

## CHAPTER 4: RESEARCH RESULTS

### 4.1 Introduction

This chapter presents the results of data analysis based on the questionnaires survey and also information from interview for additional questions from the strategic business unit's human resource management personnel. The first subsection presents findings on the employee retention rate for the strategic business unit to answer the first research question (R1). Then, continues with demographic information which is the summary statistics of respondents who participated in the study. Subsection three, involved testing of hypothesis one (*H1*), hypothesis two (*H2*), hypothesis three (*H3*) and hypothesis four (*H4*) by using Pearson Correlation and Regression to answer second research question (*R2*), the determinants of employee retention and its relationship. The question (*R3*) which is recommendation to the strategic business unit is to be answered in Chapter 5. Next, results are discussed in the last section of this chapter.

### 4.2 Employee Retention Rate

Using secondary data collected from the human resource personnel in the strategic business unit, below is the Table 4.1 which displayed the employee turnover and retention rate for the SBU.

Table 4.1 Employee turnover and retention rate for GEMS SBU

<b>Year</b>	<b>% Turnover</b>	<b>% Retention</b>
2008	11.3	88.7
2009	20.9	79.1
2010	9.4	90.6

(Resource: GEMS SBU, 2010)

In this study, comparison for GEMS SBUs turnover rate with SAP Worldwide is put side by side; as both organizations is in the same industry – enterprise resource management system implementation; and both organizations have the threats of poachers for their talents.

Comparing GEMS SBU to SAP Worldwide turnover rate, they have the about the same rate; with 2008, 11.3% and 11.4% respectively. For the year 2009, the rate is 20.9% and 11.5%. GEMS SBU has higher rate because of the transfer of 24 employees to other division in TM (**Appendix B**). SAP Worldwide explained in their report, for 2009; the higher turnover is because of when it was affected by restructuring. For the last year available data, 2010, the turnover rate is 9.4% and 9% respectively. Hence, complements to the turnover rate, the retention rate for both organization; GEMS SBU and SAP worldwide is 88.7% and 88.6% for 2008, 79.1% and 88.5% for 2009 and 90.6% and 91.0% for 2010.

With the downward trend of employee retention rate in 2008 to 2009, it is essential to investigate the determinants of employee retention in the strategic business unit even with the significant increase of the rate in 2010. What

makes the increase of the rate? The question may not be answered in the study as the lack of sufficient data and resources for the previous years; but this study seek to assist the strategic business unit to retain their employee as they are the human resources and capital that drives not only GEMS SBU internal business processes, but also as supports to TM.

Next section provides descriptive statistics for GEMS SBU in order to understand the organization's demographic.

### **4.3 Descriptive Statistics**

**Table 4.2** shows the majority of the respondents are female (59.46%) with 66 respondents. Male respondents are 40.54% with 45 respondents. Out of 111 respondents, most of the respondents fall within the age group of 27 – 33 years old, with 37.80% (42 respondents). While the second largest group of age is 34 – 40 years old with 20.7% (23 respondents). The rest are 41 – 47 years old (19.8%) with 22 respondents, below 26 years old (17.1%) with 19 respondents and the smallest group, 48 years old and above (4.5%), which is equivalent to 5 respondents. Singles are 36.04% with 40 respondents; while 63.06% of them are married which comprises of 70 respondents. Only one of the respondents is divorced, represented with 0.90%. The majority respondents are Malay with 94.6% (105 respondents) while the rest share the equal value of 1.8% (2 respondents) for Chinese, Indian and others.

Table 4.2: Summary of the respondents' profile

Characteristics	Frequency	Percentage
<b>Gender</b>		
Male	45	40.54
Female	66	59.46
<b>Age</b>		
Below 26	19	17.10
27-33	42	37.80
34-40	23	20.70
41-47	22	19.80
48 and above	5	4.50
<b>Marital Status</b>		
Single	40	36.04
Married	70	63.06
Divorced/Widow	1	0.90
<b>Race</b>		
Malay	105	94.60
Chinese	2	1.80
Indian	2	1.80
Others	2	1.80
<b>Tenure ( TM )</b>		
Less than 1 year	9	8.11
1-3 years	17	15.32
3-6 years	28	25.23
6-10 years	16	14.41
Above 10 years	41	36.94
<b>Tenure ( GEMS SBU )</b>		
Less than 1 year	10	9.01
1-3 years	22	19.82
Above 3 years	79	71.17
<b>Position</b>		
Upper Management	6	5.41
Management	22	19.82
Executive	72	64.86
Non-Executive	10	9.01
<b>Employee Status</b>		
Permanent	94	84.68
Contract	17	15.32

