

# **INTI INTERNATIONAL UNIVERSITY**

## **MASTER OF BUSINESS ADMINISTRATION**

**Exploring the factors influencing employees' turnover  
intent: A study into electronic manufacturing MNCs**

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## Abstract

With the development of Malaysian Economy, Many employees tend to leave their current job in different industries. Employees' turnover intent is as one of the important issues existing in different industry fields which restricted the inside development of big organizations. In recent years, More and more multinational cooperation have experienced the loss of many skilled people and educators due to the some factors, like benefits and compensation, training and development and supervision and etc. In this research, The main factors have been contributed to analyze the reason of employees' turnover intent in Malaysia electronic manufacturing MNCs. These factors are Job performance, Job satisfaction, Management supervision& style, and Pay and promotion opportunity. Besides that, the proposed research framework is designed in order to better understanding of identifying variables towards employees' turnover intent.

In this research, the author will analyze the main 4 factors which influence employees' turnover intent in electronic manufacturing MNCs in Klang Valley. The relationship between each factor with employees' turnover intent will be determined in the finding and discussions based on the analysis of finding results. The research ends with empirical contributions as well as suggestions for organizations and HR managers, conclusion based on survey results to determine the relationship between each factor with employees' turnover intent. Personal reflections will be present for future researchers.

**Key words:** turnover intent, job performance, job satisfaction, management supervision and style, pay and promotional opportunity.

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# **Chapter I**

## **Introduction**

### **1.0 Chapter Summary**

Chapter one will introduce the purpose of this research and the employees' turnover intent background and electronic manufacturing MNCs in Klang Valley, Malaysia. It describes the correlation of Malaysian employees' turnover intent, especially in Malaysia electronic manufacturing and the situation of the employees' turnover rate within the larger organizations in Malaysia, followed by the consideration in the problem statement. The research questions and research objectives are being identified. Besides, the significance of the research is being described basing on the background of the study. Moreover, Research limitations and assumptions are being interpreted in details.

### **1.1 Background of the study**

Some of the industries highly affected by the high turnover rate in Malaysia are like the call center industry, fast food industry, and customer service industry. Every time an employee leaves, there may be expenses for advertising the position and training the new employees (Samad, 2006). Nowadays, companies fund lots of money on their employees in case they will quit companies. The funding is used in the field of maintaining, managing developing and training them in their companies. Hence, companies' managers at all costs must minimize the turnover rate within employees. While there is no criterion framework for understanding the employees' turnover process as whole, a broad extent of the elements has

been found useful in explaining employees' turnover intent by Kevin et al. (2004). At present, the employee turnover rate is becoming increasing in many corporations around the world. Many competent employees who have an intention to quit, the enterprise has a heavy loss.

### **1.1.1 Turnover intent definition**

Normally, turnover intent unlike actual turnover, it is not explicit. Turnover intent is defined as the reflection of "the (subjective) probability that an individual will change his or her job within a certain time period" (Sousa-Poza & Henneberger, 2002: p. 1). In Henneberger and Sousa-Poza's study, it resulted that the decision on job mobility is rather being made by employees in the short run (Henneberger & Sousa-Poza, 2007: p. 20). It indicated that not all employees' who want to find a new job had actual turnover intent. Several studies have demonstrated that turnover intent is one of the most investigated phenomena in organizational behavior (Price, 2001). The wide range of turnover intention studies is symbolic of the complexity and significance of the issue. This phenomenon engages interest as a result of its psychological measurement, its significance of organizations, and its economic size.

### **1.1.2 Development of electronic manufacturing in Malaysia**

The industry of electronics is the strongest department in Malaysia's manufacturing department with remarkable effect on 29.3% of manufacturing output, 55.9% of country's exports and 28.8% of employment. The amount of the industry's output is about RM167.2 billion and exports amounted to RM233.8 billion in 2008. Some of employment developed some working chances for about 296,870 people (Danziger, 2011). In the past few years, the Malaysian electronics manufacturing



industry has exploited important abilities and manufacturing skills in a broad range of semiconductor devices, high-end consumer electronics and information and communication technology products. For the electronics manufacturer, the country kept on raising the value chain to produce higher value-added products. These include aggrandizement of efforts and research of development and outsource non-core business internally (Matrade, 2012).

