveness in global market (Frank, Finnegan, & Taylor, 2004). Failure to retained those skilful employees, had cause reduction the competitive advantage to the organization in the industry (Rappaport, Bancroft, & Okum, 2003).

2.2 Compensation and Benefits

Compensation and benefits play several key characters in organizations include signalling employee worth, attracting potential employee, and retaining present employees (Omotayo A., et al., 2014). Compensation and benefits can be separated into two that are monetary and non-monetary. Creating a good compensation and benefits structure was a distinct challenge for companies. Organization normally tried to emphasized a team environment, but reward employees for individual achievement (Feldman, 2000).

The main motivation for an employee was compensation and benefits, and it was one of the factors that employees expected for their creativity, ability, and skill (Odunlade, 2012). Compensation and benefits was classified as a monetary or non-monetary reward that has been provided by the organization for their employee based on employee work performance (Patnaik & Padhi, 2012). Monetary reward includes profit bonuses, overtime pay, incentive, and allowances while for non-monetary reward includes company-paid car, uniforms, company-paid housing and so on (Ballentine, McKenzie, Wysocki, & Kepner, 2003).

According to Osibanjo, Adeniji, Falola and Heirsmac (2014), Human Resource Management was using compensation and benefits methods to value employee performance. This was a weapon that being use to all employee because they were expected to get something when they were giving their commitment to the organization and their work. According to Gregory (2011), there were three fundamentals that are significant to satisfy and retain the employees. First, a higher net value for the rewards, second employee expectation on compensation were fulfil by the organization and last

the amount of the compensation were equitable to the employees' effort. The compensation and benefits instrument have the ability to fulfil employee satisfaction and employee retention through its total rewards (monetary and non-monetary). It can also increase the competitive advantage of the organization and sustain the employee working performance (Osibanjo et al., 2014).

2.3 Reward

Reward systems normally being used by companies as a tool to retain their employee, and retention was the ability to hold their employees longer in the organization. To retain a competitive organization for the employee, employers should develop their human resources strategically. Key aspects of retention were captured in subsequent sections of this chapter, and also further discussion on employee compensation and benefit were done in this chapter. Basically, employee retention was not influenced by a single factor, and the employer were required to recognize the factors that responsible for retaining the employee (Bidisha L., D., Dr. Mukulesh B., 2013).

2.3.1 Monetary Reward

Monetary compensation can be in divide into two which are monetary and non-monetary. Monetary can be explain as where the employees get the money for their work done that includes wages, salaries, bonuses, or incentives based on performances, overtime work, holiday premium. Indirect compensation or non-monetary was the employee received any benefits given by the employer to their employee for the job done as non-cash benefits. (Farrell, Friesen, & Hersch, 2008). Occasionally, these benefits were more treasured to an employee such as medical benefits, insurance

coverage, retirement package, travel allowance, annual leave entitlement, profit-sharing programs and others (Osibanjo et al., 2014).

2.3.2 Non-monetary Reward

An effective compensation and benefits can derive the employee behavior either for a positive change or opposite toward their performance (Bari, Arif & Shoaib, 2013). According to Velnampy (2006), he sees that every employee has their own definitions with the compensation and benefits. For example, some employees tend to look for monetary reward and some employees seek the other such as work-life balance, or career progression. According to Armstrong and Murlis (2007), reimbursement was a vital component for employees to be loyal with the organization because a competitive total reward was surging the performance of the employee. According to Hameed, Ramzan, and Zubair (2014), an employee was keen to stay if the benefits offered were equivalent to their sweat.

2.4 Expectancy Theory

Employee behaviour was related to the compensation package offered by the organization (Bari, Arif & Shoaib, 2013). Compensation offered to the employees was aimed to attract their work motivation and job performance (Gerhart, Minkoff, & Olsen, 1995).

The theory created by Vroom (1964) was based on three core fundamentals that are Valence, Instrumentality and Expectancy (Ramlall, 2004; Lunenburg, 2011). The expectancy term was defined as a belief that good work effort would derive a good outcome and it would lead to a good reward suitable to their performance. Thus, the term

instrumentality was an employee's belief that probability connecting with outcomes. In addition, the term valence was the strength of an employee's preference for a good outcome and a reward (Vroom, 1964).

From above discussion, it revealed that there was a significant between monetary and non-monetary reward toward employee retention. Even though, there are lots of discussion had done but the result was inconsistency. Thus, this study applied employee retention as dependent variables and monetary and non-monetary rewards as independent variables and data was gathered among employee of ACM.

2.5 Summary

Therefore, I summarized that the Independent Variable (IV) in this research was monetary and non-monetary reward while the Dependent Variable (DV) was employee retention. This study was focused on influences between independent variables and the dependent variable.

CHAPTER 3

METHODOLOGY

3.0 Introduction

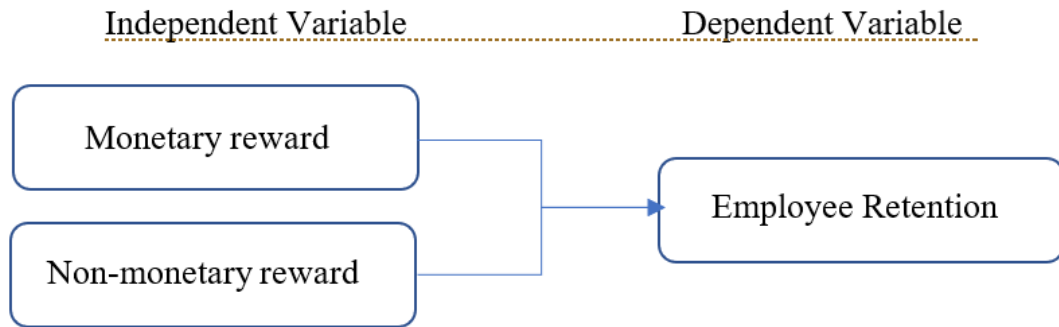
Chapter three discussed the methodology was applied in this research including research framework, the hypothesis of study, research design, measurement of variable/instrumentation, data collection, population and sampling, survey, pilot test procedure and data analyses technique.

This chapter discloses the methods used for data collection and analysis techniques in this study. The selection of appropriate methods was important as it produce reliable results and influence the interpretation of the findings of the study. The topic outline in this chapter contains the research framework, hypotheses of study, research design, the sources of data, unit of analysis, the population frame, the sample and sampling technique, data collection procedure, research instrument, measurement of variables, and the technique used in analyzing data.

3.1 Research Framework

In this study, monetary and non-monetary reward was the independent variable and the dependent variable was employee retention. The research framework of this study was adapted from Vinod Kumar and Bhasi (2010) which was explained in figure 1 below.

Figure 1: Research Framework



3.2 Hypotheses of Study

The hypothesis was developed to assess and examine the significance of the influence between the independent variables and dependent variables. Hypotheses developed below are as below.