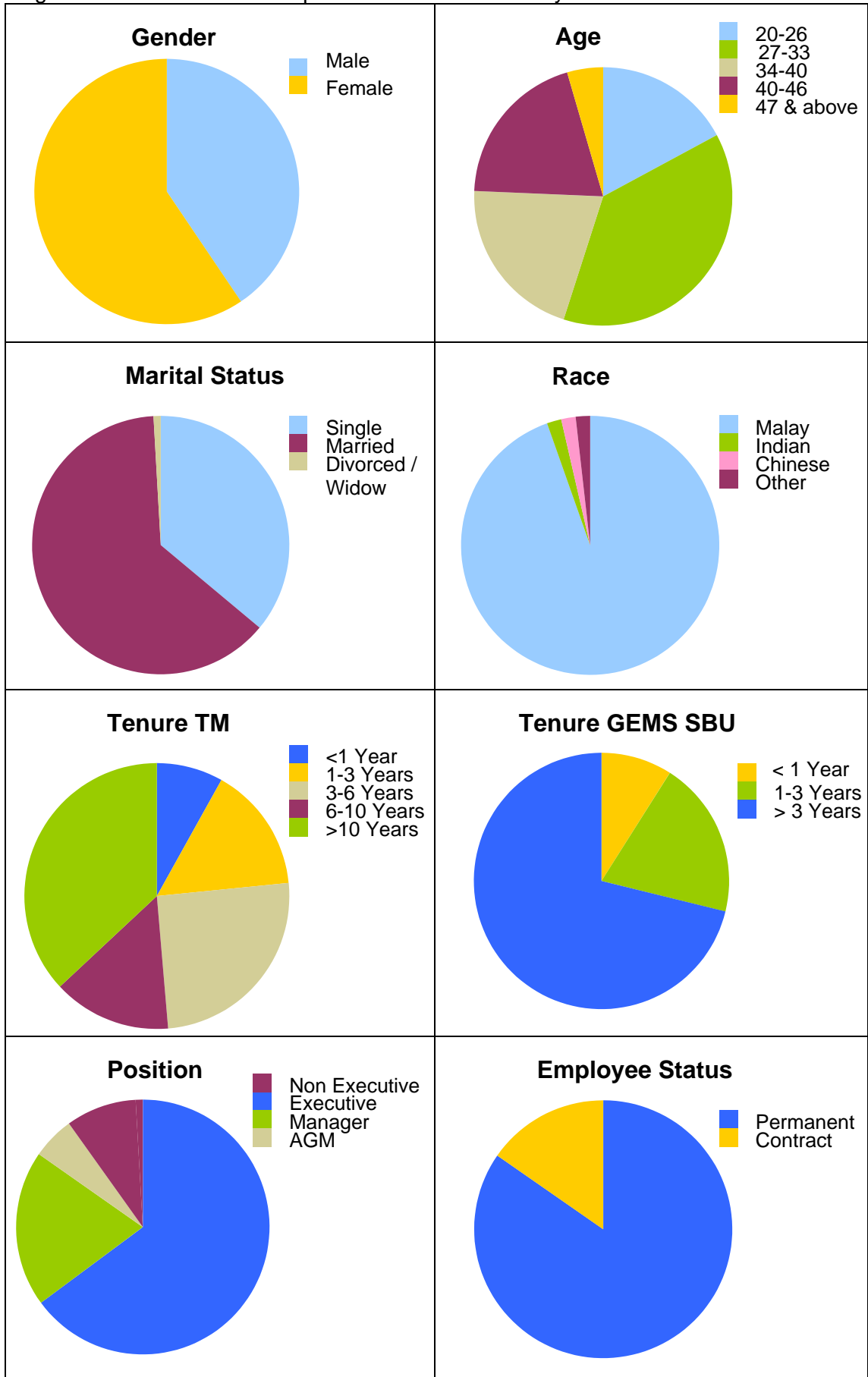
Majority tenure in TM of the respondents is those above 10 years (36.94%) with 41 respondents, followed by 3 – 6 years (25.23%) with 28 respondents, 1 – 3 years (15.32%) with 17 respondents, 6 – 10 years (14.41%) with 16 respondents and less than 1 year (8.11%) with 9 respondents. While GEMS

SBU has been established for about 6 years, the distribution of the respondents' tenure in the SBU are less than 1 year (9.01%) with 10 respondents, 1 – 3 years (19.82%) with 22 respondents and the majority of them have been tenured in the SBU more than 3 years (71.17%) with 79 respondents.

