



Faculty of Cognitive Science and Human Development

**THE RELATIONSHIP BETWEEN WORK-LIFE BALANCE AND
EMPLOYEE RETENTION IN PUBLIC ORGANIZATIONS IN
KUCHING, SARAWAK**

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(Human Resource Development)**

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Masters

PhD

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**THE RELATIONSHIP BETWEEN WORK-LIFE BALANCE AND EMPLOYEE
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ANGELINA MELANIE ANAK FABIAN

This project is submitted
in partial fulfillment of the requirements for a
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ABSTRACT

Retaining employees has always been known as a challenge for most organization nowadays, apart from coping with globalisation issues. There are several strategies that can be practiced by organizations to ensure employee retention. Hence, the main purpose of this study is to determine the relationship between work-life balance and employee retention in public organizations in Kuching, Sarawak. The variables of work-life balance that are examined in this study includes flexible work schedule, job sharing and job exhaustion. This quantitative study used a total number of 92 employees of public organizations in Kuching, Sarawak as sample and data were collected by using questionnaires. The data were analysed by using Pearson's Correlation Analysis to measure the relationship between variables. The finding shows that the variables that have significant relationship with employee retention are flexible work schedule and job sharing, while job exhaustion shows no significant relationship with employee retention.

Keywords: Work-life balance; Employee retention; Flexible work schedule; Job sharing; Job exhaustion

ABSTRAK

Pengekalan pekerja merupakan salah satu cabaran yang dihadapi kebanyakan organisasi pada masa kini, selain menghadapi isu-isu globalisasi. Terdapat beberapa langkah-langkah yang boleh dipraktikkan di dalam organisasi untuk menjamin pengekalan pekerja. Oleh itu, kajian ini bertujuan untuk mengkaji hubungan antara keseimbangan hidup-kerja dan pengekalan pekerja. Pembolehubah yang dikaji di bawah keseimbangan hidup-kerja dalam kajian ini ialah jadual bekerja fleksibel, perkongsian kerja dan keletihan bekerja. Kajian kuantitatif ini menggunakan 92 responden dari beberapa buah organisasi awam yang terletak di Kuching, Sarawak sebagai sampel dan data dikumpul melalui borang soal selidik. Data dianalisis menggunakan Pearson's Correlation Analysis untuk mengkaji hubungan antara pembolehubah. Kajian mendapati bahawa pembolehubah yang mempunyai hubungan dengan pengekalan pekerja ialah jadual bekerja fleksibel dan perkongsian kerja. Manakala, kajian mendapati tiada hubungan antara keletihan bekerja dan pengekalan pekerja.

Kata kunci: Keseimbangan hidup-kerja; Pengekalan pekerja; Jadual bekerja fleksibel; Perkongsian kerja; Keletihan bekerja

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CHAPTER 1

INTRODUCTION

1.1 Background of study

Retaining employees has always been known as a challenge for most organization nowadays, apart from coping with globalisation issues. Today, employee retention has risen as one of the global challenges (Hashim, Azman, Ghani & Sabri, 2016). As important as it is for organization to move in line with advancing technology, it is also crucial for organization to keep the best employees in their organization. Employee retention is important as employee who leaves the organization needs to be replaced, thus affecting the organization's expenditure on resources, recruiting and time (Cloutier, Felusiak, Hill & Pemberton-Jones, 2015). Retaining employees is a continuous effort to ensure employee-organization engagement and to keep employees motivated, starting from selecting the right individuals and continue to implement interventions to build these values within employees (Nasir & Mahmood, 2018). Hence, in most organizations, members of top management struggle to strategize ways to achieve their goals while also retaining the employees that they nurtured.

It is important for organizations to emphasize their focus on the organizational characteristics that serve as significant reasons for employee to continue working in that organization as this can be used as the basis for their employee retention strategies. An organization that practices work-life balance policy is most likely to be chosen as better workplace compared to organization that does not. Work-life balance can be defined as individual's perception of work and non-work roles compatibility (Kalliath & Brough, 2008). Achieving work-life balance allows individuals to perform their work during working hours effectively, while also giving equal focus towards their personal life matters such as

maintaining a healthy lifestyle and spending time with family members. This balance helps individual to avoid role conflict and prevents them to feel dissatisfied towards their work and non-work role. According to Noor Amalina Bani Hasan and Teng (2017), employees leave the organization due to dissatisfaction towards their working life. organization practising work-life balance policy provides autonomy for employees to manage their own work and life thus ensuring their satisfaction towards both aspects. Employees who are satisfied towards both work and life aspects due to organizational characteristics will stay working with the organization with the belief that the organization is able to cater their needs. In addition, good work-life balance promotes better work productivity to 21% (“Work-life Balance and Productivity”, 2018).