3.2.1 Hypothesis 1 – Monetary Reward

H1 = There was a significant influence between monetary reward and employee retention in ACM.

3.2.2 Hypothesis 2 – Non-monetary Reward

H1 = There was a significant influence between non-monetary reward and employee retention in ACM

3.3 Research Design

A quantitative method was used in this study to collect and produce the numerical data (Saunders et al., 2012). This technique were more suitable and effective to evaluate the hypotheses because it enclosed a widespread population. According to Sekaran and Bougie (2013) there are variety types of technique for data collecting in a survey.

Furthermore, questionnaires in this research are measured in numeric rating scales (from 1 to 5) and the distribution of questionnaires used to collect the information for the pilot study. From the pilot study, data collected was identified the data either reliable or not.

3.4 Measurement of Variables/Instrumentation

The instrument in this study contents two (3) measurements which were Monetary reward, non-monetary reward, and employee retentions. The monetary reward consists of 6 items, non-monetary have 9 items, and retention have 14 items that all together 29 items.

3.4.1 Monetary Reward

The Monetary reward items were adopted from previous researcher, which consists of six items where the items were to identify reflection between the monetary reward and employee retention.

Table 3.1: Monetary Reward Instrument

Item
<i>I have good fringe benefits.</i>
<i>I have opportunity for high earnings in my company.</i>
<i>I feel that I am being paid a fair amount for the work I do</i>
<i>The wages and salary I receive encourages me to perform better</i>
<i>Incentives and pay such as bonuses motivate me to do more than require</i>
<i>The current pay policy is flexible enough to allow my manager to use pay to motivate me</i>

3.4.2 Non-Monetary Reward

There were nine non-monetary items adopted from Hofstede, Kraut and Simonetti (1976), Armstrong and Murlis (2007), Wan Shakizah (2012). This dimension was essentially intended to identify the influence of the non-monetary reward on employee retention.

Table 3.2: Non-monetary Reward Instrument

Items
<i>I have job which allows me to make real contribution to the success of my company</i>
<i>I understand how my role contributes to the company success</i>
<i>Individual contributions are encouraged and recognized</i>
<i>I believe that there is a constant striving for greater accomplishment in the company</i>
<i>I am held accountable for the end results I produce or fail to produce</i>
<i>The measures used to monitor my performance are the most appropriate for my job</i>
<i>Motivation helps a lot in improving my productivity</i>
<i>Staying with one company for a long time is usually the best way to get ahead in business</i>
<i>I am proud to work for this company</i>
<i>if I may choose again, I will choose to work for the current organization</i>
<i>I work in a prestigious, successful organization</i>
<i>Pay factor make me to continue working with the company</i>
<i>If I get better offer/ promotion, I will move to other company</i>
<i>Promotions and advancement influence me to stay with the current company</i>

3.5 Data Collection

Data collection was the important components in research that includes gathering and measuring the data process on the targeted variables. This process enables to answer the questions and evaluate the outcomes of the researches. The primary data has been

used, which the questionnaires have been distributed to the targets of the study which are ACM employees

A descriptive research design was implemented by this report. A descriptive study design was a scientific method involving the evaluation and explanation of a subject's actions without impacting it in any way (Malhotra and Birks, 2007). In addition, through data collections and the tabulation of frequencies on research variables, a descriptive analysis aims to characterise a topic, often by constructing a profile of a group of problems, individuals or events, and the research exposes who, what, why, where or how much (Cooper and Schindler, 2006).

Cooper and Schindler (2006) demonstrate why different approaches, such as the survey method, was used in descriptive research design. In order to collect data, a survey was used in the form of standardised questions in a questionnaire. Malhotra and Birks (2007) describe a survey as a way of gathering data from individuals about who they are, how they think (motivations and beliefs) and what they do (behaviour). This research was driven by two independent variable which are monetary and non-monetary reward while the dependent variable was employee retentions.

The nature of the research was a case study, can be characterised as a holistic approach to investigating phenomena within their natural context, according to Gill and Johnson (2010). An occurrence, action, a problem or people are part of the show. The context refers to the situation in which the event or action takes place. In terms of time, location, events, and processes, the limits are set. The general investigative approach includes the compilation of in-depth and detailed content-rich data and the use of numerous information sources, including direct observation, participant observations,

interviews, audio-visual material, records, reports and physical objects. The different information sources provide the overwhelming array of information required to provide an in-depth image. The study collected data on the influence between monetary and non-monetary reward toward employee retention from various departments of the company.

There are 2 types of sampling that are sampling with probability and non-probability. Probability sampling was a sampling method, according to Zikmund (2003), in which every member of the population has a probability of being included in the survey. At the same time, the survey unit was based on personal opinion or convenience for non-probability sampling (Zikmund, 2003).

3.6 Population and Sampling

According to Cooper (2006), population was an important element in research. For example, they can be (people, places, objects and cases) based on researcher needs for their conclusion. The target population was referred to the total of respondents that meet the requirement (Zikmund et al., 2010). The population in this survey was the ACM employees. Respondents in this research was come from a different department. Questionnaires are distributed to diverse ranges of respondents likes age, gender, education levels, and years in service. The target population consisted of 950 employees where the respondent was been randomly select from each department in the company.

The primary data has been used, which the questionnaires have been distributed to 330 ACM employees. Based on the discussion in subtopic 1.6 in chapter one, the total

employees in ACM was 950 employees. For this research, probability sampling has been used. In a probability sample, there have five techniques that can be applied. There are simple random, systematic random, stratified random, cluster, and multi-stage. This study has applied the Krejcie and Morgan (1970) table to determine the sample size. Total employees in population are 950 employees and the minimum sample was 274 respondents.

Table 3.4: Krejcie and Morgan table for Determining Sample Size from a Given Population

TABLE FOR DETERMINING SAMPLE SIZE FROM A GIVEN POPULATION									
N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size
 "S" is sample size.]

Krejcie, Robert V., Morgan, Daryle W., "Determining Sample Size for Research Activities", Educational and Psychological Measurement, 1970.

With a population of 950 employees, simple random sampling from has been chosen where every employee had an equal coincident of being selected which it increase the accuracy, relevancy, and credibility of the research. There were numerous ways of making an easy random sample. These include the lottery method, employing a random number table, employing the computer, and sampling with or without replacement. For this study, the lottery method has been chosen because it was the simplest method of selection for a random sample, (Zikmund, 2003). The population in this study was 950 employees, and based on the Krejcie and Morgan (1970),

minimum of 274 samples were adequate for the data analysis. However, in this study, a lottery method has been used to choose the total of 330 respondents, and the result was showed in table 3.5 below.

