

Employee Retention Strategies: A Case Study of Tenaga Nasional Berhad Rawang

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ABSTRACT

Employee retention is very important in every organization. This is due to employee retention will lead to a lower cost of hiring, training and development. On the other hand, high employee turnover create a negative image to the organization itself. This research will adopt questionnaire as a research tool. Furthermore, the objective of this article is to test the instrument used to measure training, compensation and working environment towards employee retention. The questionnaires are distributed to employees in Tenaga Nasional Berhad, Rawang. Results of pilot test will be further discussed in the finding section which indicates the reliability of instrument used to measure variables studied. Suggestions and recommendations are presented based on the result to improve the reliability of the instrument for future research.

Keywords: Employee retention, training, compensation and working environment.

INTRODUCTION

Employee Retention

Employees are very important in organization as they are the key in ensuring higher organizational performance. Every organization is looking forward for workers with high quality towards achieving their goals. Likewise, workers' expect that employers will fulfil their needs in exchange of their efforts, cooperation and solicitude in the process of achieving organizational goals. Furthermore, the importance of employees cannot be denied as they are the main assets in organization because of the knowledge, skills and experience and skill that they have. In generally, as mentioned by Huang *et al.* (2006), employee retention is the intention of employees to stay loyal to their current workplace. Another definition from Sue (2001) stated that employee retention means keeping those members of staff that one wants to keep and not losing them to other organizations, for whatever reason but especially to competitors. As stated by Bazza (2015), retention is an organization needs to have right people in right number with the right talent and capacity in the right place and at the right time. Meanwhile, according to Baruah (2013) employee retention is concerned with keeping or encouraging employees to remain in an organization for a maximum period of time. Based on these definitions, it can be concluded that organization needs employees with excellent skills,

ability and experience to handle certain task and at the same time the supervisors should assist and provide feedbacks to their subordinates.

Employee retention is considered as a challenge that most organization nowadays need to face (Tiwari, 2015). These employees are leaving the organization which is caused by lack of strategies in organization to retain their employees. For instance, some of the reasons that leads employees to leave the organization is due to job dissatisfaction, lack of supervisors' assistances and feedbacks, lack of training and development and also ineffective pay system (Meck, 2008). Current organizational issue is related to employees who must be retained in the organization must be those who can contributes in maintaining the organizational strengths and they are not employees who are ineffective as they will affect the overall organizations' performance and achievement (Leign, 2002). For example, retaining talented and skilled employees plays an important role in maintaining the company performance because these employees will become the company's competitive in the global marketplace (Frank *et al.*, 2004). In addition, if an organization or company fails to retain skilled people, the problem of unskilled labour and disadvantaged workforce will reduce the competitive advantage of the organization (Rappaport *et al.*, 2003). The benefits when organizations have successfully retain employees are the organization can preserve the talent, proficient and knowledgeable workers which contributes to increase organizations' productivity. Thus, organization can save the cost and time from recruiting new employees and strive to improve current employees with the new knowledge, skills and ability.

Factors Affecting Employee Retention

There are several factors which have been associated with employee retention and reported to have significant relationship. For example is a study on the relationship between job security, job satisfaction, work life balance and compensation towards employee retention (Barua, 2015). Other than that, the perception of employees regarding the importance of empowerment, equity of compensation, job design through training and expectancy towards effective performance management on employee retention (Eric *et al.*, 2012). However, the focus of this study is to examine training, compensation and working environment as factors in relation to employee retention. First, according to Atif *et al.*, (2011), training is basically a practical education through which knowledge and skills develop, experience and inefficiencies are overcome and closer approximation can be achieved. Training and will make better productivity, quality of work, commitment and service if the skills learned are practiced in the workplace (Lam *et al.*, 2015). Moreover, organizations should encourage employees to participate in training programs (Maqsood *et al.*, 2015). This is because training and activities such as job training, coaching, mentoring and counselling are main activities for employees to get support, knowledge, skills and abilities that may increase their employability and marketability in the organization (Akala, 2012). Involving knowledge, skill and ability, training is precious both to an organization and individual employees (Chen, 2014).

