



Faculty of Cognitive Science and Human Development

**THE RELATIONSHIP BETWEEN SELECTED ATTRACTION
FACTORS AND EMPLOYEES' RETENTION: A STUDY IN ONE OF
THE HOTEL IN TAIPING PERAK, MALAYSIA.**

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Bachelor of Science

(Human Resource Development)

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Grade: A

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Final Year Project Report

Masters

PhD


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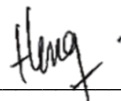
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EMPLOYEES' RETENTION: A STUDY IN ONE OF THE HOTEL IN TAIPING
PERAK, MALAYSIA.**

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This project is submitted
in partial fulfilment of the requirement for a
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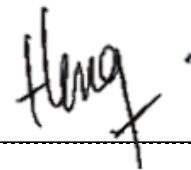
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The project entitled **‘The Relationship Between Selected Attraction Factors and Employees’ Retention: A Study in One of The Hotel in Taiping Perak, Malaysia’** was prepared by Yu Wan Che and submitted to the faculty of Cognitive Science and Human Development in partial fulfilment of the requirement for a Bachelor of Science with Honours (Human Resource Development).

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ABSTRACT

This study aims to determine the relationship between selected attraction factors (job security, pay, promotion opportunities, work environment) and employees' retention in one of the hotel in Taiping Perak, Malaysia. Past researches focused on different elements of human resource practices, organizational practices, and other industries in or outside of Malaysia. The theory and model used in this study are the Maslow's Hierarchy Theory and the Tower Perrin Total Reward Model. A quantitative method was used in this research which involved a set of close-ended questionnaire and distributed to the employees who work in the selected hotel. This study was conducted in one selected hotel which located in Taiping Perak, Malaysia. The relationship between the selected attraction factors and employees' retention in the selected hotel were analysed by using the Pearson Correlation Analysis while the dominant factor that influence the employees' retention in the selected hotel was identified by using Multiple Regression Analysis. The results shown that there is a significant relationship between the selected attraction factors and the employees' retention. Besides, there is also a high positive relationship between the selected attraction factors and employees' retention. The results also shown that the dominant factor that influenced the employees' retention is job security. Thus, based on the findings, the company or HR practitioners may implement or improve the current factors to attract employees to retain in the company. Lastly, in order to gain future insight regarding the area of this study, the future researchers may use other attraction factors as the independent variables.

Keywords: attraction factors, employees' retention, job security, pay, promotion opportunities, work environment, Maslow's Hierarchy Theory, Tower Perrin Total Reward Model

ABSTRAK

Kajian ini bertujuan untuk mengetahui hubungan antara faktor tarikan yang telah dipilih (jaminan pekerjaan, gaji, peluang promosi, persekitaran kerja) dan pengekalan pekerja di salah satu hotel di Taiping Perak, Malaysia. Penyelidikan yang sebelum ini memberi tumpuan pada pelbagai elemen amalan sumber manusia, amalan organisasi dan industri yang berlainan di dalam atau di luar Malaysia. Teori dan model yang digunakan dalam kajian ini adalah teori Maslow Hierarchy dan model Tower Perrin Total Reward. Kaedah kuantitatif telah digunakan dalam penyelidikan ini dan melibatkan satu set borang soal selidik secara tertutup dan diedarkan kepada pekerja yang bekerja di hotel terpilih untuk mengumpul data. Kajian ini telah dijalankan di satu hotel terpilih yang terletak di Taiping Perak, Malaysia. Hubungan antara faktor tarikan terpilih dan pengekalan pekerja di hotel terpilih dianalisis dengan menggunakan Analisis Korelasi Pearson sementara faktor dominan yang mempengaruhi pengekalan pekerja di hotel terpilih dikenalpasti dengan menggunakan Analisis Regresi Berganda. Hasil kajian ini menunjukkan bahawa terdapat hubungan yang signifikan antara faktor tarikan dengan pengekalan pekerja. Selain itu, terdapat juga hubungan positif yang tinggi antara faktor tarikan dan pengkalan pekerja. Hasil kajian ini juga mendapati bahawa faktor dominan yang mempengaruhi pengekalan pekerja adalah jaminan pekerjaan. Oleh itu, berdasarkan penemuan tersebut, organisasi ataupun pengamal HR boleh melaksanakan atau mengubahsuai faktor semasa untuk menarik kakitangan pekerja untuk terus bekerja di dalam organisasi. Akhirnya, untuk mendapatkan maklumat yang lebih lanjut mengenai bidang kajian ini, penyelidik lain boleh menggunakan faktor tarikan lain sebagai pembolehubah.