Table 3.5: Random Table Number

Random Number Table																															
Random Number Generator Frequently-Asked Questions Sample Problems																															
330 Random Numbers																															
165	134	226	902	773	905	510	747	733	077	144	195	043	500	777	642	351	020	063	439	010	094	347	536								
919	215	932	682	229	638	615	179	790	158	851	926	449	930	185	073	408	354	770	219	668	524	453	666								
026	297	688	463	635	118	023	560	595	240	607	706	855	662	290	455	465	435	526	950	124	256	810	097								
083	378	445	496	343	800	128	942	652	321	364	739	311	394	648	585	270	516	030	033	530	686	916	479								
838	459	899	276	749	280	486	374	709	402	818	520	716	824	753	016	327	597	737	763	936	418	323	861								
895	540	656	057	205	012	591	503	513	483	574	300	425	557	859	398	384	678	493	544	392	848	428	040								
002	621	412	787	611	442	696	885	571	564	331	333	831	037	266	780	189	759	250	577	798	581	534	422								
757	702	168	820	067	175	104	317	628	645	087	114	286	719	371	909	246	841	006	357	506	313	891	804								
814	784	875	601	473	605	209	699	432	727	794	845	692	199	729	341	051	922	713	138	912	743	047	236								
871	865	631	382	879	337	567	828	489	808	550	625	148	881	834	723	108	053	469	869	368	475	404	617								
676	946	388	414	587	767	672	260	546	889	307	658	554	361	940	154	183	348	358	419	145	017	703	693								
835	213	632	203	287	162	372	169	173	547	013	717	646	220	490	882	216	788	433	098	193	291	277	689								
537	514	504	778	223	159	081	142	679	061	910	849	206	707	494	618	750	102	091	622	234	031	636	764								
074	230	003	443	041	774	896	362	821	839	480	565	152	084	551	135	027	892														
Specs: This table of 330 random numbers was produced according to the following specifications: Numbers were randomly selected from within the range of 1 to 950. Duplicate numbers were not allowed.																															

However, out of 330 questionnaires distributed. 30 of them have not returned the questionnaires, and out of 300 questionnaires returned, there are 25 questionnaires are unable to be used. Therefore, the overall that can be used was only 275 questionnaires.

The researcher relied on the Human Resource Manager to obtain access to the sample of the staff. The Human Resource Manager direct contact with the population and therefore has more influence in terms of creating a sense of urgency to complete the questionnaires. Thus, the researcher requested all the persons eligible for the study to participate. Hence, this technique ensured the selection of representative respondents

with the requisite information that addressed the specific research objectives of the study, thereby enhancing the credibility and reliability of the findings of this study.

3.7 Pilot Test

Prior to the implementation of the actual data collection of this study was conducted, a pilot study was conducted to test the questionnaire that has been developed. The pilot study aims to identify or refine research questions, knowing the best methods to estimate how much time and resources are needed to complete the questionnaire (Teijlingen & Hundley, 2001). The respondents involved in this pilot study are workers from several manufacturing factories, namely from Spirit Aerosystem, Subang and CTRM, Melaka. The selection for the respondents in this pilot test was because their field of work and work environment were more or less the same as the main respondents of this study in ACM. A total of 80 questionnaires were distributed to the respondents, but only 70 questionnaires were retrieved. Of these (70) only 61 complete questionnaires were accepted as raw data. The results of the reliability analysis test (reliability test) in the pilot test are as in table 3.6.

Table 3.6: Reliability test result

<i>Variable</i>	<i>Item</i>	<i>Cronbach's Alpha</i>
<i>Monetary Reward</i>	6	0.869
<i>Non-monetary Reward</i>	9	0.892
<i>Employee Retention</i>	14	0.904

Table 3.6 showed the result of the value of Cronbach's Alpha for reliability test. Cronbach's Alpha for all dimensions were exceed 0.8. According to Sekaran (2003), Cronbach's alpha that exceed 0.8 was at good internal consistency. Furthermore,

Cronbach's alpha value for overall items was 0.904. Thus, show us that the instrument was good and practical.

3.8 Data Collector Procedure

Data analysis was a technique for collecting, processing and analyzing. Data for this thesis were processed using Statistical Package for Social Sciences (SPSS) 26 for Windows Ten (10) software. The results of this data processing give a comprehensive decision on this thesis conducted. In this study, a lottery method has been used to choose the total number of respondents, and the result was showed in table 3.5.

3.8.1 Data Analysis Techniques

Descriptive analysis method was used to discover the background information of the respondents. It describes aspects of age, gender, education, job category, experience, and working shift. Furthermore, descriptive analysis was used to obtain the mean values and standard deviations for all independent variables.

Table: 3.7: Mean value and standard deviations

Score Min	Standard Deviations
3.68 – 5.00	High
2.34 – 3.67	Medium
1.00 – 2.33	Low

Source: Mohd Zolkufli et.al. (2012)

In Table 3.7, it shows the evaluation for the mean descriptive analysis where the mean value reflects the level of parallelism in determining the employee retentions.

3.8.2 Inference Statistic Analysis

Inference analysis that involves correlation testing and regression analysis had been used to examine the influence between independent variables and dependent variables in this study.

3.8.2.1 Correlation Analysis

While, the inference analysis which involves the correlation, test was used to determine the influence between the independent variable and the dependent variable in this study based on the value of r obtained as in table 3.8.

Table: 3.8: r value for correlation test

Value r	Level
0.10 – 0.29	Low
0.30 – 0.49	Medium
0.50 – 1	High

Source: Julie Pallant (2005)

3.8.2.2 Regression Analysis

Regression analysis were also be used to determine the influence between the variables thus, this was to find out the significant of variables. The purpose of conducting this test was to determine the degree of consequence for each independent variable in terms of influence to the variation of dependent variables. Significance determination used $t > 1.96$ and $p < 0.05$ (Hair et al., 2017) and also stated the value of R^2 equal to 0.25 as weak, 0.50 as moderate and 0.75 as strong. Therefore, the greater the value of R^2 the greater the proportion of variance and the better the influence between the variables.

3.9 Summary

This chapter explained the research framework. There were two hypotheses had been developed related to two independent variables which monetary reward and non-monetary reward and dependent variable which employee retention. Research design, population and sampling also being explained in this chapter. Then instrument development for the three variables was generated twenty-nine (29) items of questionnaires for the survey. The pilot study was conducted and involved 61 respondents. Finding of the research were being discussed in following chapter.



CHAPTER 4

RESEARCH FINDING

4.0 Introduction

This chapter reviews the result of the study, which Statistical Package for social Science SPSS version 26.0 was use for analysis. The statistical method that were used are normality test, linearity test, multicollinearity test, reliability test, demographic test, descriptive statistical analysis, correlation analysis, regression analysis and summary.

4.1 Overview of Collected Data

A total of 330 sets questionnaires were distributed to ACM employees. A total of 300 or 91% questionnaires were returned and only 275 or 83% can be used for analysis. According to Sekaran (2003), he clarified that a 30% response rate received from respondents was adequate to analyse the data. Thus, the response rate (83%) received from the respondents can be used for analysing the data in this study. Table 4.1 shows the response rate of this study.

