



**INFLUENCE OF HUMAN RESOURCE PRACTICES ON  
EMPLOYEES' INTENTION TO STAY IN SMALL AND  
MEDIUM ENTERPRISE IN KUCHING**

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## ABSTRACT

In the context of the country's economic transformation, Small and medium sized companies also called as SMEs also are main elements of economics and important role in all economies all around the world. The main objective carried out in this study is to observe the influences of human resource (HR) practices toward employee's intention to stay in Kuching, Sarawak. Four dimensions of HR practices are training development, career development, compensation and benefits, and performance appraisal. All of these sub-factors were assessed as the predictor of employee intention to stay. This research will investigate the most determinant which affect employee's intention to stay. A total of 450 questionnaires were distributed to employee in several companies in the Kuching and 390 questionnaires were used for data analysis. Descriptive, Pearson correlation coefficient and multiple regression analyses were done to test the relationships of all the variables. The results indicate that the HR practices were positive and significant correlation with employee's intention to stay. Finally, conclusions and recommendations were also addressed.

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# CHAPTER 1

## INTRODUCTION

### 1.1 Introduction

This research is focused on the influence of human resource practice on intention to stay of employee in small and medium enterprise and factor that lead them to stay. The sample size of the research is based on employees who are working in any sector in SME in Kuching, Sarawak. This chapter consists of the background of the study, problem statement, research objectives, research questions, scope and significance of the study, the limitation of the study, and finally the terms of the study.

### 1.2 Background of Study

Small and medium sized companies also called as SMEs are main elements of economics in the world and important role in all economies all around the world. Small businesses are usually defined as organizations with less than 100 employees while medium enterprises are with 100 to 999 employees. SMEs run almost depends on their employees to achieve their goals because of their size is small and they have less technology as well. Therefore, employees are always considered as the greatest asset of an organization. Without employees, organizations will not be able to produce business results, achieve organization goals, or meet its financial objectives.

A profit-making company may possess the strongest edge, in terms of technology, depth in funding, market location and so on. However, without its strong workforce to execute their respective roles and responsibilities, the company would not be able to progress or meet any of its goals (Johari, Fee, & Nassruddin, 2012). Moreover, every

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter will discuss in detail the issue related to employee intention to stay, human resource practices involve in decision to stay and factor influencing intention to stay. In addition, this chapter also includes the appropriate literature and the conceptual framework underlying for the purpose of this study.

#### 2.2 Intention to Stay in Organization

Intention to stay is defined as employee's willingness to stay in the present employment relationship with their current employer for long period of time (Johari, Fee, *et al.*, 2012). According to Angle and Perry (1981), when employees concern that they are able to adapt to their work environment, they less tends to withdraw from their current organization. In addition, the highest employee turnover, an organization may face several problems because the organization will have to reorganize its resources so that business plans and goals will continue to stay in the course.

Therefore, the organization should encourage employee to stay longer with provide harmonious and wisely workplace for their employees. Therefore, the employee would feel that they are being appreciated to be part of organization. Besides, they also feel that their contributions for organization are valued (Johari, Fee, *et al.*, 2012). According to (Mitchell *et.,al* 2001) to notify the problem about employees turnover, several relevant measures need to be taken as organizations are now competing for talent. So, the solutions to enhance retention within employees which is competitive salaries, comprehensive benefits, incentive