Kata kunci: faktor tarikan, pengekalan pekerja, jaminan pekerjaan, gaji, peluang promosi, persekitaran kerja, teori Maslow Hierarchy, model Tower Perrin Total Reward

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CHAPTER 1

INTRODUCTION

1.0 Introduction

The purpose of this research is to study the relationship between selected attraction factors and the employees' retention in one of the hotel in Taiping Perak, Malaysia. This chapter described the background of this research, the problem statements which relate to the context of this research. Moreover, the research objectives in this research include the general objective and specific objectives, research hypotheses and conceptual framework. Besides, in this chapter also will explain about the significance of this research, definition of terms and the limitation of the study, and ended with a chapter summary.

1.1 Background of the research

Human resource management is becoming crucial in an organization, it affects the successful operations of an organization (Choudhary, 2016). Even though an organization has an excellent strategy and sustainable funds, but it will not reach success without loyal and well-trained employees (Bogatova, 2017). Nowadays, employees' retention rate in the hospitality field facing is getting lower due to employers are unable to identify the elements which will attract employees to continue to work in the organization (Abdullah et al., 2009). According to Herman (1990) who is the "father of employee retention", stated that 75% of the employees quit their jobs not because of the job scopes but due to their superiors thus, managers' competencies are important to retain employees. Employees with high passion and motivation will lead to high job performance. Therefore, factors that are provided by organization must be attractive in order to retain and motivated employees in the organization (Sulaiman & Hussain, 2018).

Hospitality field holds an important role and position in economic development. According to Malaysia Investment Development Authority (n.d.), Malaysia's tourism industry is one of the 12 National Key Economic Areas (NKEAs) and is identified as one of the contributing prime sectors in Malaysia economic development and this affect the hospitality field being driven. Therefore, employees who are having high job performance, skills, knowledge and abilities are important. However, the major challenge faced by the hospitality field is employees' retention (Matazu, 2017). Matazu (2017) mentioned that there are several factors that cause high turnover rate among employees such as job dissatisfaction of pay, job enrichment, work environment, good managerial relation, promotion opportunities etc.

In addition, recruitment and selection are very important in an organization. It helps to filter those talented employees who have high motivation and high performance. These will increase the retention among employees. Heneman, Judge and Kammeyer-Mueller (2015) stated that the combinations of physical, financial and human capital form an organization while staffing is the organizational function which build a workforce through some ways such as recruitment strategy, human resource planning, recruitment and selection, employment and retention in the organization. Therefore, the increase the employees' retention is mainly due to the high cost of recruitment and selection process, training and development (Sulaiman & Hussain, 2018).

Moreover, Gharib, Kahwaji and Elrasheed (2017) stated that the employees and employer relationships in an organization will be influenced by nowadays economic, current political, and social situation. Besides, employees' retention is an essential factor for any organization to compete with others. The number of hotels was rapidly increase in Malaysia, however the employees' retention in an organization was not increase which might cause by several reasons that influence employees decide to leave and seek for a better job and

working environment (Zainol et al., 2015). Therefore, in order to increase the retention rate among employees in the organization, employer must provide factors that are attractive to retain the employees. There are various of attractive factors that might retain employees, however through this research, four attraction factors have been identified which include job security, pay, promotion opportunities, and work environment. This research will be carried out in the hospitality field in Taiping Perak, Malaysia. Furthermore, employer may know that whether these factors may attract the employees and increase the employees' retention rate in the hospitality field.

1.2 Problem statement

1.2.1 Theoretical Gap

At present, there are many qualitative and quantitative researches about factors influencing employees' retention in hospitality field which are done by different researchers from various country. However, there is not much research on the relationship between the attraction factors and the employees' retention in the hotel industry in Malaysia context. There are several past researches such as, Singh (n.d.) who has done his research in Varanasi, India; Matazu (2017) who has done his research in the North-West region of Nigeria; research done in University of Eldoret, Kenya by Rono and Kiptum (2017); a study of hotel industry in Mombasa country by Msengeti and Obwogi (2015); Yang, Wan and Fu (2012) done their qualitative research among international tourist hotels in Taiwan. Those past researches are all about factors that are influencing the employees' retention in the hospitality field but in different countries. Although the titles of those researches are the same, but the location, population, sample size of people and independent variables are different.

