

UNDERSTANDING THE INFLUENCE OF HUMAN RESOURCE MANAGEMENT PRACTICES ON INTENTION TO STAY: EVIDENCE FROM MALAYSIA

Johanim Johari, Khulida Kirana Yahya & Mohamad Nassruddin Ahmad
College of Business
University Utara Malaysia

ABSTRACT

The main objective of this study is to examine the relationships between human resources management (HRM) practices and intention to stay. Four dimensions of HRM practices are training and development, career development, compensation and benefits, and performance appraisal and achievement. All of these sub-factors were assessed as the predictor of employee intention to stay. A total of 250 questionnaires were distributed to technicians in several manufacturing companies in the Kulim Industrial Park, Malaysia and 184 questionnaires were returned and used for data analysis. Pearson correlation coefficient and regression analyses were done to assess the relationships of all the variables. The findings reported a positive and significant correlation of all HRM practices and intention to stay. The regression results indicated that 15.8 percent of variance that explained the employee intention to stay was accounted for by dimensions in HRM practices. Discussions elaborated on the importance each HRM practices in promoting intention to stay among the manufacturing technicians. Finally, recommendations and conclusion were also highlighted.

Keyword: Human resource management practices, intention to stay, Malaysia

1. Introduction

Workforce is a heavyweight component of any organization and 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. Most organizations recognize the importance of people in realizing the success of their businesses. A profit-making company may possess the strongest edge, in terms of technology, depth in funding, market location etc, but without its strong workforce to execute their respective roles and responsibilities, the company would not be able to progress to meet any of its business or organizational goals. Employees will leave organizations if they are not happy with various factors related to the company. According to Branham (2005), there are seven main reasons why employees leave, which are lack of recognition i.e. low pay, unfulfilling jobs, limited career advancement, poor management practices, untrustworthy leadership, and dysfunctional work cultures. Based on the Hewitt Associates' 2007 Total Compensation Management Survey, the average employee turnover rate in Malaysia is 18 percent. Whether leaving is involuntary, such as termination initiated by the employer, or voluntary, such as resignations, turnover is potentially

costly and may have negative organizational implications. Some examples of possible negative impacts of turnover to organizations are the high costs of recruiting, hiring, training and getting new employees, productivity loss during replacement search and retraining, loss of high performers, and disruption of social and communication structures (Mobley, 1982).

Taylor (2002) stated that unwanted employee turnover is one of the biggest and most costly business problems companies may face and it remains pervasive and persistent. Besides losing the costly knowledge base when employee leaves, the organization will have to re-organize its resources so the business plans and goals will continue to stay the course. For any team or organization which is tightly or thinly staffed, losing a member of the team or member of the staff would cause major agony, increase work pressure, drop in employee morale and in extreme cases, may fail the organization in getting to the desired results. This is not only applicable to top performers in the organization, but can also happen to any average performer, especially in the organization which maintains lean level of resources. To hire or get a replacement employee will normally take some time. The works that need to be put in before finalizing the best candidate to offer require a great deal of effort and will involve substantial amount of time. The organization will need to put effort in advertising the job vacancy, choosing right candidates for interview, then actual interviewing of shortlisted candidates and finally make the offer to the best candidate. Beside the effort and time, these activities would also require substantial costs. Even if the organization decides to utilize the head hunting company services, it would involve a considerable amount of costs. Taylor (2002) asserted that employee retention is one of the biggest competitive advantages in organizations today. When retention is a core value in the organization good things happen to customers, employees, and the company. Through an integrated strategy, organization would achieve the best results.