Table 4.1: Summary of respondent feedback

	No. of Questionnaires	Percentage (%)
Distributed	330	100
Returned	300	91
Usable	275	83

4.1.1 Data Screening

Data screening were a process to ensured that the data obtained was clean and ready to be analysed before allowing for further analysis. The most important thing was to guarantee that the data shown were reliable and valid for study theory. An analysis was performed i.e. descriptive analysis shows that no missing data were found. Therefore, all 275 respondents were involved in this data analysis.

4.1.2 Normality Test

Pallant (2007) treated the normality test was an important method to analysed the factor and multivariate in research process. It was to determined either the set of data was a good modelled to identified data distribution either its normal or not. Normality were described as symmetrical, bell-shaped curves that the highest frequency of scores were in the middle and the smaller were in the beginning and toward the ends. There were few statistical methods available to evaluated the normality of this distribution. In this study, the recommendation by Muthen and Kaplan (1985) was used for the assessment by determining the skewness and kurtosis statistic. Skewness values gives an indication of symmetric distribution, while the kurtosis provides information on the top of the distribution. Histograms were used to determine whether it was reasonable to assumed that random errors in the process was derived from normal distributions, with the presence of a bell-shaped curve.

Therefore, based on figure 4.1 to figure 4.3, the well-defined data set was modelled as the distribution of data far from the normal curve. The test was done by two methods, which was graphically and numerically. Normality tests were performed to determine skewness and kurtosis of all variables. Bulmer (1979), and Kevin & MacGillivray

(1988) suggest that the acceptable values for skewness range were from negative one to positive one and kurtosis was negative three to positive three. Therefore, all values that fall between that limits were considered normal.

Table 4.2: Descriptive variable analysis

Variable	Mean	Standard Deviation	Skewness -1 till +1	Kurtosis -3 till +3
Monetary Reward	3.621	0.608	-0.02	0.035
Non-monetary Reward	3.754	0.577	0.320	-0.281
Employee Retention	3.715	0.506	-0.004	-0.100

Table 4.2 shows the results of statistical tests for normality test. The results found the skewness and kurtosis score values for all variables were inside the normal range was between -0.02 to 0.320. It can be concluded that the data was normally scattered.

Table 4.3: Normality test Kolmogorov-Smirnov

Variable	Statistic	Df	Sig.
Monetary Reward	0.103	275	0.00
Non-monetary Reward	0.072	275	0.01
Employee Retention	0.075	275	0.01

Table 4.3 shows the Kolmogorov-Smirnov test obtained the value of Sig. was below 0.200 for all variables. Its shows that the data was normally scattered. While, histograms were used to determine whether it was reasonable to assume that random errors were exist in the process derived from normal distributions, with the existence of bell-shaped curves. Therefore, based on figures 2 until 4, the data set was considered good modelled as the distribution of data were not far from the normal curve.