In order to cater for employees’ satisfaction while working, interventions such as flexible work schedule and job sharing can be implemented. These interventions are the examples of non-monetary benefits which are used as tools to control employee turnover (Idris, 2014). Implementing flexibility in workplace helps organizations to prevent employees from experiencing job burnout thus ensuring their productivity while working. Most Generation Y considers flexible working as an important value to an organization (Hossain, Limon, Amin & Asheq, 2018). Achieving work-life balance through these interventions can help organization to retain their employees, therefore reducing the turnover rate.

1.2 Problem Statement

Employee retention rate in organizations are found to be low due to lack of work-life balance. When individuals are dissatisfied due to work demands that overshadows life demands and vice versa, this can be referred to as poor work-life balance. This issue affects employee across levels and genders. The turnover rate among women during their first year of career is high as women seek for combination between work and family to fulfil their work-life demands (Steenackers & Guerry, 2016). Organizations that fail to provide their employees with work-life balance opportunity causes their employees to turnover and hop to another better organization. According to Noor Amalina Bani Hasan and Teng (2017), 60% of Malaysian workforce felt that long working hours causes them to have limited time to be spent with families, which leads to dissatisfaction and turnover.

It is important to know the significance of work-life balance towards employee retention especially for organizations to plan their retention strategies, but there is limited study on the relationship between work-life balance and employee retention. A study on work-life conflict, which is another dimension of work-life, is conducted and the relationship between work-life conflict and employee retention is tested in this study (Aslam, Shumaila, Azhar & Sadaqat, 2011). In addition, there are also few studies that focuses on retention strategies but does not mention the factors studied in this current study. As an example, a study conducted by Deery & Jago (2015) focuses on only burnout as factor to work-life balance to retain employees. Beauregard and Henry (2009) studied on improved retention as an outcome of work-life balance practices but only mention flexible work schedule as their independent variables. A study to prove that implementation of work-life policies can improve retention is conducted but does not mention any exact practices of work-life policies which leads to improved retention (Shoaib, Noor, Tirmizi & Bashir, 2009).

1.3 Research Objectives

The main objective of this study is to determine the relationship between work-life balance and employee retention in private organization. This study attempts to achieve the following specific objectives :

1. To determine the relationship between flexible work schedule and employee retention in private organization.
2. To determine the relationship between job sharing and employee retention in private organization.
3. To determine the relationship between job burnout and employee retention in private organization.

1.4 Research Hypothesis

The hypothesis developed for testing in this study are :

H_{α1} : There is a significant relationship between flexible work-schedule and employee retention in private organization.

H_{α2} : There is a significant relationship between job sharing and employee retention in private organization.

H_{α3} : There is a significant relationship between job burnout and employee retention in private organization.

1.5 Conceptual Framework

Conceptual framework is used to describe the relationship between concepts or variables in a study, and it is usually shown in a diagram to portray the relationship between variables (Adom et al., 2016). The conceptual framework in Figure 1 shows the independent and dependent variable for this study. Work-life balance is the independent variable for this study, while employee retention is the dependent variable for this study. Three variables that represented work-life balance in this study are flexible work schedule, job sharing and job exhaustion.