Good understanding of the relationship between Human Resource Management (HRM) practices and employees' intention to stay will help organizations make the correct decisions when pondering and prioritizing future action plans to align achieving business results while maintaining an economical or optimum level of resources. This is crucial to ensure scarce resources are spent correctly and wisely, sustain a safe and harmonious workplace and maintain an environment where the employees are highly engaged. All these efforts will contribute towards enabling the organization to maximize their business profits and continue to provide jobs for employees, and eventually, this will promote employees' intention to stay. Minimizing employee turnover will then help organization to avoid high costs, both tangible and intangible ones, associated with replacing employees. As noted earlier, human resource management (HRM) practices are considered important in predicting employee intention to stay in an organization. Therefore, the main objective of this study is to investigate the relationships between Human Resource Management (HRM) practices and employee intention to stay. Specifically, HRM practices consist of training and development, career development, compensation and benefits, and performance appraisal and achievement.

2. Literature review

2.1 Intention to stay

Employee retention is increasing in importance as the competition for talent is high and still growing. An employee's decision or behavioural intention to quit is defined by Vandenberg and Nelson (1999), as the 'individual's own estimated probability (subjective) that they are permanently leaving their organization at some point in the near future. The solutions to improve retention management are usually assumed to hinge on assessment, selection practices, and on increasingly comprehensive HR programs and services. Competitive salaries, comprehensive benefits, employee services, incentive programs, and similar initiatives are important when attracting and hanging on to employees but pay and programs are at risk of becoming commodities. It is not hard for a competitor to compete with individual element of employment such as salaries and benefits (Taylor, 2002).

Employee turnover is one of the biggest and most costly business problems companies' face and it remains pervasive and persistent (Taylor, 2002). On the same note, Taylor (2002) argued that undesirable, unwanted, and voluntary attrition that companies experience when highly valued employees quit to take another job elsewhere is a much bigger problem than the frequency of corporate layoffs reported. To keep employees in the company, they need to feel part of the organization. People need to feel like their contributions to the organization are valued (Taylor, 2002). Hence it is important to have in mind that retention plans or programs require an overall, comprehensive, thoughtful process to be effective. Plans are expensive and vary across organizations and industries, as well as they need substantial effort. To enlighten the problem about employees leaving, actions need to be taken as these programs compete for talent (Mitchell et al., 2001). Having said that, Mitchell et al. (2001) asserted that satisfaction in the work place is important for staying and management techniques probably contribute to it. They also mentioned recommendations in order to solve turnover problems like frequent and honest communication, fair and equitable compensation, and clear performance expectations. Pay and financial incentives also work to increase motivation, commitment, and satisfaction.

According to Ajzen and Fishbein (1980) and Igbaria and Greenhaus (1992), intentions are the most immediate determinants of actual behaviour. They are also of practical value from a research perspective, as once people have actually implemented the behaviour to quit, there is little likelihood of gaining access to them to understand their prior situation. The validity of studying intentions in the workplace can also be drawn from Igbaria and Greenhaus (1992), longitudinal study of salespeople, in which intention to quit was found to differentiate effectively between leaves and non-leavers. However, while it is reasonable to argue that intentions are an accurate indicator of subsequent behaviour, little is known what determines such intentions. Several studies have investigated the possible antecedents of employees' intention to quit (e.g. Kalliath & Beck, 2001; Kramer, McGraw, & Schuler, 1997). While actual quitting behaviour is the primary focus of interests to employers and researchers, intention to quit is argued to be a strong substitute indicator for such behaviour.

2.2 Human resource management practices

Human Resource Management is the policies, practices, and systems that influence employees' behaviour, attitudes, and performance. Human resource management practices play a key role in attracting, motivating, rewarding and retaining employees (Noe, 2008). Human Resource Management (HRM) practices concerns about management activities relating to investment in staffing, performance management, training, development, compensation and benefits, employee relation etc, of employees (Noe, 2008). The study of human resource management is concerned with selection that organizations make from the number of policies, practices and structures available on them (Boxall & Purcell, 2003). Understanding the differences between human resource policies and human resource practices is an important aspect for this study. Policies are stated intentions regarding its various employee management activities, while practices are the activities that actually occur (Boselie, Dietz & Boon, 2005). Wright and Nishii (2004) contended three distinctions within human resource practices exist. Firstly, they suggested that there is human resource practices designed on a strategic level. Second, there are actual human resource practices that have been implemented, most often by supervision. Finally, they suggest a third level of human resource practices, those perceived by the employees.