1.2.2 Empirical Gap

Apart from that, this study also contributes to the employers in hospitality field. Employers may refer to this study in order to decrease the turnover rate among employees. Based on this study, employer might get the same values with the employees and know how to motivate and fulfil the employees' satisfaction. Besides, a quantitative method with close-ended questionnaire will be used in this research. The result of the research will let the community and readers in Malaysia understand more about the factors that will influence the retention among employees because figures and numbers enable the information in this area of study easier to be understood. After getting the mindset and knowledge from the study, employers may improve the current factors that influence the retention among employees while the community and readers might update and improve themselves according to the latest social phenomena.

1.2.3 Practical Gap

According to a newspaper's article which was posted in the start online, it's about the tough times in hospitality field in Malaysia (Lim, 2019). Nowadays, Malaysia's hospitality faces tough competition due to online hospitality services. Travellers from different countries booked their rooms and hotel services online and it influenced the budget hotels in Malaysia. The Malaysia Budget Hotel Association (MyBHA) mentioned that economical hotels suffered challenging competition from the online platforms over the last two years and the MyBHA Kuala Lumpur chapter president, Kenneth Oh stated that economical hotels which are those hotels with three-stars rating and below had dropped about 15% to 20% of their revenue due to the competition with those such online hospitality services hotels, for example Airbnb, Agoda, Traveloka etc. In addition, it is clear that those budget hotels stop operating due to low profit margin. Therefore, in order to reduce excess expenses, employer should

increase the retention among employees because the recruitment and selection process, and training and development program is costly.

1.3 Research objectives

1.3.1 General objective

The general objective of this study is to determine the relationship between the selected attraction factors and the employees' retention in one of the hotel in Taiping Perak, Malaysia.

1.3.2 Specific objectives

The specific objectives for this study are:

1. To identify the relationship between job security and employees' retention.
2. To identify the relationship between pay and employees' retention.
3. To identify the relationship between promotion opportunities and employees' retention.
4. To identify the relationship between work environment and employees' retention.
5. To identify the most dominant attraction factor that influencing the employees' retention.

1.4 Research hypotheses

Based on the research objectives, the research hypotheses are formulated as:

H₀₁: There is no significant relationship between job security and employees' retention.

H₀₂: There is no significant relationship between pay and employees' retention.

H₀₃: There is no significant relationship between promotion opportunities and employees' retention.

H04: There is no significant relationship between work environment and employees' retention.

H05: There is no dominant attraction factor that influencing the employees' retention.

1.5 Conceptual framework

The purpose of this study is to determine the relationship between selected attraction factors and the employees' retention in one of the hotel in Taiping Perak, Malaysia. *Figure 1* showed the conceptual framework in this research which made up from two components, the independent and dependent variables. The first component is the independent variables, the attraction factors, which include job security, pay, promotion opportunities, and work environment. On the other hand, the second component of the conceptual framework is the dependent variable of this study, which is the employees' retention in an organization.