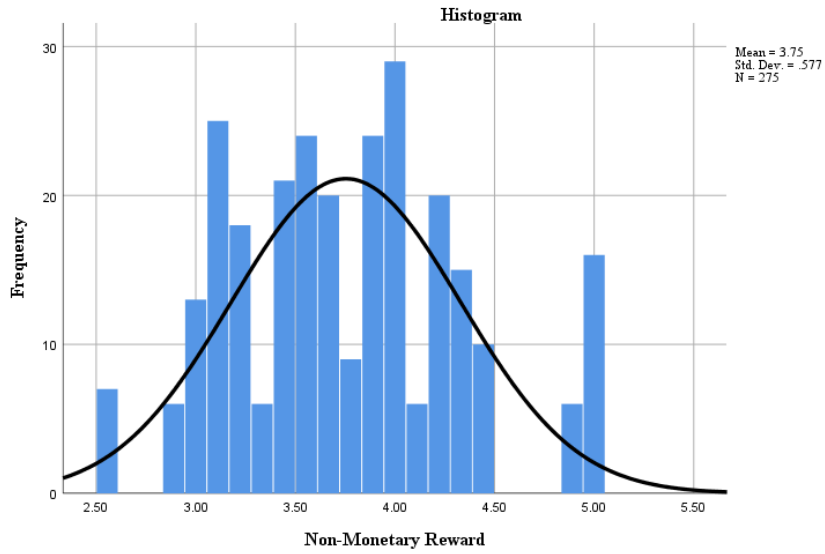


Figure 2: Histogram of non-monetary reward

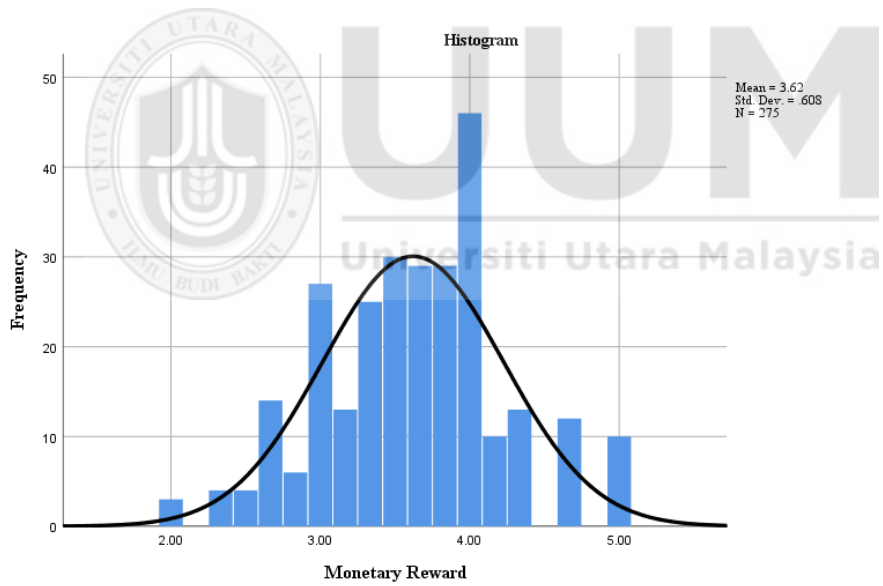


Figure 3: Histogram of monetary reward

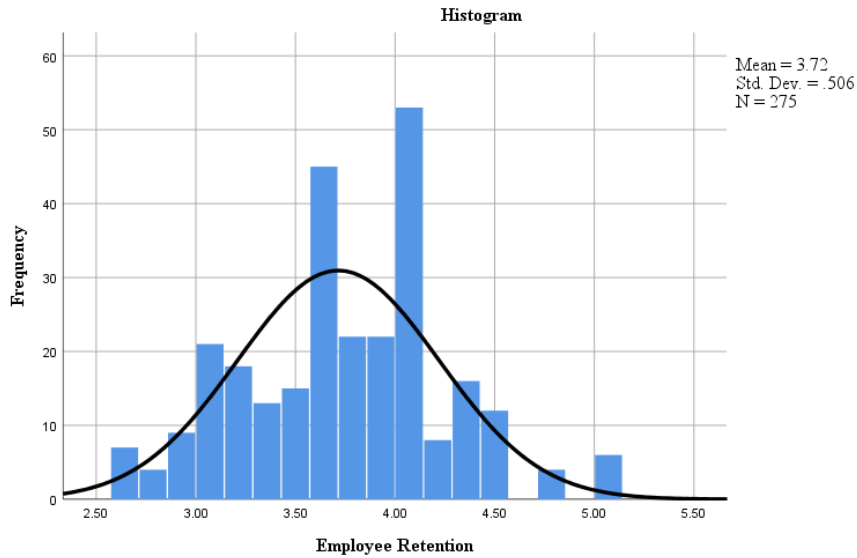
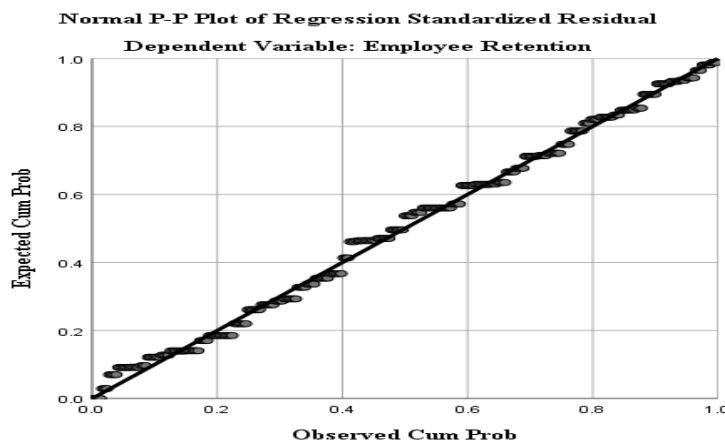


Figure 4: Histogram of employee retention

4.1.3 Linearity Test

Linearity tests were conducted on the raw data in this study. This test was to determine whether the data set was well organized by the normal distribution. Linear distribution can be seen using this test. Therefore, the researchers decided to use P-P plot Field (2009) and Julie Pallant (2016) to see the normality of the data. The purpose was to verify the sample whether the study population sample can be obtained from a specific target population. On the basis of a common probability plot, the data distribution had appear linear or in a straight line as in figures 5.

Figure 5: Normal P-P Plot



4.1.4 Multicollinearity Test

The multicollinearity test was analysed whether there was a linear influence between the independent variables. If there was an influence between these variables, then multicollinearity problems occur. According to Rosli & Mohamed (2014) multicollinearity occurs when one or more variables correlate with each other. According to Tabachnick and Fidell (2007) multicollinearity occurs if there were one or more variables that can explain the other variables and cause the influence between the variables becomes insignificant. In this study, multicollinearity test was performed using Variance Inflation Factor (VIF) method. Hair, Ringle and Sarstedt (2017) stated that multicollinearity occurs if the value of VIF exceeds five ($VIF > 5$) and the tolerance value was less than 0.20 (Tolerance < 0.20). Table 4.6 shows the tolerance value and VIF value in this study which shows no collinearity problem because all VIF values for each independent variable (IV) were found to be less than five ($VIF < 5$) while the tolerance value was above 0.20 (Tolerance > 0.20). The results of this test are shown in table 4.4.

Table 4.4: Tolerance Value and Variance Inflated Factor (VIF)

Variable	Tolerance	VIF
Non-Monetary Reward	0.489	2.046
Monetary Reward	0.489	2.046

4.2 Reliability Test

In conjunction to the pilot study, a second reliability test was conducted to see if there was a difference in the overall findings of the study with the pilot study. In addition, this analysis serves to test the questions in this survey from the aspect of consistency and stability as well as provide clues if the questions were good set in each idea that

has been proposed. Reliability has been defined as the value of the consistency between the yard size of the variable (Hair, Black, Babin and Anderson, 1998). The reliability test in research was to verified that the thesis conducted without bias and achieved the consistency of variables to measure a certain concept (Sekaran, 2003). Table 4.5 shows the value of Cronbach's Alpha together with internal consistency.

Table 4.5: Internal consistency measurement

Cronbach's Alpha	Internal Consistency
$\alpha = 0.9$	Excellent
$\alpha = 0.8 < 0.9$	Good
$\alpha = 0.7 < 0.8$	Acceptable
$\alpha = 0.6 < 0.7$	Questionable
$\alpha = 0.5 < 0.6$	Poor
$\alpha < 0.5$	Unacceptable

Source: Sekaran (2003)

In this study, reliability tests were conducted using Cronbach's Alpha consistency method and the results were as stated in Table 4.6.

Table 4.6: Reliability test result

<i>Variable</i>	<i>Item</i>	<i>Cronbach's Alpha</i>
<i>Monetary Reward</i>	6	0.833
<i>Non-monetary Reward</i>	9	0.893
<i>Employee Retention</i>	14	0.873

4.3 Respondence Demographic

4.3.1 Respondence Demographic Analysis

For descriptive analysis, frequency distribution test was used for the demographic section of the respondents. The demographics of the respondents include gender, race, marital status, age, position, position in office and current job placement which explain the results of the frequency of the demographics of the respondents.

Table 4.7: Table of respondent (n=275)

Demographic	Category	Frequency	Percentage
Age	< 20 years old	0	0
	20 – 40 years old	205	74.5
	41 – 60 years old	70	25.5
	> 60 years old	0	0.0
Gender	Male	167	60.7
	Female	108	39.3
Education	SPM or Equivalence	7	2.5
	Certificate / Diploma	82	29.8
	Degree	171	62.2
	Master	15	5.5
	PHD	0	0.0

Table 4.9 (Continue)

Job Category	Non-executive (Operational)	79	28.7
	Non-executive (Administration)	16	5.8
	Executive Level	149	54.2
	Managerial Level	31	11.3
Experience	Less than 1 year	6	2.2
	1 - 5 years	103	37.5
	6 - 10 years	99	36.0
	10 - 15 years	21	7.6
	More than 15 years	46	16.7
Working Shift	Normal	174	63.3
	Shift (8 Hours / 12 Hours)	101	36.7

Based on table 4.7 shows a total of 275 respondents who was the sample of this thesis, it was found that as many as 205 people (74.5%) were from those in aged 20 to 40 years, 70 people (25.5%) aged 41 to 60 years. For gender, 60.7% or 167 respondents were from male respondent while for female respondents was 108 people which was 29.8%.

The number of men respondents was slightly higher due to the nature of the ACM working environment where required more men's power to perform the daily task. Education background for the respondent were mostly comes from a degree holder by

62.2 %, followed by Certificates/Diploma by 29.8%, then a master holder by 5.5%, and 2.5 % was from SPM or equivalence. This thesis was also wanted to know the response job category. Around 54.2% from the response were comes from Executive level, then followed by 28.7% was from non-executive (operational), 11.3% are comes from managerial level and 5.8 % was from non-executive (Administration).