Storey (1998) distinguished between hard and soft forms of human resource management, typified by the Michigan and Harvard models respectively. 'Hard' human resource management focuses on the resource side of human resources. It emphasizes costs in the form of 'headcounts' and places control firmly in the hands of management. Their role is to manage numbers effectively, keeping the workforce closely matched with requirements in terms of both bodies and behaviour. 'Soft' human resource management, on the other hand, stresses the 'human' aspects of human resource management. Its concerns are with communication and motivation. People are led rather than managed. They are involved in determining and realizing strategic objectives.

The soft model of human resource management, suggests a relationship exists between the use of "appropriate" human resource management practices and positive employee attitudes, and while theoretically these relationships remain poorly developed (Guest, 1997, 2001), a number of attitudes are nonetheless widely considered to be an outcome of soft human resource management. For example, levels of job satisfaction, which is the affective perception that results from the achievement of desired outcomes (Huselid, 1995), are found to be related to levels of human resource practices (Guest, 2002). High levels of employee commitment have also been found to be related to the use of "appropriate" human resource management practices (Guest, 2002), and results from investing in human resource management practices which benefit employees. For example, the provision of opportunities for training and skill development benefits the employee by equipping them with the necessary knowledge, skills and attitudes to function autonomously and responsibly (Guest, 2002). Furthermore, it improves retention and enables them to cope with change in the work environment (Guest, 2002).

A number of researchers argued that the actual human resource management practices are significant points of examination as they have the most impact on organizational outcomes, through employee skills, attitude and behaviour (Gerhart et al., 2000; Huselid & Becker 1996, Wright &

Boswell, 2002). Guthrie (2001) examined the impact of human resource practices on turnover and firm productivity among a sample of firms in New Zealand where he has found that human resource practices had an impact on turnover and high-involvement human resource practices has contributed positive effects on the relationship between retention and productivity, but negative when they did not. Boselie, Dietz, and Boon (2005) through result of content analysis of 104 peer-reviewed articles specific to the field, has identified 26 various human resource practices. For this study, four human resource practices namely training and development, career development, compensation and benefits and performance appraisal and achievement were selected. These factors were assessed to determine its relationships to intention to stay among technician in the manufacturing organizations.

2.2.1 Training and Development

In the context of this study, training involves designing and supporting learning activities that resulted in a desired level of performance. Development refers to those learning opportunities design to help employees grow. Training and development has been defined as the process by which individuals change their skills, knowledge, attitudes, and/or behaviour (Robbins, 1998). Training has traditionally been defined as the process by which individuals change their skills, knowledge, attitudes, and/or behavior (Robbins, 1998). Development is not primarily skill-oriented. It provides general knowledge and attitudes which will be helpful to employees in higher position. Nankrui, Comptun and Mc Carty (1999) indicated that effective training would not only equip employee with most of the knowledge and skills needed to accomplish jobs but it would also help to achieve overall organization objectives by contributing to the satisfaction and productivity of employee. Past researchers have found evidence on the impact of training on productivity and where employees and employers were able to share the benefits from training (Conti, 2005; Dearden, Reed & van Reenen, 2006; Ballot, Gerard, Fakhfakh, & Taymaz, 2006). Learning new skills may trigger renewed interest in many aspect of the job. These experiences are bound to make employee connect better with their mates and foster higher engagement. Sparrow (1998) defines training as an integrative system which requires among others a high level of collaboration among various human resource management practices activities. In human resources practices, training is the systematic development of the attitude, knowledge and skills pattern that required by a person to perform a given task or job adequately (Barton & Delbridge, 2001). According to Sparrow (1998), the ability, understanding and awareness in training and development are necessary in an organization in order to; develop workers to undertake higher grade tasks, provide the conventional training of new and young workers, raise efficiency and standards of performance, meet legislative requirements and inform people (e.g. induction training, pre-retirement courses, etc.).

