

Turnover Intention among Factory Workers in Malaysia: Factors That Matter

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Abstract: Work-life balance, job stress, reward system and turnover intention are some essential elements in a working environment. To a certain extent, some of these elements are prerequisites to job performance. Talent retention is of particular concern to any organization due to globalization, the skills shortage and rapidly advancing technology. Work-life balance represents the dynamic between working life and personal life. Meanwhile job stress requires the employees to resolve job conflict, as unresolved job stress might lead to unproductive results. Reward system is positive outcomes that are earned as a result of an employee's performance. Lastly, turnover intention can be defined as employee's thoughts of quitting their job and an intention to seek out another job outside of the organization. Employee turnover has significant costs and negative consequences for organizations. Far from being a liability, the greatest asset any business has is its employees. And like any asset, employees and talents need to be invested in. However, current statistics show voluntary turnover was the highest among manufacturing workers in Malaysia as compared to other industry. Therefore, the main objective of this study was to investigate the effects of work-life balance, job stress, and reward system towards employees' turnover intention. This study involved 100 respondents from two different factories of a manufacturing company located in Klang Valley, Malaysia. The respondents were randomly selected from various departments. Results indicated that job stress was the most significant factor of employees' intention to quit, followed by the reward system. The implication of this study is that organization should take appropriate action in managing their employees' stress as well as offering an attractive rewards in order to retain their talented staffs hence maintaining the company's stability and competitiveness. Future research should include other factors like organizational politics and downsizing that might influence the turnover intention.

Key words: *Work-Life Balance, Job Stress, Reward System, Turnover Intention*

INTRODUCTION

In recent year, percentage of turnover is increasing year by year. It becomes one of the popular issues in the organization in which the employees are decided to leaves the organization or the organization itself decides to fire the employee who not contributed into the organization [1]. According to Ministry of Human Resource Malaysia (MOHR) report in year 2011, the manufacturing sector is the highest sector with job turnover difficulty since 2008 until 2010 as shown in Table 1. Based on the report, a total of 36,392 employees in the manufacturing sector were involved in job turnover crisis. This number represents 75 percent of the total turnover rate from all sectors in Malaysia. In year 2010, the Labor Department of Peninsular Malaysia reported that

11,957 of employees left companies voluntarily from year 2008 until 2010 and 86% of the total number was contributed from manufacturing sector.

Due to the turnover of the employee, the organization has to bear a lot of cost and time in term of cost of recruiting, selection and training for the replacement of the employee. In addition, according to Saeed, Lodhi, Ahmed, Afzal, Mahmood and Ahmed [2] the consequences of this issue can be harmful for the organization since the total manpower getting decreases and eventually giving effect to the performance of the organization.

This problem happened due to many factors and some of that factor are work-life balance, job stress and reward system. Currently, employees have been concern about work-life balance which is their equal life of working and life of personal [3].

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From the observation at the company, found that the employees at this company have being experience unbalance life between personal and working life as it make them so burdened and have not much time to enjoy their life since there are too focus on their working life. The employees at the organization said that they have to working overtime in order to complete their task given on that day and it looked so stressful.

Besides, other factors that influence turnover intention at the organization is job stress. This problem happened when the employees have

been stress with their job as they are required to do the task given by their manager and supervisor which are not field of their job and have to study to complete that task by asking their colleagues. Lastly, the factor that effect turnover intention at this manufacturing company is rewards system. This factor demonstrated that the employees will motivated and encourage to the positive behavior and attitude such as increase the performance if the organization provides sufficient reward to them [4].