Next was to study the response work experience. Most of the response was in range of 1 – 5 years' in service by 37.5%. Followed by 36% in range 6 – 10 years in service. 16.7% are comes from those work more than 15 years, then 7.6% was from 10 – 15 years in service and most least response by 2.2 % were from those who had work less than 1 year. Last but not least, for working shift. From the response 63.3% was from normal shift or standard work hour group and balance by 36.7% was from in 8 hours work or 12 hours work.

4.4 Inference Statistic Analysis

4.4.1 Correlation Analysis

Pearson correlation analysis was conducted to find the influenced between monetary reward and non-monetary reward among ACM employees. Correlation analysis was the analysis between two or more variables (Cooper & Schindler, 2003). The selection of this method was suitable for identifying the type of compatibility, explaining the complex influenced between factors that can explain the findings as well as predictable factors (Creswell, 2005).

Since the normality values of all variables was within the normal range, Pearson's correlation test was used to measure the linear correlation between two independent

variables and the dependent variables to show the significance, direction (positive or negative) and strength of each existing connection. Through this analysis, the scale used was based on Pallant (2005). The results of the correlation analysis of this study were as in below table.

Table 4.8: Pearson Correlation Analysis Findings

Correlations	Monetary Reward	Non-Monetary Reward	Employee Retention
Monetary Reward	1		
Non-Monetary Reward	.715**	1	
Employee Retention	.792**	.800**	1

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

From table 4.8 we can identify that influenced between dependent and independent variables are high correlation. The results of this analysis can also be translated according to the following hypotheses:

H1 = There was a significant influences between monetary reward and employee retention in ACM

It was found that the correlation value between monetary reward and employee retention was 0.792 ($p > 0.50$). Therefore, H1 was accepted with the significant value being at a high level.

H1 = There was a significant influence between non-monetary reward and employee retention in ACM

The evaluation of the correlation between non-monetary and employee retention recorded a value of 0.800 ($p > 0.50$). Therefore, result for H1 was accepted with the significant value were at high level.

4.4.2 Regression Analysis

Regression analysis was used to determine the coefficient of determination or R² to study the influences between the dependent variable and the independent variable where a total percentage were shown to indicate the accuracy of the influences. The values used in this test range from 0% to 100%. If the analysis shows that R² was equal to 100%, then the equation formed had a perfect relation. This method was used to analyse how IV predict the values of DV (Zikmund, 2003). This analysis determines the type of reward which has a significant impact on employee retention among employees at ACM.

Table 4.9: Regression analysis of independent variable with employee retention

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.792 ^a	.627	.625	.30996
2	.800 ^a	.640	.639	.30446
3	.859 ^b	.739	.737	.25986

a. Predictors: (Constant), Non-monetary reward

b. Predictors: (Constant), Monetary reward and Non-monetary reward

c. Dependent Variable: Employee Retention

From table 4.9, Model number 3, Overall R square value for monetary reward and non-monetary was .0739 which mean 73.9 percent of independence variance were influencing the ACM employee retentions. While only 26.1 percent were might be due to other reasons that not been studied or did not influence in this thesis.

4.5 Summary

This chapter has revealed the outcomes of the study along with the data analysis. Specifically, a few data analytical tool had been used includes reliability test, mean and standard deviation, correlation analysis and regression analysis. Then analysis was made to ensure the objective of the study either achievable or not achievable. Lastly, this chapter concludes the result of supported and not supported of the hypothesis.



CHAPTER 5

DISCUSSION AND CONCLUSION

5.0 Introduction

This chapter discusses the summary of the study and a discussion of the findings. Next displays recommendations to the organization, recommendations for further study, limitations of the study, and conclusions.

5.1 The Recapitulation of Finding

The objective of this study was to investigate the influences between organization compensation in ACM on employee retention. The research help to identify the most significant compensation either monetary or non-monetary towards employee retention. Overall, this study succeeded in achieving current understanding of the key determinants of jobs by giving answers to the following research questions:

- i. What was the level of the employee retention in ACM?
- ii. Does the monetary compensation provide influence employee retention in ACM?
- iii. Does the non-monetary compensation encourage employee to become as a loyal employee at ACM?

Concerning the association of the independent and the dependent variable, the result of findings has revealed that there was an influence between monetary and non-monetary reward towards employee retentions. Findings also revealed that mean for level of employee retention at the organization were at high level in scale one to five.

5.2 Discuss the findings

The objective of this study was to investigate the level of the employee retention at ACM and whether there was any influenced between monetary and non-monetary reward toward employee retention at ACM. Secondly, it was to identify the most significant compensation either monetary or non-monetary reward towards employee retention at ACM. In this study, the respondents are from employees at ACM, Bukit Kayu Hitam.

A total of 275 respondents are involved in this study. Statistical Package for Social Sciences (SPSS) 26 for Windows 10 has been used to analyze the collected data. Descriptive data analysis methods such as mean, frequency, and percentage were used to describe the demographics of the respondents. While normality test, linearity test, multicollinearity test, and reliability test are used to show that the data are good modelled, well organized, and to analyse the tolerance value and VIF value. As for the inference analysis, correlation, and regression was used to evaluate the influences of independent variables and dependent variables as well as significant differences to strengthen the findings of this study. To discuss the results of the study, the analysis and evaluation has focused on the objectives of the study. This was to identify the objectives of the study were successfully achieved or not as a whole.

5.2.1 The level of employee retention

The first objective in this thesis are to examined the perception of retention. Result of the analysis shown that mean for employee retention was at high level 3.715 in one to five scale. With refer to the research conducted by Narang (2013) and Ng, Lam,

Kumar, Ramendran & Kadiresan (2012), the basic consideration for employee to remain in their job was due to rewards and compensation.

Based on the response demographic it shown that, 52.7% from the response are came from those work with ACM for more than 6 years. This can be assumed that they are loyal with ACM, it might be due to the ACM compensation package such as higher salary increment, and huge bonus rate. According to the survey done by MIS company for year 2018, the market increment rate was at 5% but ACM had given to their employee at 6%. While for bonus, at 2 months bonus at market rate but ACM had given bonus at 4.8 months.

Besides that, the organization environment was also factor that can make employee retain with the organization. ACM has been recognized by Boeing in during Global Industrial Champion in Safety Performance for Boeing that been held on July 2019 as a best safety practices company among Boeing company. Those factors might be one of the reasons for the response to remain serve the organization. According to Lockwood and Walton (2008), organization that offers a competitive pay and benefits motivates employee to become more committed to the organization.