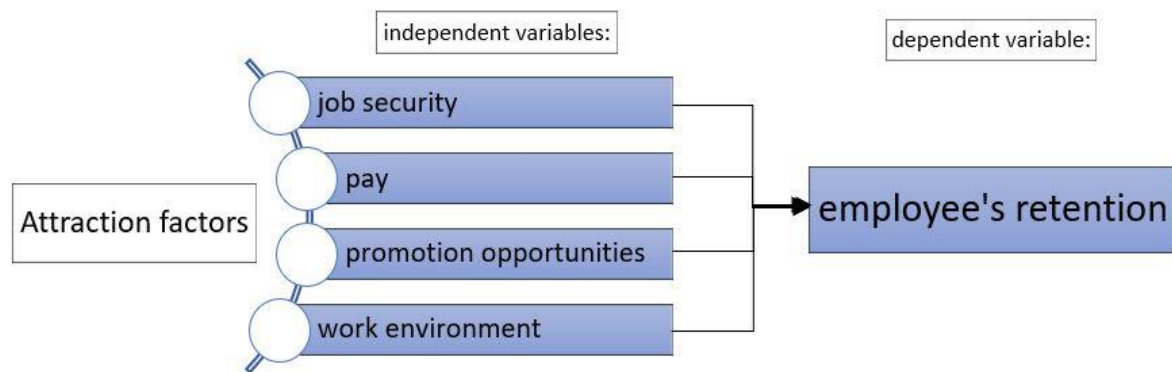


Figure 1. Conceptual framework

(Source: Choudhary, 2016; Matazu, 2017; Msengeti & Obwogi, 2015)

1.6 Significance of the study

1.6.1 Company/HR Practitioners

Due to the size, policies and funds of the organizations, different organizations have its own ways to attract employees to retain in the organization. Therefore, the findings of this research will help those employers or organizations to determine the factors that are emphasized by employees. In addition, by knowing the employees' perspective, HR practitioners or organizations can provide or improve those factors to the employees in order to increase the retention rate, improve the employees' job performance and avoid high cost of recruitment and selection process in the organization.

1.6.2 Body of Knowledge

Furthermore, this study contributed to the academic field which helps students to understand better about the influence of attraction factors on the retention among employees in one of the hotel in Taiping Perak, Malaysia. Till this moment, there is no research done in Taiping Perak, thus this research may contribute to the academic field for them to know more about the perspectives of the employees in the hotel industry in Taiping Perak. Students may use as a reference to know more about the relationship between attraction factors and employees' retention.

1.6.3 Future Researcher

Lastly, based on this research, future researchers may know how the attraction factors influence the employees' retention and which attraction factor is the most dominant factor to attract employees. Besides, the future researchers may also conduct other researches with different independent variables and use the findings of this research as a comparison for their research.

1.7 Definition of terms

The definition of relevant terms is explained both in conceptual and operational forms and as shown in the following Table 1.

Table 1.

Conceptual and operational definition of terms

Terms	Conceptual definition	Operational definition
Job security	According to Matazu (2017), job security refers to the employees' expectation of specific work continuity.	Job security refers to employees' feeling whether the current job is secure or not, and are the current job fulfil the employees' needs.
Pay	Msengeti and Obwogi (2015) mentioned that pay is the cash payments that employees get directly from the employers which base on their job performed.	Pay refer to the salary or wages that employees received.
Promotion opportunities	Promotion opportunities is the opportunity of an employee to move up the organization hierarchy, normally it will increase the employee's responsibility, get a higher position, and receive a better remuneration (Matazu, 2017).	Promotion opportunities refer to the possibilities and chance to get promoted to a higher position and received a better salary in the organization.
Work environment	Work environment is not only the physical components around the working area but also included every factor that form	Work environment refers to the surrounding of the workplace in the current organization that employees working.

	part of the employee's participation with the job (Msengeti & Obwogi, 2015).	
Retention	Retention refers to the capability of the company or management team to retain the employees in an organization (Choudhary, 2016).	Retention refers to the choice of employees to stay or leave their current position and job in the organization.

1.8 Limitation of study

There are a few limitations in this study. First and foremost, this research focus on those employees who worked in one of the hotel in private sector which located in Taiping, Perak, Malaysia. The result may not represent all the employees located in other states in Malaysia. It faced a problem which is to verify and interpret the results with similar studies in different field located in the other states. The sample of this study focus on the private sector which cause a limitation that not represent for the entire population in Taiping, Perak. Besides, this research only used one instrument and method which is the four Likert scale and questionnaire. Therefore, the result of this study might not that accurate as observation and deeper interview section were not conduct. In addition, a different demographical background may also lead to different results. Thus, the result of this research is cannot represent all employees' perspective.

1.9 Chapter summary

This chapter explained an overview of the study which about the relationship between selected attraction factors and the employees' retention in the hospitality filed in private sector in Taiping Perak, Malaysia. Besides, this chapter also explained about some important factors such as the background study and problem statement that related to retention rate, objectives and hypotheses of the study, significant and definition of terms which related to the objectives of this study and the limitation of study. The next chapter will discuss about the literature review of this study.