On the other hand, Dowling and Welch (2004) indicated that training aims to improve current work skills and behavior, whereas development aims to increase abilities in relation to future position or job. Training is related to the skills deem necessary by the organization in order to achieve and improve the organization goals. From training, organization is expected to have a positive impact on employee commitment and engagement. This can be supported by a statement from Rowden and Conine (2005) that employees who perceive their training being beneficial will be more satisfied than those who get no training or get an unvalued training.

Training and development was also reported to substantially influence job satisfaction and organizational commitment (e.g. Pratten, 2003; Smith, 2003), which in turn affect staff retention. Poulston (2008) and Lam and Zhang (2003) asserted that improving training is likely to reduce understaffing because inadequate training may lead to high staff turnover and also other workplace problems. Jones et al. (2008), in their study found clear evidence that training is positively and significantly associated with job satisfaction. The study concluded that training can improve the job satisfaction of employees, thus reducing the turnover of the organization. Training and career development has significant positive association with intention to stay, which is consistent with the results of existing literature (e.g. Bassi et al., 1996; Bassi & Van Buren, 1997; Oakland & Oakland, 2001; Jones et al., 2001; Vorhies & Harke, 2000). From the employee's point of view, training is a symbol of the employer's commitment to their staff (Storey & Sisson, 1993). If the training involves the development of skills specific to the organization, it is likely to result in greater productivity for the firm, which in turn may raise the wages above what the employee will obtain elsewhere thus providing an incentive to stay (Frazis et al., 1998). As such, it is hypothesized that:

H1: There is a significant and positive relationship between training and development and employee intention to stay.

2.2.2 Career Development

According to Zheng and Kleiner (2001), career development is simply a formal approach taken by an organization to ensure that people with the proper qualifications and experience are available when needed. Career development helps organisations avoid the dangers of an obsolescent, unacceptable workforce. Ginzberg et al. (1951) defined the career development process by a model based on continually assessing, exploring, setting goals, and acting. It is a long term process that begins in early childhood and progresses through adulthood. Zheng and Kleiner (2001) conceptualized career development as a lifelong process of becoming aware of, exploring and experiencing factors that influence various aspects of a person's life. The knowledge, skills and attitudes that evolve through this path of discovery enable planning and decision-making, not only about work exploration and related employment and vocational choices but also about personal management and life/work skills. Career development is part of lifelong learning, in that personal and vocational skills constantly change and expand during a lifetime in response to career changes and emerging opportunities. Zheng and Kleiner (2001) agreed that career development provides a future orientation to human resource development activities. As the employees of an organization grow and change, the kinds of work they may want to do may also change as well. If employers can assist their employees in making decisions about future work, they can better prepare employees to be effective when they take on new positions. When employers understand how their employees make decisions about future work, they can do a better job of planning for their human resource needs (Zheng & Kleiner, 2001).

Miller and Wheeler (1992) found that employees' intention to stay is significantly affected by the presence of meaningful work and opportunities for promotion. Other than opportunities for promotion, the evaluation criteria used in the promotion and reward system also had significant

effects on employees' turnover intentions (Quarles, 1994). Employees who feel that they are contributing to the organization will be more engaged with their job, and thus, will be less likely to leave the organization. Likewise, employees who feel that they have higher chances of promotion are more likely to stay with the organization, rather than leave the organization. Importantly, promotion opportunities not only give the employees a sense of appreciation and gratitude.