For position in the SBU, it has been proportioned into following distribution; Upper Management (5.41%) with 6 respondents, Management (19.82%) with 22 respondents, Executive (64.86%) with 72 respondents and Non-Executive (9.01%) with 10 employees. While majority of the respondents are a permanent employee with 84.68% with 94 respondents, the rest of them are a contract employee with 15.32% with 17 employees. Most of the contract employees are of those in positions of call centre representatives for GEMS SBU in order to cater supports call from Groupwide Telekom Malaysia Berhad for SAP issues, problems and inquiries. Organizational structure of GEMS SBU can be found in **Appendix B** to further understand the strategic business unit.

Next page are Figure 4.1: Pie Charts of Respondents Profile Summary, the figures of pie charts that displays the summary of GEMS SBU respondents profile.

Figure 4.1: Pie Charts of Respondents Profile Summary



Next, analysis of measures concerning the collected data is presented and discussed.

#### 4.4 Analyses of Measures

Referring to the **Table 4.3**, on the scale (1 low to 5 high) the measures benefits and payment have mean scores of well above 4.00, which is 4.12 with minimum score is 2.89 and the maximum score is 5.00. This indicates that the employees of the SBU strongly feel that benefits and payment is important to them in the organization.

Table 4.3: Descriptive statistics: employee retention

	Minimum	Maximum	Mean
Benefits and Payment	2.89	5.00	4.12
Strategies	2.82	5.00	4.07
Organizational Culture	1.80	4.80	3.50
Personal Satisfaction	1.61	4.83	3.64
Intention to Stay	1.00	5.00	2.80

Looking at the strategies score, the mean is the second highest score with 4.07 indicates the employees strongly agree that the strategies is important. The minimum score of the measure is 2.82 and the maximum score is 5.00. For organizational culture, the minimum score is 1.80 and the maximum score is 4.80 which lead to the mean score is 3.50. Slightly lower, the measure specifies that the employee feels that they fairly agree that the organizational culture is important in the SBU. Personal satisfaction measure the minimum score is 1.61 and the maximum score is 4.83. The average score is 3.64 indicates that employees is fairly satisfied in the strategic business unit. Intention to stay measures the minimum score of 1.00 and the maximum

score of 5.00. The mean is the lowest among all variables, 2.80 means that averagely, the employees choose to retire or leave the strategic business unit in less than 6 years. Looking at these results, it seems that employees' feels quite satisfied in the strategic business unit, but what makes them want to leave? This is discussed in next sub-section.

The researcher used Cronbach's coefficient alpha to measure the internal consistency of scale. Its value ranges from 0-1. Test of reliability were performed on all the measure used. A scale is reliable if the coefficient value ie more than 0.600 (Hair et al, 1998).

Table 4.4, summarizes the Cronbach's coefficient alpha for the model.

Cronbach's Alpha	N of Items
.583	5

As the results in **Table 4.4** show, overall alpha is .583, which is more than average and indicates medium internal consistency among the five variables. Essentially this means that respondents who tended to select high scores for one item also tended to select high scores for the others; similarly, respondents who selected a low score for one item tended to select low scores for the other variables. Had alpha been low, this ability to predict scores from one item would not be possible.



#### 4.5 Testing of Hypotheses

Using Pearson's correlation and regression analyses, the relationship among determinants and employee retention was examined. The correlation matrix in **Table 4.5** reflects small to moderately-high correlations among the measures (0.090-0.753), with the benefits and payment, strategies, organizational culture, personal satisfaction and intention to stay. An intuitive result congruent with industry expectations was the significant correlations between strategies and benefits and payment, organizational culture and personal satisfaction and organizational culture and strategies ( $r= 0.504$ ,  $p=0.00$ ,  $r=0.753$ ,  $p= 0:000$  and  $r=0.243$ ,  $p=0.05$ , respectively), indicates correlation is significant at the 0.01 level. The correlation between organizational culture and personal satisfaction and intention to stay indicates correlation is significant at the 0.05 level ( $r= 0.185$ ,  $p=0.26$  and  $r=0.166$ ,  $p=0.41$ , respectively).

Accordingly, the study results provide partial support for research hypotheses. The Pearson correlation analysis was used to determine the relation between benefits and payment, strategies, organizational culture and personal satisfaction with employee retention. The Pearson Correlation coefficient, which indicates the relationship between the variables, concerns three areas. A correlation between 0.10 and 0.29 indicate a small correlation and a coefficient between 0.30 and 0.49 indicate a medium correlation and a coefficient between 0.50 and 1.0 indicate a large correlation (Sidin and Zawawi, 2002).

Table 4.5: Pearson Correlation

Pearson Correlation	1	2	3	4	5
1. Intention to Stay	1				
2. Benefits & Payment	.140 .071	1			
3. Strategies	-.155 .052	.504(**)	1		
4. Organizational Culture	.185(*) .026	.243(**)	.111	1	
5. Personal Satisfaction	.166(*) .041	.146 .064	.090 .174	.753(**) .000	1

\* Correlation is significant at the 0.05 level (1-tailed).