Secondly, compensation is defined as the sum of both financial and non-financial remuneration, offered to employees by employers for the provision of their valuable services (Osibanjo *et al.*, 2014). So, an appealing compensation always helps to retain good employees which are unavoidable part of an organization because organization invests a lot of money on their recruitment, training and orientation (Barua, 2015). A study on employee engagement concluded that a competitive pay structure is an essential aspect that easily influences the level of retention (Zingheim, 2009). According to Maqsood *et al.*, (2015), the remuneration, which an organization gives to employee the primary factor, which expose the commitment and intention towards the employee and is one of the compelling reasons for an employee to stay in that organization. Lam *et al.*, (2015) stated that compensations are the requirement for

employees which cover the basic needs of income, feeling of job security and recognition for their works and effort.

The third factor of interest is working environment. According to Steve (2012), working environment is a composition of three-sub-environment which includes the technical environment, the human environment and organizational environment. Technical environment refers to tools, equipment, technological infrastructure and other physical or technical elements of the workplace. The human environment includes the peers, others with whom employees relates, team and work groups. Meanwhile, the organizational environment refers to the immediate task and national environment where an organization draws its inputs, processes it and returns the outputs in form of products or services for public consumption (Akintayo, 2012). Employees will dissatisfy about the insufficient safety measures and hence the organization is incapable to retain their employees (Appiah *et al.*, 2013) and working environment has been proven to be related to employee retention in the organization (Spence *et al.*, 2009).

Last but not least, the purpose of this study is to identify the effect of training, compensation and working environment towards employee retention at Tenaga Nasional Berhad Rawang. Specifically, this article intends to test the reliability of instrument which has been developed for data collection of this study.

PROBLEM STATEMENT

Employee retention is an important foundation in every organization that should be emphasized. In a situation whereby the organization is facing the employee retention problem, employees are actually feeling uncomfortable which cause their job performance to decline. In such conditions, employees will have the tendency to seek other jobs which offers higher return for their experience, skills. If the problem of employee retention cannot be resolved immediately by the employer, it will cause the organization to lose employees, especially professional workers. According to Ngirande (2017) when company loses a skilled, skill workers will cause adverse effects on company operations with major delays and workplace disruption. Employee retention problems will leads to costing issues and expenses as employers are force to appoint new employees for replacement. Furthermore, costs should be funded to deliver training to new employee as well. Thus, it cause to operation cost increment in the organization.

In addition, previous research has issue of inconsistent result on the significant of training towards employee. For example, Maqsood *et al.*, (2015), Sharon & Hlanganipai, (2014) which indicates that training has a negative significant in employee retention. Meanwhile, according to Simon (2015) between training and the employee retention, the result is positive and statistically significant. Therefore, the objective of this study to identify whether training, compensation and also working environment will affect employee retention in organization. Besides that, the objective of is this article is to verify the reliability of questionnaire developed for data collection.

CONCEPTUAL FRAMEWORK

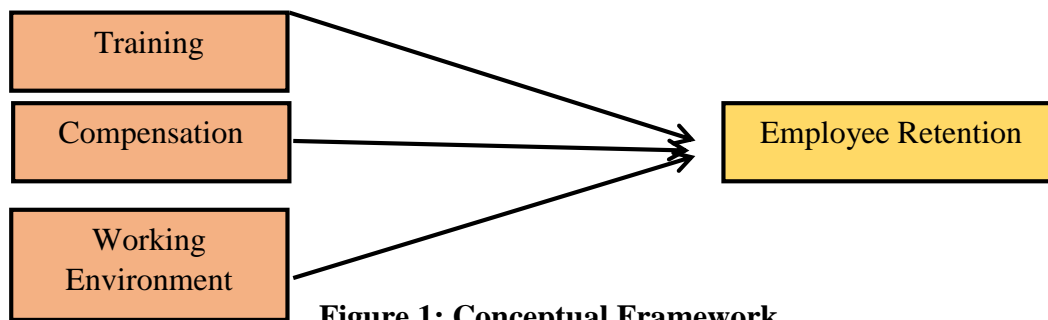


Figure 1: Conceptual Framework

(Adapted from Lam *et al.*, 2015)

The above figure shows the factors being studied, namely training, compensation and working environment. The objective of this study is to identify the effect of these factors towards employee retention.