5.3.2 The connection between monetary reward with employee retention.

The results of the analysis found that the connection between monetary reward with employee retention was exist. Table 4.8 shows the value of correlation was at higher influences for monetary reward and employee retention. According to Venter, (2007) the best motivator for employee retention was the financial rewards. As a U.S based company, ACM were valued their employee based on their job performance which had

been determine by using the key performance indicator (KPI) or at ACM they name it as Business Goal and Objectives (BG&O's). This BG&O's was setup in performance system for all employee on every January of the year and the BG&O's item was based on their departmental goals and it must lead to the organization goal toward the end. While, the performance review were held on December every year.

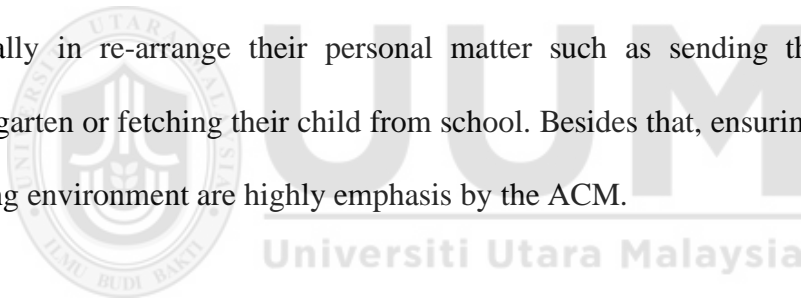
The result of the performance review was a parameter for ACM in deciding the annual increment rate, bonuses rate and promotions to a higher level. Thus, the employee had to ensure their performance was at high pitch to ensure them get the reward promised. By practice in every year company bonus target had shared with all employee. The organization had share their target to achieve and also reward amount or rate if company are managed to achieve the target.

Based on resignation record from ACM in 2019, it shown that most of the employee that resign or absconded from ACM are due to their non-performance such as does not meet their BG&O's or has any disciplinary issue. According to researched done by Shields & Ward (2001), Gifford, Zammuto and Goodman (2002), and Hayes et al. (2006), improving the monetary reward was only increasing the potential for employee to retain in the organization due to its was not major contributor for employee retention to an organization.

5.2.3 The effect of non-monetary reward on employee retention.

Result in table 4.8 discussed in chapter 4 show that the value for non-monetary reward was highly affect to employee retention. One of the reason employees want to retain working with ACM was due to their working hour.

According to the Employment Act 1955, standard working hour was 48 hour per week with 1-day rest day. At ACM, all employee was only work up to 40 hours per week and 2 days leave as 1 day off leave and another 1 was rest day. Besides that, employee that fall under exempt level were also work at 40 hours per week but with 1.5 days off and 1-day rest. In conjunction with that, exempt employee was also enjoying the entitlement of flexi work hours too. It refers to the schedule which allows employees to start and finish their workday suite to their time. It means, employees working hour are become loose where they can set at least 2 hours early in and return back 2 hours early from their normal work shift or as late as 2 hours late from their shift start hour. Most of the exempt employee had utilizing this benefit wisely and its help them a lot, especially in re-arrange their personal matter such as sending their children to kindergarten or fetching their child from school. Besides that, ensuring the conducive working environment are highly emphasis by the ACM.



ACM had providing with a well new brand of cafeteria and kitchen crew which had working experience from hotel to serve a healthy food to the employee with a below market price foods aim to provide a nutritious food for the employee. ACM had renovated all toilets in ACM, praying room, training room and meeting room just to accommodate the employee facilities as conducive as they can. ACM was also setup a mini gymnasium as employee facilities and also to create a healthy and work life balance among employee. They are welcome to use the facilities provided by the organization at any time.

Lots more benefits that been provided by ACM to their employee such high leave entitlement up to 22 days per year, higher educational sponsor, collaboration with educational institute for fast track study such as Politeknik, Institut Kemahiran Belia Negara and Institute Latihan Kemahiran to give an opportunity for potential employee to further their study. Employee which involve with this program had received their salary as usual plus they were also entitle for training or exam leave during the study. Thus, with all this benefits that provide by the organization had made employee tent to remain working with ACM.

5.3 Practical Implication

Based on the above results, there was couple of suggestions and implications for Aerospace Composites Malaysia Sdn Bhd. Theoretically, this study has provided some practical evidence on the influences between monetary and non-monetary rewards and employees' retention. The outcomes of the research had also contributed to the knowledge and literature on employee retention. The research findings confirmed the belief that monetary and non-monetary rewards were significant in increasing employee retention. Furthermore, there are few suggestions for Human Resource Managers and policymakers of ACM as they can decide how to allocate resources and retain competent staff. This study suggests that compensation was the main resource in enhancing employees' retention to the organizations. The HR department and top management teams need to certain that there was an equity compensation system among ACM employees.

5.4 Limitation of the study

Notices that there were some limitations come during conducting and completing this study. First, the duration of time given to complete this study was limited to a few months only. Therefore, data collection, data analysis and finding were quite limited to certain perspectives only. In addition, required lots of times to spend in the process of distributing and re-collecting questionnaires from respondents.

Secondly, it due to the limited number of respondents. Where was only 275 response involved in this study. Therefore, the result findings and reliability depend on the honesty of the response as well as their sincerity in answering the questions given plus, this research was only valid at the time this study was made and possibly not valid at another time.

5.5 Recommendations for future research

The current study has certain limitations and it needs to be discussed. First, data collected was from ACM employee only, it was due to the limitations of time and financial constraints. Hence, for future research it was expected to be extended to other organization in Malaysia. Second, approximately 30% of the total employment was the respondent in this study. Thus, the findings may be generalized by involving all employees as respondents in future research and also can be extended to the other sectors such as services and manufacturing sectors. Finally, this study reported that R^2 values was 73% of the variance of the employees' retention, this had suggesting that monetary and non-monetary was not the only predictors for employees' retention. Therefore, future studies should participate some other variables such as training and development, job security, or career development in the research.

5.6 Recommendation for the organization

Nowadays, organization was well known the importance of the total reward (Monetary and non-monetary) toward employee retention and there was always have a space for enhancement with the existing total rewards approaches as many companies are struggling with the implementation and delivery of their reward plans. Furthermore, total reward should be as per employee performance and productivity and it should not be seen as employee entitlement. Therefore, implementing a suitable total rewards approach can increase company competitiveness value to the market.

5.7 Conclusion

This research provided significant gauges of monetary and non-monetary rewards towards employee retention. This research discovered that total rewards showed the positive influences with employee retention. These findings can help to creating the ideas to improve managers and human resource managers understanding of employee retention. The study provides the ideas for future study with a broader range of employee retention factor.

Based on this inference, it was to suggest that the organization should to looked at others factor too, not just only focusing in total reward such as training and development, job security and career development. Therefore, by implementing a suitable strategy can increase the level of employee retention in the organization. It can't deny that organization has the capability to create and implement a greater total rewards solution, but need to be remember that retention due to total reward were not last forever.