Chew and Chan (2008) examined the role of providing a challenging assignment on organizational commitment and intention to stay. While the positive relationship between challenging assignment and organizational commitment is consistent with past studies (e.g. Furnham et al., 2002; Walker, 2001), an employee's intention to stay is not significantly affected by the degree of challenge provided by the assignment. Some studies (Kristof, 1996; Withers, 2001) reveal that employees often commit to a firm that enables them to best utilize their skills and abilities and to an organization that provides an environment that appropriately matches their personal attributes. Several studies on productivity emphasize that high talent individuals often seek work that is creative and challenging (Shepherd & Mathews, 2000; Jardine & Amig, 2001). On the contrary, according to Phillips (1997), failure by organizations to provide their employees with opportunities to develop new skills would result in employees reporting negative feelings and attitudes toward the organization. Hence, this study purports that:

H2: There is a significant and positive relationship between career development and employee intention to stay.

2.2.3 Compensation and Benefits

Compensation systems have traditionally been designed to attract and retain employees and to motivate them to increase their effort and outputs toward the achievement of organizational goals (Bergmann & Scarpello, 2001). Compensation is also considered as one of the most significant costs to operating a business. Compensation not only influences hiring and retention, it went to the extent of aligning employees' interest with organizational goals by providing rewards for meeting specific goals. The term "Compensation" is a broad area as it covers not only the financial rewards (e.g. pay, reward, remuneration or salary) but non-financial rewards (e.g. non-salary benefits provided by the organization for its employees such as the type of leave, yearly level, accident and health, retirement scheme, expenses payment scheme to attract and retain employees (Amuedo-Dorantes & Mach, 2003).

In other studies related to compensation, Trevor, Barry, & Boudreau (1997) found that salary growth and other non salary benefits provided to employees have a significant effect on intention to quit. Miller and Wheeler (1992) found that employees' intention to stay is significantly affected by the presence of meaningful work and opportunities for promotion. Some studies (Kristof, 1996; Withers, 2001) reveal that employees often commit to a firm that enables them to best utilize their skills and abilities and to an organization that provides an environment that appropriately matches their personal attributes. Several studies on productivity emphasize that high talent individuals often seek work that is creative and challenging (Shepherd & Mathews, 2000; Jardine & Amig, 2001). On

the contrary, according to Phillips (1997), failure by organizations to provide their employees with opportunities to develop new skills would result in employees reporting negative feelings and attitudes toward the organization. As such, it is proposed that:

H3: There is a significant and positive relationship between compensation and benefits and employee intention to stay.

2.2.4 Performance Appraisal and Achievement

The rationale behind any form of appraisal is to improve the utilization of human resources in organization. The result from performance appraisal can be used in other functions in HRM such as planning, recruitment, compensation, promotion, training and development, and layoff. Schulan and Jackson (1987) distinguish two major orientations for appraisal process based on behaviour or results. The behaviour view insist on personnel's conduct in workplace, the result oriented approach suggest that the behaviour of personnel is of little importance and appraisal should be based on outcomes. The annual performance evaluation of the manufacturing technicians should form part of his or her permanent record. Performance appraisal represents in part, a formalized process of worker monitoring and is intended to be management tool to improve the performance and productivity of employees (Brown & Heywood, 2005). Employee commitment, productivity, and intention to stay can be improved with performance appraisal system. Brown and Heywood (2005) also stated that, possibility of performance appraisal is enhanced by complementary human resource management practices like formal training and incentive pay and performance appraisal leads to greater influence of productivity.

Dailey and Kirk (1992) found that effective performance appraisal and planning systems contributed to employees' perceptions of fairness and they were more likely to consider staying at the organization. Employees who feel that they are being treated fairly by their employers are more like to keep their job, compared to those who feel that they have been unfairly treated by their employers. Based on the aforesaid findings, it can be safely assumed that performance appraisal and achievement is correlated with employee performance as well as retention in an organization. Hence, this study hypothesizes that:

H4: There is a significant and positive relationship between performance appraisal and achievement and intention to stay.

2.3 Research Framework

The research framework in this study is build upon the literature review. It is therefore theorized that each dimension in HRM practices has an influence on intention to stay. Figure 1 depicts the research framework of this study.