Table 1: Statistics of Voluntary and Involuntary Turnover Based on Sector from Year 2008 to 2010

Sector	Voluntary Turnover	Involuntary Turnover	Total
	No. of Worker	No. of Worker	
Real estate, Renting, & Business Service	336	2,274	2,610
Community, Social & Personal Service Activities	209	1,496	1,705
Electricity, Gas, & Water Supply	5	156	161
Hotels & Restaurants	26	796	822
Health & Social Work	0	125	125
Finance	196	568	174
Construction	150	775	925
Manufacturing	10,321	26,071	36,392
Education	0	22	22
Transport, Storage, & Communication	359	880	1,239
Public Administration, Defense, & Compulsory Social Security	27	179	206
Wholesale & Retail Trade, Motor Vehicle, Motorcycle, Household	296	2,080	2,376
Mining & Quarrying	32	210	242
Agriculture, Hunting, & Forestry	0	996	996
Total	11,957	36,628	48,585

Source: Report from Labor Department of Peninsular Malaysia (2010). Ministry of Human Resource Malaysia

LITERATURE REVIEW

Turnover Intention

According to Qureshi, Iftikhar, & Abbas [5], turnover is defined as “conscious and deliberate willingness to leave the organization”. In other word, turnover intention simply refer as when the employee feels not into the organization or dissatisfied with the organization working life and culture, they tend to leave the current organization and switch into the new organization that give them chances to perform better. There are two types of turnover which is voluntary turnover and involuntary turnover. The voluntary turnover is when the employees resign their job by themselves while involuntary turnover is when the organization fired the employees without willingness of the employees [1]. From this issue, the organization has to bear the cost of recruitment and training for the new employees as it will waste time and energy for the existed employees to get new employees. Thus, to reduce this problem happened, the manager or top management will remain the existed employees to keep stay in the organization. According to the [3], turnovers are positive and negative effects towards the organization. In the negative side is when the

organization has to issue a lot of cost to cover back the turnover of employee by recruit others. While for the positive side will be for the organization where the organizations able to remove the not productive employee who give problem at productivity of the organization and replace into the new employee that have innovation and fresh idea.

Work-life Balance

According to Saeed et al. [2], work-life balance can be defined as similar relationship between work and personal or family responsibilities. In other word, the employees have to balance their routine daily life on working life and personal life. It found that negative relationship of work-life balance and turnover intention as it meaning the higher the work-life balance, the lower the employee intent to leave the organization. The imbalance between those two lives will create the ineffectiveness of the employees as they cannot control and balance their life properly.

It is found that there are negatively relationship between work-life balance and intention to leaves [3] as it is essential consequences for the employees between their organization as well as their lives too. The issues regarding maintaining the

work-life balance already over recent year as it always become the problem among the employees.

According to Suifan & Diab [6] found that there significant negative direct effect on turnover intentions to work-life balance. This kind of problem becomes attention to the researchers for nowadays to study the clash that occurs between working life interference with personal life. The employee though that the higher the work-life conflict at the workplace, the higher they think to leave the organization. Thus, in order to reduce turnover problem, the organization must employ autonomy at the workplace so that the employee will relax and enjoy when they are doing their work.

Job Stress

Stress about their job is one of the important issues for the manager at the organization. According Saeed et al. [2], stress can be defined as “unclear reaction of human body or mentality to a specific experience”. In other word, it can be defined as the psychological reaction of the employees when they are not able to work properly in term of the work timetable and job description. Those who experience job stress will have the problem of headache, sleeping problem, feeling depression and many more.

There are numerous researches about job stress and turnover before this. It found that [7], there are positive relationships between job stress and turnover intention as the higher the job stress, the higher the turnover intention of the employee. Job stress also effect the job satisfaction to the employees as at the end will lead to the intention to leave too. From this issue, as the employees, they cannot avoid from this problem as it will make them pressure and at last will affect their healthy.

Reward System

Reward is one of the important things for the employee to retain in the organization and keep motivated in order to improve the performance of the organization. Reward can be defined as all of the monetary, non-monetary and psychological reward that an organization provides for its employees in exchange for the work [8]. There are divided into three categories of reward which are monetary, non-monetary and psychological rewards. For the monetary reward is refer to the salary or pay,

bonuses and allowance that employer given, while non-monetary reward refer to opportunities to learn, flexible working hours and interesting job scope and last is psychological rewards is more on receiving recognition and compliment from employer.