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Appendix A: Questionnaire Set

SURVEY QUESTIONNAIRE



SCHOOL OF BUSINESS MANAGEMENT COLLEGE OF BUSINESS UNIVERSITI UTARA MALAYSIA

Dear Sir / Madam:

I am pleased to inform you that I am currently conducting a survey entitled **The Influence Of Monetary And Non-Monetary Reward Towards Employee Retention At Aerospace Composites Malaysia Berhad**. The study intends to explore the identify the influence between monetary and non-monetary reward towards employee retention. In endeavouring to conduct this research, the data will be collected from Aerospace Composites Malaysia.

The survey is being conducted to collect feedback from employees on their views about monetary and non-monetary reward and their intention to retention in the organization.

Hence, I would be very grateful if you could answer all of the questions in the survey. The survey should take about 10 to 20 minutes to complete. Please answer all questions and return the completed questionnaires promptly.

Please note that your response is private and confidential. Individual respondents will not be identified in any data or reports. If you have any enquires about the survey, kindly contact or SMS me at 0175890387 or email to sumaiyah_senawi@oyagsb.uum.edu.my.

Thank you very much for considering your involvement, time and cooperation in this survey.

Yours sincerely,

Sumaiyah Senawi
Master in Human Resource Management
Universiti Utara Malaysia

Questionnaire Set

Section A

Please tick (✓) the related box.

1. In what age group are you?

< 20 yrs old 20 - 40 yrs old 41 - 60 yrs old > 60 yrs old

2. What is your Gender

Male Female

3. What is your highest education?

SPM or equivalence Master
 Certificate / Diploma PHD
 Degree

4. In terms of your current occupation, how would you characterize yourself?

Non-Executive (Operational) Managerial
 Non-Executive (Administration)
 Executive level

5. How long you have been working with the company?

Less than 1 year 10 – 15 years
 1 - 5 years More than 15 years
 5 – 10 years

6. What is your Working schedule?

Normal Shift (8 Hour/12 Hours)

Section B

Kindly tick (✓) in each of the number boxes which is clearly indicated your agreement with the following statement.

The scale of 1 to 5 represents different state of satisfaction as shown in below:

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No	Item	1	2	3	4	5
Non-monetary Rewards						
1	I get the recognition I deserve when I do a good job					
2	I have an opportunity for advancement to higher level					
3	I always clear on what my duties and responsibilities					
4	I feel that I have chances of getting ahead on this job					
5	I know that there are my chances for advancement within the company					
6	The feeling of satisfaction in every accomplishment I get from the job					
7	I received recognition to my achievement					
8	Promotions and transfers are made fairly					
9	I have a good understanding of my potential career moves in the company					

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No	Item	1	2	3	4	5
Monetary Rewards						
1	I have good fringe benefits.					
2	I have opportunity for high earnings in my company.					
3	I feel that I am being paid a fair amount for the work I					
4	The wages and salary I receive encourages me to perform better					
5	Incentives and pay such as bonuses motivates me to do more than require					
6	The current pay policy is flexible enough to allow my manager to use pay to motivate me					

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No	Item	1	2	3	4	5
Employee Retention						
1	I have job which allows me to make real contribution to the success of my company					
2	I understand how my role contributes to the company					
3	Individual contributions are encouraged and recognized					
4	I believe that there is a constant striving for greater accomplishment in the company					
5	I am held accountable for the end results I produce or fail to produce					
6	The measures used to monitor my performance are the most appropriate for my jobs					
7	Motivation helps a lot in improving my productivity					
8	Staying with one company for along time is usually the best way to get ahead in business					
9	I am proud to work for this company					
10	if I may choose again, I will choose to work for the current organization					
11	I work in a prestigious, successful organization					
12	Pay factor make me to continue working with the					
13	If I get better offer/ promotion, I will move to other					
14	Promotions and advancement influences me to stay with the current company					

Appendix B: Reliability Analysis

Reliability Analysis for Pilot Study :

1. Non-Monetary Reward

Case Processing Summary

		N	%
Cases	Valid	61	100.0
	Excluded ^a	0	.0
	Total	61	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
.892	.894	9

2. Monetary Reward

Case Processing Summary

		N	%
Cases	Valid	61	100.0
	Excluded ^a	0	.0
	Total	61	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
.869	.872	6

3. Employee Retention

Case Processing Summary

		N	%
Cases	Valid	61	100.0
	Excluded ^a	0	.0
	Total	61	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
.904	.915	14



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Reliability result for current result:

1. Non-Monetary Reward

Case Processing Summary

		N	%
Cases	Valid	275	100.0
	Excluded ^a	0	.0
	Total	275	100.0

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

Reliability Statistics

Cronbach's Alpha	N of Items
.893	9

2. Monetary Reward

Case Processing Summary

		N	%
Cases	Valid	275	100.0
	Excluded ^a	0	.0
	Total	275	100.0

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

Reliability Statistics

Cronbach's Alpha	N of Items
.833	6

3. Employee Retention

Case Processing Summary

		N	%
Cases	Valid	275	100.0
	Excluded ^a	0	.0
	Total	275	100.0

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

Reliability Statistics

Cronbach's Alpha	N of Items
.873	14



Appendix C: Mean and Standard Deviation for all variables

Descriptive Statistics

	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
Non-Monetary Reward	275	3.7535	.03480	.57707
Monetary Reward	275	3.6206	.03667	.60805
Employee Retention	275	3.7151	.03054	.50642
Valid N (listwise)	275			



Appendix D: Correlation Analysis

Correlations

		Non-monetary	Monetary	Employee Retention
Non-Monetary	Pearson Correlation	1	.715**	.800**
	Sig. (2-tailed)		.000	.000
	N	275	275	275
Monetary	Pearson Correlation	.715**	1	.792**
	Sig. (2-tailed)	.000		.000
	N	275	275	275
Employee Retention	Pearson Correlation	.800**	.792**	1
	Sig. (2-tailed)	.000	.000	
	N	275	275	275

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



Appendix E: Multiple Regression Analysis

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	44.964	1	44.964	485.061	.000 ^b
	Residual	25.306	273	.093		
	Total	70.270	274			
2	Regression	51.903	2	25.952	384.329	.000 ^c
	Residual	18.367	272	.068		
	Total	70.270	274			

a. Dependent Variable: Employee Retention

b. Predictors: (Constant), Non-monetary Reward

c. Predictors: (Constant), Monetary Reward

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.800 ^a	.640	.639	.30446	
2	.859 ^b	.739	.737	.25986	2.248

a. Predictors: (Constant), Non-Monetary

b. Predictors: (Constant), Monetary

c. Dependent Variable: Employee retention

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	1.080	.121		8.924	.000					
	Non-monetary Reward	.702	.032	.800	22.024	.000	.800	.800	.800	1.000	1.000
2	(Constant)	.783	.107		7.296	.000					
	Non-monetary Reward	.420	.039	.478	10.790	.000	.800	.547	.334	.489	2.046
	Monetary reward	.374	.037	.450	10.138	.000	.792	.524	.314	.489	2.046

a. Dependent Variable: Employee Retention