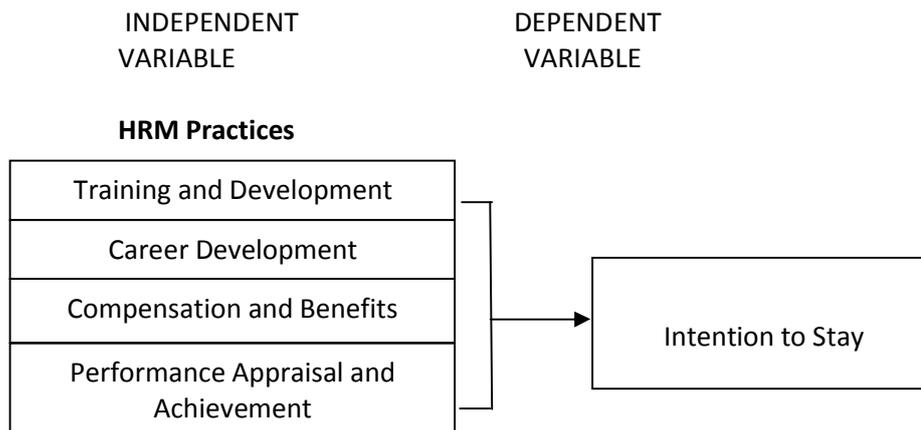


Figure 1 Research Framework

3. Methodology

3.1 Research design and population and sampling

This study used a quantitative approach to measure the relationship between Human Resources Management (HRM) practices and intention to stay. Based on the sampling frame, there are approximately 300 technicians in the manufacturing companies located in Kulim High Technology Park. A total of 250 questionnaires were distributed to technicians in several manufacturing companies in the Northern Region of Peninsular Malaysia. A total of 184 questionnaires were returned and used for data analysis.

3.2 Measurement and sample items

A total of 31 items with five-point Likert scale of 1-strongly disagree to 5-strongly agree were used to measure all variables in the study. Specifically, intention to stay is measured using five items previously used by Bozeman & Perrewe (2001) that was developed by Mowday, Koberg, & McArthur (1984). The items had a reliability value between 0.90 and 0.94. Sample items are "I do not intend to quit my job", "It is unlikely that I will actively look for a different organization to work for in the next year", and "I am not thinking about quitting my job at the present time."

The four dimensions of HRM practices were measured using 26 items developed by Delery and Doty (1996). Training and development was measured by five items such as "I am given opportunities to upgrade my knowledge and skills and to improve my performance through continuous training", "I received necessary training to perform my job well", and "I am given the opportunity to be involved in activities that promote my professional development". Career development was measured by six items and sample items for this dimension are "My immediate supervisor and I discussed my career development opportunities", "I am given ample opportunities for advancement on my job", and "I am satisfied with the way promotions are given out in the company".

Compensation and benefits factor is also assessed by six items including "I received the amount of pay that commensurate the work I do", "My pay is generally equal to the pay of my colleagues of the

same level/position”, and “My pay is generally equally to the pay of similar job in other companies of the same industry”. The final HRM practices dimension is performance appraisal and achievement, which was gauged by nine items. Sample items for this sub-factor are “I am evaluated fairly based on my performance”, “Performance appraisal is based on individual performance”, “Individual contributions are encouraged and recognized”, “My immediate supervisor supports and encourages me by providing regular feedback on my performance”, and “I get a feeling of accomplishment from the job I do”.

3.3 Data Analysis Technique

Answers to the questionnaire were coded using the Statistical Package for Social Science (SPSS) software version 17.0. The results were then summarized using appropriate descriptive and inferential statistics. A reliability test was done by observing the Cronbach’s Alpha value with the cut off point of 0.60. To test the significance of the relationship among the independent variables and dependent variables, Pearson Correlation Coefficient analysis was used. A regression analysis was conducted to examine the influence of HRM practices, which are training and development, compensation and benefits, performance appraisal and achievement, and career development, on intention to stay among technicians in the manufacturing companies.