Moreover, the past researcher found that, good working surrounding, development and improvement career also under categorize rewards to employees and by providing this kind of rewards the rate of retention of employees and productivity will increase [9]. While if the reward is not satisfied, employee turnout to change behavior and lead to leave the organization. According to De Gieter & Hofmans [4], found that in past year, many organization having problem of difficulties on attracting and retaining the employee due to the reward that offer from organization in which focus on monetary reward only. When the employees contribute into the organization, they expect that to receive more than monetary reward like appreciation from manager, compliment, flexible working hour and others related.

Research Framework

This research are consists of independent variable (IV) and dependent variable (DV) whereby the IV is a variable that are manipulated to examine its impact on DV. There are three independent variables in this research, which are work-life balance, job stress and reward system while the dependent variable is turnover intention of employees. Basically, this research is to examine the relationship between work-life balance and the turnover intention among the employees in manufacturing organization. Besides that, it is also determine the relationship between job stresses towards the turnover intention of employees and identify the relationship between reward systems of the employees to the turnover intention of the employees.

Below are the hypotheses developed from research framework at Figure 1:

H1: There is a relationship between work-life balance and turnover intention of employees.

H2: There is a relationship between job stress and turnover intention of employees.

H3: There is a relationship between reward system and turnover intention of employees.

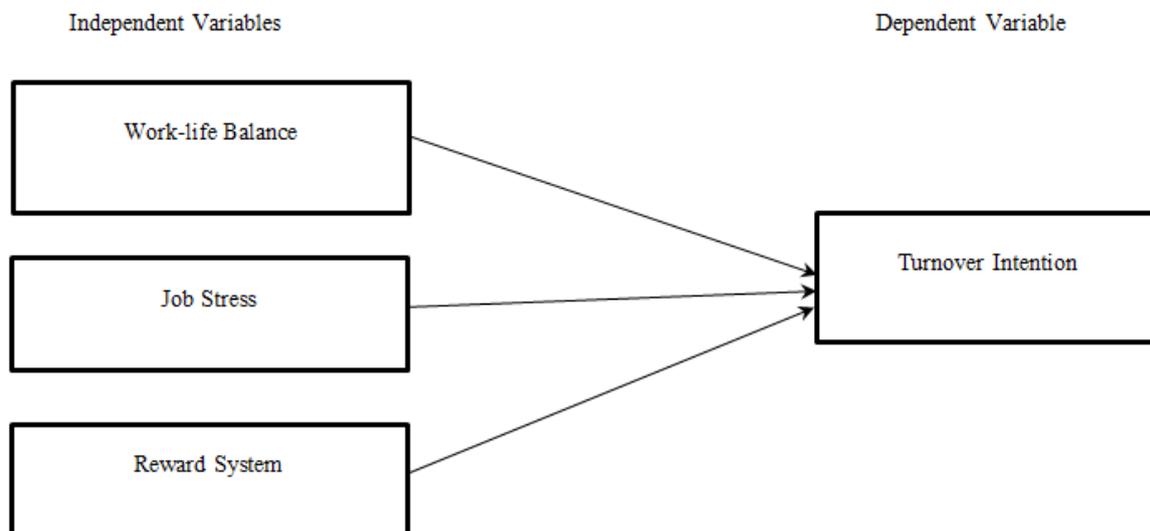


Figure 1: Research Framework

METHODOLOGY

The data collection method for this research is in the form of questionnaire. Type of questionnaire that had being used is by personal administered and collect method. There were 100 questionnaires given to the company to complete it and then distributed into each department. The researcher able to collect back 70 questionnaires from the respondents. The measurement used is likert-scale which is 1(strongly disagree), 2(disagree), 3(either disagree or agree), 4(agree) and 5(strongly agree).