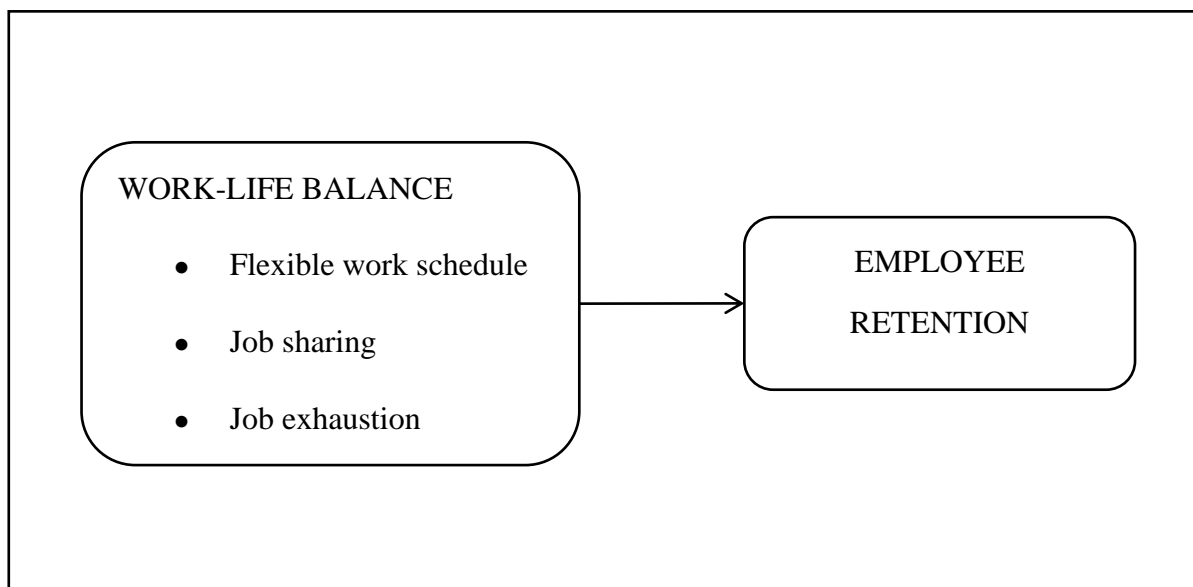


Figure 1. Conceptual framework of the relationship between work-life balance and employee retention. (Adapted from Hashim, A., Azman, N. S., Ghani, M. A., and Sabri, M. F. M. (2016). The Relationship between Work-Life Balance and Employee Retention. Proceeding of the 3rd International Conference on Management & Muamalah 2016 (3rd ICOMM), 319.)

1.6 Definition of Terms

1.6.1 Employee Retention

Conceptual Definition

Employee retention can be defined by organization's ability to encourage employees to continue working in the organization for a long-term period (Das & Baruah, 2013).

Operational Definition

This study will measure employee's level of engagement with the organization and their turnover intentions while working with the current organization.

1.6.2 Flexible Work Schedule

Conceptual Definition

Flexible work schedule refers to employee's ability to decide their own starting and ending of working hours, while also fulfilling core hours requirement set by the employer (Eaton, 2003).

Operational Definition

This study attempts to measure employee's current flexibility in their current workplace and their preferences of the flexibility.

1.6.3 Job Sharing

Conceptual Definition

Job sharing is a system where two employees share the same job, but their working hours, payments, benefits and holidays are counted individually (Garg & Yajurvedi, 2016).

Operational Definition

Job sharing in this study is measured by employees' perceived understanding on job sharing affecting work-life balance.

1.6.4 Job Exhaustion

Conceptual Definition

Exhaustion, cynicism and inefficacy is used tridimensionally to define job burnout, an extended response to severe emotional and interpersonal stressors on the job (Maslach, Schaufeli & Leiter, 2001).

Operational Definition

This study measures emotional and physical strain experienced by individuals due to the job responsibilities.

1.7 Significance of study

This study contributes to the field of knowledge specifically in the field of work-life balance and employee retention in Malaysian context as this study was conducted in Kuching, Sarawak. Furthermore, the relationship between work-life balance and employee retention was identified in this study. Through this study, organizations can implement the variables that shows significant relationship with employee retention as their work-life policy or review existing policy to increase the effectiveness of policy towards retaining valuable employees. As an example, implementing flexible work schedule may assist organizations in retaining employees. Moreover, Human Resources practitioners or related personnel may use this study as guidelines to ensure employee retention among employees in Malaysia, such as having clear and firm reasons on choosing certain practices to implement in their organization. Employers can also understand the impact of work-life balance towards employees' willingness to continue working in the organization. For instance, organizations that practices work-life balance may be able to retain their employees better than organizations that does not practice work-life balance policies. In addition, the instrument used in this study can be used by future researchers to study the same or related field in order to increase the depth of study on these topics. There are limited numbers of questionnaires available for this particular topic, thus the questionnaire constructed under this study may be used for future research as the reliability and validity has also been proven.

CHAPTER 2

LITERATURE REVIEW

2.1 Job Embeddedness Theory

Job Embeddedness Theory refers to the mediating construct between different “on-the-job” factors, “off-the-job” factors and employee retention (Reitz & Anderson, 2011). “On-the-job” factors in this theory refers to organizational factors whereas “off-the-job” factors refer to community factors. This theory is developed to have a clearer perspective of employee-employer relationship and its central focus of this theory is on how to keep people in the organization, which can be termed as employee retention (Holtom & O’Neill, 2004). This theory identified three core elements that indicate individual’s level of connection that they may develop within the organization which are fit, link and sacrifice (William Lee, Burch & Mitchell, 2014).

Fit is defined as individual’s perception on the compatibility between their own environment and the organization they work for (Holtom, Mitchell & Lee, 2006). Organization that applies flexible work schedule allows employee to fit in both work and life aspects. Link in this theory can be termed as employee’s relationship with the organization and with his or her colleagues at work (Tanova & Holtom, 2008). In relation to this study, link between employees can be nurtured through job sharing where two individuals work on the same job at a time. Sacrifice in this study refers to employee’s loss of “material” or “psychological” benefits if they leave the organization (Young, Stone, Aliaga & Shuck, 2013). Leaving an organization due to exhaustion caused by job forces an employee to sacrifice his psychological contract with the organization, as well as evoking distrust from employer.