4. Findings

4.1 Profile of Respondents

A total of 184 employees fully responded to the survey questions distributed to 200 employees, made up a response rate of 92%. The majority of respondents were female (67.9%) while their males counterparts constitute to 32.1%. Almost one third (31.5%) of the respondents aged between 30 to 34 years old while about one quarter (25.5%) of the respondents were in aged group between 35 to 39 years old. Most respondents had only secondary education SPM or certificate (70.1%). A vast majority (89.2%) of the respondents have worked in the present manufacturing companies for more than six years.

4.2 Reliability Analysis

Cronbach’s coefficient alphas were computed for each one of the dimensions to determine the internal consistency reliability of the instruments used in the study. Table 1 illustrates the Cronbach’s Alpha values for the variables. According to Nunnally and Bernstein (1994), coefficient alpha of 0.70 is considered good and 0.60 acceptable. The findings showed that the instruments used to measure each variable in this study are highly reliable. Each one of the variables has a Cronbach’s Alpha of at least 0.835.

Table 1: Summary of reliability analysis

Variables	Items	Cronbach's alpha
Training and Development	5	.869
Career Development	6	.869
Compensation and Benefits	6	.871
Performance Appraisal & Achievement	9	.856
HRM Practices	26	.939
Intention to Stay	5	.835

4.3 Descriptive Analysis

Descriptive statistic of means and standard deviations were obtained from the independent and dependent variables. The summary of the descriptive statistics is shown in Table 2. All variables were measured on a 5-point Likert scale (1 being strongly disagree to 5 being strongly agree). The mean values for training and development and performance appraisal and achievement were above 3.5. The other variables suggested high mean of more than 3.0 for career development, compensation and benefits and the overall human resources management (HRM) practices.

Table 2: Overall Descriptive Statistics of the Variables

Variables	Mean	Std. Deviation
Training and Development	3.77	.60
Career Development	3.31	.70
Compensation and Benefits	3.22	.77
Performance Appraisal Achievement	3.59	.51
HRM Practices	3.48	.53
Intention To Stay	3.52	.88

4.4 Correlation analysis

Table 3 exhibits that all four dimensions of human resources management (HRM) practices have significant correlation with intention to stay. However, all four sub factors indicated medium correlation values of 0.207 to 0.383. The highest correlation among the four HRM practices was the compensation and benefits at 0.383.

Table 3: Correlation Results between Intention to Stay and HRM Practices

Variables	1	2	3	4	5
Intention To Stay (1)	1				
Training and Development (2)	0.207*	1			
Career Development (3)	0.306*	0.653*	1		
Compensation and Benefits (4)	0.383*	0.408*	0.650*	1	
Performance Appraisal and Achievement (5)	0.235*	0.526*	0.695*	0.662*	1

* $P < 0.01$

4.5 Regression Analysis

As depicted in Table 4, the regression results revealed the R square value of 0.158. This indicates that 15.8 percent of variance that explained the employee intention to stay was accounted for by dimensions in HRM practices. Further, of four dimensions in HRM practices, only compensation and benefits are the significant predictors of intention to stay ($\beta = 0.360$, $p < 0.001$).

Table 4: Regression results of HRM practices on Intention to Stay

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	β	Std. Error	β		
(Constant)	2.150	.476		4.517	.000
Training Development	.053	.134	.036	.393	.695
Career Development	.156	.145	.124	1.077	.283
Compensation and Benefits	.410	.112	.360*	3.671	.000
Performance Appraisal	-.186	.178	-.109	-1.041	.299