For this research, the variables proposed to measures are adopted from the past research that has been conducted by the past researchers. First independent variable that is being measured is work-life balance and the instruments are adopted from Omar and Zakaria [10]. The items are consists 7 items which are I am successful in balancing my work and non-work-life, I am satisfied with the balance between my job and non-work-life, I am satisfied with the way I divide my time between work and non-work-life, I am satisfied with the way I divide my attention between work and non-work-life, I am satisfied with how well my work life and my non-work-life fit together, I am satisfied with my ability to balance the needs of my job with those of my non-work-life and I am satisfied with the opportunity I have to perform my job well and yet be able to perform non work related duties adequately.

For the second independent variables is job stress the proposed measures are adopted from

Parker and Decotiis [11] that has reliability value of 0.86. The items that have been proposed are 13 items. The third independent variable is reward system in which proposed measured from Motonet-Espoo. The sample of questions include of 7 items which consist of the rewards are distributed rightfully, the rewards match my work effort, I am satisfied with the quality/quantity of the reward, I am ready to increases my work efforts in order to gain the rewards, employees work more as a team in order to gain rewards, the rewards have a positive effect on the work atmosphere and the rewards motivate me to perform well in my job.

Lastly, dependent variable that is being measured is turnover intention, adopted from Bluedorn [12]. The numbers of the items proposed are four items. The reliability value of this instrument is 0.81. The sample of questions are I often think about quitting, It is likely that I will actively look for a new job next year, I will probably look for a new job in the next year and I often think of changing my job.

FINDINGS AND DISCUSSION

The researcher has distributed 100 booklets of questionnaires and only 72 were returned by the respondents. Subsequently, the respond rate is 72% of questionnaire were return and examined. Respondents were given a week to answer the questionnaire.

Table 2: Descriptive Analysis of Demographic

Demographic	Frequency	Percentage (%)	Mode	Median
Gender				
Male	30	41.7	Female	Female
Female	42	58.3		
Age				
20-25 years old	38	52.8	20-25 years old	20-25 years old
26-30 years old	26	36.1		
31-35 years old	4	5.6		
36-40 years old	1	1.4		
46-50 years old	1	1.4		
51 and above	2	2.8		
Ethnicity				
Malay	42	58.3	Malay	Malay
Chinese	25	34.7		
Indian	3	4.2		
Others	2	2.8		
Highest Education				
SPM	3	4.2	Degree	Degree
Diploma	19	26.4		
Degree	43	59.7		
Master	6	8.3		
PHD	1	1.4		
Marital Status				
Single	49	68.1	Single	Single
Married	21	29.2		
Others	2	2.8		
Level of Income				
Less than RM2000	13	18.1	RM2001-RM3000	RM2001-RM3000
RM2001-RM3000	27	37.5		
RM3001-RM4000	25	34.7		
RM4001-RM5000	4	5.6		
More than RM5000	3	4.2		
Length Of Service				
Less than 2 years	45	62.5	Less than 2 years	Less than 2 years
2-5 years	17	23.6		
6-10 years	6	8.3		
More than 10 years	4	5.6		

Table 3: Reliability Test

Variable	Value	No. of Item
Turnover Intention	0.92	7
Work-life Balance	0.94	13
Job Stress	0.88	7
Reward System	0.89	4

Table 4: Correlation Analysis

	Work-life Balance	Job Stress	Reward System	Turnover Intention	Mean	Ranking	Standard Deviation
Work-life Balance	(0.94)				3.49	2	0.75
Job Stress	-.302**	(0.88)			3.37	3	0.65
Reward System	.306**	-.071	(0.89)		3.50	1	0.67
Turnover Intention	-.313**	.404**	-.276*	(0.92)	3.19	4	1.29

Note: **. Correlation is significant at the 0.01 level (2-tailed). *. Correlation is significant at the 0.05 level (2-tailed). Cronbach's alpha is in parentheses.