2.2 Flexible work schedule and employee retention

Flexible work schedule has always been one of the main reasons for an employee to choose to continue working with the organization in case of receiving employment offer from another organization (Ramlall, 2003). A study by Ramlall (2003) also found that the biggest contributor to employee retention rate is the location of the organization that eases employees' transfer from home to work. Ability to work on flexible schedule serves the same benefits as strategic office location as both encourage equal time distribution both at home and at work, thus both factors are important to retain employees. The presence of flexible work schedule practice has become an added value that an organization own to keep their employees with them. According to Richman, Civian, Shannon, Jeffrey Hill and Brennan (2008), flexibility and work-life policies increases the chances of expected employee retention as work environment and human resource practices are found to be excellent indicator to predict employee engagement. Practising balance-friendly practices such as allowing flexible working hour is able to assist organization in foreseeing employee engagement with the organization. Among Malaysian bank workers, flexible work schedule serves benefits to both individuals and organizations and contributes to employee retention as it allows employee to adjust their own working hours according to their own personal needs, while also not compromising employee's job performance as they need to fulfil required core hours set by the organization (Idris, 2014).

In relation to the fit factor of Job Embeddedness Theory, flexible work schedule enables employees to fit their work and life roles into their daily schedule. Employees prefer having flexible work schedule especially during the days when their kids have doctor appointments or when they have to attend their own medical appointments (Heathfield, 2019). The implementation of flexible work schedule in the organization allows employees to cater for both roles despite having to go to work and taking care of the household at the same time.

2.3 Job sharing and employee retention

According to Lazar, Osoian and Ratiu (2010), job sharing allows two or more employees to fill one full-time job together by dividing responsibilities and working time among themselves. Not only that job sharing allows employees to perform other commitments such as family responsibilities, it also benefits employer by improving retention rate and increasing productivity of employees (Lazar, Osoian & Ratiu, 2010). Performing a task on sharing basis with another colleague promotes development of skills and knowledge, as well as increase efficiency at work. The implementation of job sharing at organizational level has the ability to help organization retain good employees while also assisting work and family balance (Deery, 2008). Sharing a job between two or more persons reduces workload on an individual, which allows them to also focus on another side of their life. Improved use of work-life balance practices such as job sharing helps employees to understand that organization is helping them to facilitate the balance of their work and life role (Garg & Yajurvedi, 2016).

Additionally, sharing work among colleagues or with a partner allows employees to create bond with their colleagues as related to the link factor in Job Embeddedness Theory. Job sharing allows two or more employees to communicate and commit to their job while also experiencing flexibility at work (Driver, 2017). It allows employees to cover up for each other in case that there is need to leave work for emergency situations for instance. Communicating on the same task strengthen the bond and networking of employees with their colleagues. Working together also allows the employees to guide and support each other. Giving guidance and support is one of the most effective communication methods that can facilitate work productivity (Straz, 2015). Hence, the link factor in Job Embeddedness Theory supports job sharing as an employee retention tool as employees who have stronger bonds with their colleagues are less likely to leave the organization (Murphy, 2020).

2.4 Job exhaustion and employee retention

Job exhaustion is an important factor in predicting retention outcomes as cynicism appeared to be a strong indicator in retention models (Spence Laschinger, Leiter, Day & Gilin, 2009). This study identified that cynicism is strongly related to turnover intention rate among nurses. According to Bakker and Costa (2014), chronic job burnout deteriorates employee's ability to obtain job resources, work engagement and job crafting on daily basis. Emotional exhaustion causes an individual to voluntarily turnover from their work, as emotionally exhausted leads to low job performance and eventually causes individuals to depart from organization (Wright & Cropanzano, 1998). For Boomers, cynicism causes them to suffer badly as job is viewed as the centre of their lives, which leads to loss of sense of professional accomplishment and competence due to ruined belief of taking bigger responsibilities will pay off, thus dissatisfaction towards organization may occur and force them to look for other employment opportunities (Lu & Gursoy, 2016). Lu and Gursoy (2016) also stated that younger employees who become cynical towards work may lose trust towards current job, causing them to doubt employer's ability to satisfy their expectation while working with the organization.

Sacrifice factor in Job Embeddedness Theory can be related to job exhaustion in this study. Sacrifice factor refers to what the employees are willing to leave behind when they depart from the organization. This may refer to formal benefits such as pension plans and career development opportunities, while informal benefits include friendship among colleagues and reputation (Ehrler, 2018). Leaving organization due to feeling exhausted towards current job signifies that employees must sacrifice their psychological contract with their current employer. Psychological contract refers to a set of promises or expectations in an employee-employer relationship (MacKenzie, 2005). Departure from organization due to exhaustion and burnout reasons may portray disloyalty towards employer and break the hard-