RESEARCH INSTRUMENTATION

The survey instrument is a questionnaire adapted from previous studies regarding employee retention strategies. Questionnaire of the study has been categorized into three part which is demographic background in section A, employee retention in section B and training, compensation and working environment in section C.

Table 1: Research Instrumentation

Section	Total of Questions	Source
Section A Demographic background	(5)	
Section B Employee Retention	<ol style="list-style-type: none"> 1. I am prepared to put in a great of effort beyond what is normally expected in order to help this organization to be successful. 2. I love my job at this organization. 3. This is the best workplace for me to work for. 4. I am hoping to retire at this organization. 5. I would recommend this organization to a friend if he/she was looking for a job. 	<ul style="list-style-type: none"> ✓ Jun, Chai and Shin (2006) ✓ Harisson (2012)
Section C 1. Training	<ol style="list-style-type: none"> 1. The company requires me to further studies and obtain a higher qualification. 2. I together with my mentor we make arrange want to facilitate my career planning. 	<ul style="list-style-type: none"> ✓ Nyanjom (2012) ✓ Jun, Chai and Shin (2006)

	<ol style="list-style-type: none"> 3. I am given training at a regular basis. 4. Employee training programs offered are linked to each employee's career needs. 5. I have sufficient training at my organization to do my job. 6. I am trained in quality improvement skills. 	
2. Compensation	<ol style="list-style-type: none"> 1. In the organization where I work, I get incentives such as promotions, commissioned functions, awards, bonuses, etc. 2. The organization I work for offers me a salary that is compatible with my skill, training and education. 3. Amount of pay I receive for my job is about equal to others doing similar position in other company. 4. The rewards and benefits offered are comparable with the market offers. 5. My pay encourages me to improve the quality of my work. 6. The non-monetary benefits, such as vacation time and medical insurance that I receive here are better that I could get at other similar organization. 	<ul style="list-style-type: none"> ✓ Demo, Nieva, Nunes and Rozzet (2012), ✓ Jenkies (1993), Mustapha (2009) and Abesyekera (2007), ✓ Nyanjom (2012), ✓ Jun, Chai and shin (2006)
3. Working Environment	<ol style="list-style-type: none"> 1. The facilities and physical conditions (lighting, ventilation, noise and temperature) of the organization I work for are ergonomic, comfortable and appropriate. 2. The organization I work for is concerned about the safety of their employees by having access of people who enter the company building/facilities. 3. The organization I work for is concerned with my health and quality of life. 4. The organization provides suitable and comfortable conditions (working space, sitting arrangement, ventilation and air condition. 5. I have a good working relationship with my supervisor. 	<ul style="list-style-type: none"> ✓ Nyanjom(2012), ✓ Jenkies (1993), Mustapha (2009) and Abesyekera (2007)

PILOT TEST RESULT

Table 2 shows the result for pilot test of this study. The reliability of instrument is determined by using Cronbach's Alpha values.

Table 2: Pilot Test Result

Variables	Cronbach's Alpha
DV Employee Retention	0.883
IV1 Training	0.899
IV2 Compensation	0.825
IV3 Working Environment	0.773

The table indicate that for employee retention, the Cronbach's alpha is value 0.883. Regarding the first factor in relation to employee retention which is training, the Cronbach's alpha is 0.899. Second is compensation, the Cronbach's alpha is 0.825 and third is working environment, the Cronbach's alpha is 0.773. According to Nunally (1978), recommends reliabilities of 0.70 or better for basic research and between 0.90 and 0.95 in cases where important decisions are to be made on basis of the test scores. Thus, result of pilot test for each variable that is more than 0.70 is considered as good.

SUMMARY

In conclusions, pilot test is used to identify the level of reliability of the instrument used before distributing questionnaires to the actual respondents. Based on the above discussion, it show that the level of reliability for the instrument is good and acceptable and can be applied for data collection of this study.

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