Table 5: Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	3.080	1.253		2.459	.016
Work-life Balance	-.248	.199	-.145	-1.246	.217
Job Stress	.686	.220	.346	3.124	.003
Reward System	-.397	.212	-.207	-1.871	.066
R ²			0.24		
Adjusted R ²			0.209		
F Value			7.253		
Sig			0.000		

Note: Dependent Variable: Turnover Intention * p<0.05, ** p < 0.01

Based on the result in Table 3, with 13 items the Cronbach's alpha for work-life balance is 0.94 that is indicate reliable due to the Cronbach's alpha is higher than 0.70 ($\alpha > 0.70$). For the job stress and reward system, the Cronbach's alpha is 0.88 and 0.89 with the 7 and 4 items in which reliable since the Cronbach's alpha is higher than 0.70 ($\alpha > 0.70$).

Based on the result in Table 4, there is a weak and negative association between work-life balance and turnover intention in the p-value is -0.313. This relation is significant at level < 0.01. While, there are weak negative association between job stress and turnover intention with the p-value is -0.276 and the relation is significant at level < 0.05.

However, the result of analysis, showing that there is moderate and positive association between job stress and turnover intention with the p-value is 0.404 with the significant level at < 0.01. While, the factor between work-life balance and reward system showing that weak and negative association with p-value is -0.302 and the significant at level < 0.01. Lastly, there is also medium negative association between work-life balance and reward

system at p- value -0.306 with the significant value at level < 0.01.

In the conclusion, only between job stress and reward system is not related among the dependent variables, while the rest are related each other. The most influence the turnover intentions of the employee in manufacturing organization is reward system give the highest mean.

Based on the result in Table 5, the R² for the model is 0.24. The adjusted R² is 0.209. The researcher is using R² since the sample size is 100 respondents. This model includes work-life balance, jobs stress and reward system in which explains 24% of the variance in turnover intention. Meanwhile, 76% cannot be explained by the variation in turnover intention due to others factor. Based on the F value, the model is fit and significant as p-value is 0.000 in which less than 0.05. The result shows that work-life balance ($\beta = 0.217$, p<0.05), job stress ($\beta = 0.003$, p<0.05) and reward system ($\beta = 0.06$, p<0.05) have significant relationship with turnover intention.

Therefore, H1, there is a relationship between work-life balance and turnover intention of

employees and it is not supported. H2, there is a relationship between job stress and turnover intention of employees and it is supported and last H3, there is a relationship between reward system and turnover intention of employees and it is not supported.

RECOMMENDATION AND CONCLUSION

Based on the finding, the researcher aims to examine the relationship of job stress and turnover intention since it has significant result. Therefore, the following recommendations are made based on the study.

- i) The employee should have to confident about themselves

The employees at the organization need to ensure that the task that required to be done under a perfect way so that the employer will proud with the contribution of the employee at organization. Hence, from that the employees should have to confident in such way so that employer will trust with what you done.

- ii) Relax and under control

Those employees who facing job stress need to relax first and control their self in proper way as from that the employees will able to realize that there have a way to coping this situation. Therefore, if the employees not relax there will face many problems such as healthy and mental problem. Thus, the result of turnover intention to the employee will increase.

- iii) Communicate with supervisor wisely

In order to copes the job stress problem, the employees need to have a good communication with their manager or supervisor. From that, there will able to know what they have to do and the problem of job stress will reduce and happily working. If the employees have the problem about their job task, just speak nicely with their supervisor and they will teach the correct way and you will have that knowledge. It is very important to have a good relationship with the others staff.

In conclusion, this study aims to study the relationship between work-life balance, job stress, reward system and turnover intention. At the same time, this study also being conducted to know in which the variable that contribute most towards turnover intention. The result of the finding shows that, employees were satisfied with balance of working life and balance of personal life. Thus, it would not being the problem if the employees complaint that they have not much time to spend together with their friends and family since the result shows most of employees have balance life. At the same time, for the job stress among employees in manufacturing organization, they admitted that they

were really stressful working at this workplace and the reason would be the surrounding area at the workplace itself. At last, the reward system among employees in the organization shows that they were satisfied with the salary and other benefit that given to them and due to this past makes them hard to leaves the organization since they offer higher salary compare to other organization. In the nutshell, from all the variables indicate that job stress contribute most to the turnover intention among employees at in manufacturing organization.

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