\*\* Correlation is significant at the 0.01 level (1-tailed).

Regression analysis was used to test the effects of the four determinants (summed item-score variables) on employee retention. As modeled in Figure 2.1, benefits and payment, strategies, organizational culture and personal satisfaction were found to have a significant influence on turnover ( $R^2=0.114$ ,  $p=0.011$ ).

Analysis of variance (ANOVA) and regressions are seeking to account for the variance in the scores observed. ANOVA suggest whether the overall model is significant. Also, if the overall model is significant, then at least 1 or more of the individual variables will most likely have a significant relationship to the DV.

Table 4.6: Analysis of variance and regression

<b>Dependent Variable: Intention to Stay</b>			
R Square = 0.114			
Adjusted R Square = 0.081			
Significant Level = 0.011			
<b>Variable</b>	<b>Beta</b>	<b>t-value</b>	<b>p-value</b>
Benefits and Payment	0.258	2.374	0.019
Strategies	-0.303	-2.857	0.005
Organizational Culture	0.091	0.638	0.525
Personal Satisfaction	0.087	0.625	0.533

The result will answer the second research question, what are the determinants of employee retention rate in the strategic business unit?

Testing of hypothesis is discussed below.

***H1: Benefits and payment offered by the SBU are positively related to employee retention***

The result revealed that the (H1) benefits and payment have significant positive relationship with employee retention with significant level of 0.019 and beta of 0.258, hence the hypothesis 1 (*Benefits and payment offered by the SBU are positively related to employee retention*) is supported.

***H2: Strategies identified and implemented by the SBU are positively related to employee retention.***

For strategies, the results revealed the significant level is 0.05 with beta of – 0.33. Even the variable is significant but it is negatively related to employee retention. Therefore, the hypothesis 2 (*Strategies identified and implemented by the SBU are positively related to employee retention*) is not supported.

***H3: Organizational culture in the SBU is positively related to employee retention.***

The results for organizational culture revealed that it is not significant with p-value, 0.525 and the beta is 0.091. With the result, hypothesis 3 (*Organizational culture in the SBU is positively related to employee retention*) is not supported.

**H4:** *Personal satisfaction of the SBU employees are positively related to employee retention.*

The last hypothesis 4 (*Personal satisfaction of the SBU employees are positively related to employee retention*) is not supported as the result has indicated that the significant level is 0.533 and the beta is 0.087. Therefore, the result is not supported. Thus, this section has answered the second research question.

#### **4.6 Discussion of Research Results**

The result has supported that the determinants for employee retention in the strategic business is benefits and payment. The strategies are significant but it does not answer the hypothesis 2 by being negatively related to employee retention. Referring back to the data, majority of the sample size has tenure of less than 6 years in the strategic business unit. Due to heavy competition in the industry, these employees have choices to leave for better offer in other organization. As the thesis focuses on the strategic business unit as a whole rather than specific level of employees, this may explained why the result of

hypothesis 2. Strategies always related to change, and change is always associated with resistance to change by the employees. The more matured employees with more than 6 years in services may become complacent to change that is caused by strategies.

However, only one determinant was determined to have significant influence on the retention. The result has supported the empirical studies by Moncarz et al. (2008) and Shoaib et al. (2009) in their research. Furthermore, the strategic business unit can retain their employees with effective and well communicated organizational mission, goals and direction and appropriate reward systems in place to experience lower turnover of the employees, and at the same time, increase their employee retention. On the contrary, initiatives impacting turnover differ from influencers of tenure. For example, some personnel who are hired based on appropriate corporate culture fit and having the necessary skills to perform well in a specific job may not be able to survive a work environment that perhaps has limited or no organizational direction and appropriately structured reward systems for employees meeting organizational goals and objectives. Thus, the organization that have a well tenured workforce in general may still experience high employee turnover due to the churning of a small percentage of ongoing newly hired workers.

The posited conclusions of these employee-retention determinants, however, do not mitigate the consideration that other determinants are equally important, and should be continually employed by resource planning industry organizations. Thus, it is proposed that those organizational initiatives

represent basic employee-retention programs or minimal requirements for any organization to be successful.

In sum, benefits and payment plays essential role in employee retention. On the other hand, as employees start to develop and grow with an organization over time, different and additional employee-retention initiatives such as corporate culture and communication, training, and hires and promotions are required to positively influence employee retention.

#### **4.7 Summary of the Chapter**

To conclude, significant determinants are benefits and payment. Additionally, other determinants do provide effects on the employee retention as discussed in this study. The next chapter will provide a discussion of the conclusion for this study.