### **1.1.3 Employees' turnover intent within electronic manufacturing industry**

Nowadays, employees' turnover occurs as part of day-to-day relationship between employee and organizations. In electronic manufacturing industry, It has also involved this phenomenon. According to Cotton and Tuttle's (2002), they demonstrate that some crucial factors were strongly correlated with turnover intent in electronic manufacturing corporations. Moreover, Russell (2003), Employees turnover intent is a serious problem and the question of how to retain highly talented and valued people is very important in manufacturing companies.

## **1.2 Problem Definition**

Nowadays, high employee turnover rate among multinational companies (MNCs) in Asia have become an organizational issue, which cannot sufficiently address at the individual level (David Ahlstrom, 2011). According to the aforementioned statement regard the Malaysia employees' turnover rate and the employees' turnover intent within the electronic manufacturing industry, and increasing high employees' turnover rate in big organizations. Moreover, employees' turnover intent has



become a crucial issue which companies need to be faced and handle with. The phenomenon of turnover intent has extended in the different sectors of MNCs in Malaysia. Such the context of different industries required the broad insight of relevant HR managers to control and deal with turnover and turnover intent problem within employees. The problems can be described from different perspectives.

For this research, it will more clearly examine elements influencing employees' turnover intention, particularly in electronic manufacturing MNCs of Klang Valley. According to the previous research, a study which examined the effects of turnover and job satisfaction in electrical and electronic manufacturing industries in Malaysia (Samad, 2006) and study which examined the job satisfaction and job performance influence the turnover intentions of employees in multinational companies in Malaysia. (Abdul Rashid et al., 2003).

### **1.2.1 From the perspective of the factors influencing employees' turnover intent**

According to the previous research, a study which examined the effects of turnover and job satisfaction in electrical and electronic manufacturing industry in Malaysia( Samad, 2006) and study which examined the job satisfaction and job performance influence the turnover intensions of employees in multinational companies in Malaysia.( Abdul Rashid et al.,2003).Even through there is emphasis on the importance of the relationship between the employees' turnover intent and organizational development, there is still limited published research which examined the key reasons of employees turnover intent in electronic manufacturing industry(Mikula, 2003).

Therefore, it is crucial to identify the key factors affecting the employees' turnover in the electronics industry. The result of this research will be able to provide the clear elements of influencing the employees' turnover intent in electronic manufacturing MNCs, help the HR managers of organizations with proper application of HR practices on employees' turnover intent.

### **1.2.2 From the perspective of the higher turnover intent influencing the development of MNCs**

High employees' turnover rates among multinational companies (MNCs) in Asia have become an organizational issue, which cannot be sufficiently addressed at the individual level (David Ahlstrom, 2011). Moreover, more and more multinational companies pay attention on minimizing the employees' turnover intent within the working environment. They invest a lot of money in terms of training and development as well as maintaining and retaining them in their organization.

Although, there is no standard framework for understanding the employees' turnover process as whole, a wide range of factors has been found useful in interpreting employees' turnover Kevin et al. (2004). At present, the employee turnover rate is becoming higher and higher in many corporations around the world. Many competent employees who intend to resign, organizations have a heavy loss. These employees are extremely crucial to the organization since their value to the organization is essentially intangible and not easily replicated Meaghan et al. (2002). Griffith et al. (2000).

Although several prior researchers has somewhat focused on studying the factors influencing the employees' turnover intent in different industries in Malaysia, there is a lack of relevant human resource management

research regarding the factors influencing the factors employees' turnover intent in electronic manufacturing MNCs in Klang Valley. This research is designed to bridge the gaps.

### 1.3 Research Questions

This research focuses on a study to investigate the main factors influence the employees' turnover intent within electronic manufacturing MNCs and the relationship between each factor and employees' turnover intent. Therefore, the research questions are rising accordingly:

1. Does the job performance significantly influence the employees' turnover intent in electronic manufacturing MNCs in Klang Valley?
2. Does the job satisfaction significantly influence the employees' turnover intent in electronic manufacturing MNCs in Klang Valley?
3. Do the management supervision & style significant influence the employees' turnover intent in electronic manufacturing MNCs in Klang Valley?
4. Do the Pay and promotional opportunities significantly influence the employees' turnover intent in electronic manufacturing MNCs in Klang Valley?

### 1.4 Research objectives

1. To examine whether the **job performance** affects employees' turnover intent in electronic manufacturing MNCs.
2. To examine whether there is a significant relationship between **job satisfaction** and employees' turnover intent in electronic manufacturing MNCs