$R^2 = 0.158$ $F = 8.396$, * $p < 0.001$

5. Discussions

The primary objective of this study is to examine the relationship between human resource management (HRM) practices (training and development, career development, compensation and benefits, and performance appraisal and achievement) and intention to stay. Based on result, all the human resource management practices have positive and significant relationships with intention to stay. The finding in this study is consistent with the findings by Arnold and Feldman (1982), Cotton and Tuttle (1986), and Huselid (1995). They concluded that the HRM practices, which include compensation level, union presence, job satisfaction, organizational tenure, demographic variables, organizational commitment, job security, whether a job meet individual expectation, were all predictive of employee's leaving. On a similar ground, Park et al. (1994); Trevor et al. (1997); Abassi and Hollman (2000) and Ghiselli et al. (2001), proved in their studies that there is a link between human resources practices and intention to stay. This suggests the importance of HRM practices in relation to employee intention to stay.

The results of this study indicated that training and development relates to intention to stay. This perhaps due to the fact that training and development program provides the platform for manufacturing technicians to catch up with the latest process and standard operating procedures. Whenever there is a new product or new process established, the manufacturing technicians would be put into training. At minimum, manufacturing technicians will be provided with peer to peer training or sometimes with the expert training. As such, they would feel valued by the organization hence these would promote their intention to stay. The findings are consistent with some of the past researches. Pratten (2003) and Smith (2003) found the training and development impacts job satisfaction and organizational commitment, which in turn influence staff retention. In a similar vein, Lam and Zhang (2003) asserted that improving training is likely to reduce under-staffing and

inadequate training, which may ultimately lead to high staff turnover and also other workplace problems

Career development also had a significant relationship with intention to stay among technicians in the study. This may infer that intention to stay among the technicians is significantly correlated with the presence of meaningful work, opportunities to upgrade their capability, and importantly promotion. This result is parallel to findings in past studies, for instance Miller and Wheeler (1992) and Quarles (1994) reported that there is a significant association between opportunities for career advancement and employees' intention to stay. This is due to fact that employees feel more secured with the company they are currently working and therefore they have no intention to seek employment elsewhere.

Compensations and benefits were also found to have a significant correlation with intention to stay among manufacturing technicians in the study. In other words, attractive compensation and benefits provide a leading edge in manufacturing technicians' intention to stay. This is consistent to Kahn's (1990) assertion that employees' perception of the benefits they received has a strong predicting role on employee intention to stay. In a parallel fashion, Chew and Chan's (2008) findings reported that remuneration and recognition positively predicted organizational commitment and intention to stay. With the underlying assumption that money can influence behaviour, a perceived fair remuneration is understood to be the cornerstone of the contractual and implied agreement between employees and employers in the long run (Parker & Wright, 2000).

This study reported a significant correlation between performance appraisal and achievements and intention to stay among the manufacturing technicians. According to a study by Dailey and Kirk (1992), successful performance appraisal and planning systems help improve employees' perception toward justice and fairness at workplace. It is important to note that employees who feel that they are being treated fairly through effective performance appraisal system would be more likely to retain in their jobs, compared to those who perceived otherwise. Hence, based on the results, it can be summed up that performance appraisal and achievement has a significant correlation with intention to stay among manufacturing technicians.

Conclusion and recommendations for future research

Taken as a whole, this study has provided some empirical support on the relationships between HRM practices and intention to stay among manufacturing technicians. The results reported that four dimensions of HRM practices, which are training and development, compensation and benefits, career development, and performance appraisal and achievement, were found to have positive correlation with intention to stay. The research results have provided support for the key propositions. More importantly, this study has succeeded in answering all of the research questions despite some of the limitations.

Future research should replicate the framework of this study in other settings, such as service industries. This is because the different nature of service sector, particularly in terms of HRM practices, would perhaps elicit different results in relation to intention to stay. A comparative study between the manufacturing and service sectors would be very insightful in understanding factors related to intention to stay of employees in different work environments. Future studies should consider incorporating other predictors of intention to stay. This is because intention to stay is

attributed to many factors, not limited to HRM practices only. There may be other situational as well as personal predictors of intention to stay that should be scrutinized in future studies.

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