UNIVERSITI TEKNOLOGI MARA

TURNOVER INTENTION OF EMPLOYEES IN MALAYSIA'S SERVICE INDUSTRY: THE ROLE OF PERSONAL EMPLOYEE DIMENSIONS AND RETENTION STRATEGIES

MUTIIAH BINTI MOHAMAD

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ABSTRACT

Turnover is a significant theme for study since it has created significant issues in the context of working environment. The scenario of employees resigning from a company only after a few months of working in order to seek for greener pasture happened in most companies in Malaysia. Therefore, the issue of employees' turnover intention must be dealt with an appropriate manner. This research was conducted in Malaysia's service industry with the service employees involved as the unit of analysis. The purpose of this study is to investigate the factors of personal employee dimensions (emotional exhaustion, role ambiguity, role conflict, person-job fit, and person-organization fit) as determinants of employee turnover intention. Moreover, the present study is also intended to examine the moderating effect of retention strategies (rewards and benefits, working environment and training) on the relationship between the independent variables and the dependent variable. The study used the purposive sampling method to select the respondents. The questionnaire was developed by referring to the published work and distributed via online survey platform to the selected respondents. Respondents of this research consist of 679 individuals who are employees of the service industry. The findings indicate that there is a significant relationship between personal employee dimensions and turnover intention except for role conflict. Furthermore, the findings confirm the partial moderating effect of the retention strategies (rewards and benefits and working environment) on the relationship between personal employee dimensions and employee turnover intention. Nevertheless, none of personal employee dimensions was found to have significant interaction with training to affect turnover intention. The findings of this study contribute to the management literature by adding new empirical evidence on the relationship among the three constructs: personal employee dimensions, retention strategies and turnover intention. In terms of managerial implications, the findings help Malaysia's service industry to reduce turnover intention among employees in the company particularly with regard to personal employee dimensions.

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TABLE OF CONTENTS

CHAPTER ONE
INTRODUCTION

1.1   Research Background

The services industry in the Malaysian economy plays an important role in the country's growth and development process. The greater presence of the services sector in the Malaysian economy is indeed in line with the growth transformation that has taken place in many of the developed economies, where the industry forms a major structural component of the economy compared to the manufacturing or any primary industry (Al-Amin et al., 2011). The increasing role and contribution of the services sector in Malaysia can be measured from its rapid growth and increasing contributions to the total output, total employment, and financial earnings of the country. Over the last decade, the services industry has registered strong and healthy growth, comparable to the other industry. The information gathered from the Department of Statistics Malaysia on the services industry reveals that it plays an important role in the economic development of Malaysia. It has been noticed that the contribution of the services industry to the GDP of Malaysia is growing progressively.

Malaysia's GDP in the third quarter of 2021 showed a decrease of 4.5 percent, while the quarter-on-quarter seasonally adjusted GDP contracted 3.6 percent. Correspondingly, the nation's monthly economic performance gradually improved from a contraction of 7.6 percent in July to a decline of 4.7 percent in August, and further improved to a negative 1.1 percent in September 2021. Approaching year-end, Malaysia's economy grew by 3.0 percent for the sum of three quarters of 2021 (Department of Statistic Malaysia, 2021).

The services industry, which was the main contributor to Malaysia's economy, grew 13.4 percent in the third quarter of 2021, compared to a decline of 2.3 percent in the first quarter of 2021 (Department of Statistics Malaysia, 2021). The performance was driven by the wholesale and retail trade sector, which continued to expand at a stronger pace of 21.0 percent, followed by the higher growth in finance & insurance (23.3%) and transportation & storage (37.2%) sectors. The information and