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**FACTORS AFFECTING WORKERS TURNOVER INTENTION IN
MANUFACTURING SECTOR AT MELAKA**

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**Report submitted in fulfilment of the requirement for the degree of Bachelor
of Technology Management (Hons) in High Tech Marketing**

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DECLARATION

I declare that this thesis entitle “Factors Affecting Workers Turnover Intention In Manufacturing Sector At Melaka” is the result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

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DEDICATION

I would like to dedicate the success of this project report especially my father Mr Adnan bin Musa and my mother, Halimah Binti Abdul Rahman. The sacrifices that they had made for me to further studies would not be enough by just submitting the report, but it is beyond that. Thus, I am honoured to have them as my parents. Secondly, dedication to all my siblings which have helped me a lot in term of spirit, encouragement, finance support and for giving timely advice in all the ways. I express a deep sense of gratitude to my lecturer whom also my supervisor for this Final Year Project, Mr Hasan Bin Saleh and also to my beloved fellow friends.

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ABSTRACT

Employees are important assets in any running of a business; without them the business would be unsuccessful. Employee turnover is the process of replacing one worker with another for any reason. A turnover rate is the percentage of employee that a company must replace within a given time period. This rate is a concern to most companies because employee turnover can be a costly expense, especially for lower-paying jobs, which typically have the highest turnover rates. Having an employee leave a company, either because of his or her choice or after being fired or otherwise let go, might require various administrative tasks to be performed and severance pay or other payments made to the employee. Replacing the employee might require such things as advertising the open position, using a so-called head hunter or other service to finding potential job candidates, bringing in candidates for interviews and eventually training the new employee. The continuous training and positive reinforcement develops an employee to be more committed, competent, consistent, competitive and effective which also in long run plays a very important role in the employee turnover which is result of global competitiveness. Employee turnover is always taken as a negative aspect of any business house. It not only affects the production and in long run the profit but also the working culture and learning environment of the corporate sector. Employee turnover has been defined as a permanent movement of the employee beyond the boundary of the organization. Interest in the topic has gained momentum in the recent past among organizational psychologists, economists, and sociologists with different perspectives. In this study, the researcher conducts a study on the factors that impact turnover intention of employees in manufacturing sector at Melaka. The dependent variable is turnover intention and the independent variables involved are job stress, work overload, work environment, leader-member exchange, reward practices.

Keywords: *Turnover Intention, Manufacturing Sector*

ABSTRAK

Pekerja adalah aset penting dalam mana-mana urusan perniagaan; tanpa mereka perniagaan itu tidak berjaya. Perolehan pekerja adalah proses menggantikan satu pekerja dengan yang lain untuk sebarang sebab. Kadar perolehan ialah peratusan pekerja yang syarikat mesti menggantikan dalam tempoh masa tertentu. Kadar ini adalah kebimbangan kepada kebanyakan syarikat kerana perputaran pekerja boleh menjadi perbelanjaan yang mahal, terutama untuk pekerjaan yang berpendapatan rendah, yang biasanya mempunyai kadar perolehan tertinggi. Memiliki pekerja meninggalkan sebuah syarikat, sama ada kerana pilihannya atau selepas dipecat atau dilepaskan, mungkin memerlukan pelbagai tugas pentadbiran untuk dilaksanakan dan bayaran pesangon atau bayaran lain yang dibuat kepada pekerja. Menggantikan pekerja mungkin memerlukan perkara seperti mengiklankan posisi terbuka, menggunakan pemburu pekerja yang dipanggil atau perkhidmatan lain untuk mencari calon pekerjaan yang berpotensi, membawa calon untuk wawancara dan akhirnya melatih pekerja baru. Latihan berterusan dan pengukuhan positif membangunkan pekerja untuk menjadi lebih komited, kompeten, konsisten, berdaya saing dan berkesan yang juga memainkan peranan yang sangat penting dalam perputaran pekerja yang mengakibatkan daya saing global. Perolehan pekerja sentiasa diambil sebagai aspek negatif dari mana-mana perniagaan. Ia bukan sahaja menjejaskan pengeluaran dan dalam jangka panjang keuntungan tetapi juga budaya kerja dan persekitaran pembelajaran sektor korporat. Perolehan pekerja telah ditakrifkan sebagai gerakan tetap pekerja di luar sempadan organisasi. Minat dalam topik telah mendapat momentum pada masa lalu di kalangan psikologi organisasi, ahli ekonomi, dan ahli sosiologi dengan perspektif yang berbeza. Dalam kajian ini, penyelidik menjalankan kajian mengenai faktor-faktor yang mempengaruhi niat perolehan pekerja dalam

sektor perkilangan di Melaka. Pemboleh ubah bergantung adalah niat perputaran dan pembolehubah bebas yang terlibat adalah tekanan kerja, beban kerja, persekitaran kerja, pertukaran pemimpin, amalan ganjaran.

Kata Kunci: *Niat Pusing, Sektor Pengeluaran*

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CHAPTER 1

INTRODUCTION

1.1 Background

In Chapter 1, the examination foundation which depicts the assembling division in Malaysia is to be talked about. Issue explanation will be created for this examination. Research target will likewise be talked about in this section which incorporates general and particular destinations. In addition, examine inquiries and theory of this examination will likewise be produced in this part. In conclusion, the centrality of the investigation will likewise be cleared up and incorporated into this part.

1.2 Research Background

Turnover implies the workers development inside an association. Turnover likewise allude to stop, whittling down, exists, portability, movement or progression. Voluntariness, functionality and avoidability are three characteristic of turnover. Individual that willingly move or quit from the organization refer as voluntary turnover and resignation are the example of voluntary turnover. Contrast to voluntary is involuntary where the employees don't want to move or quit but they have to quit, for example, death, dismissal and retirement. Preventing the voluntary

employees from leaving the company label as avoidability turnover. The table beneath demonstrates the avoidability-grid (Perez, 2008).

Table 1.1: Avoidability Matrix

		Actual Turnover Type	
		Avoidable	Unavoidable
Perceived Turnover Type	Avoidable	✓ Fit <i>prevention orientation</i>	✗ Non-fit <i>spurious prevention</i> Type I error (Ho = Turnover is avoidable)
	Unavoidable	✗ Non-fit <i>spurious control</i> Type II error (Ho = Turnover is avoidable)	✓ Fit <i>control orientation</i>

After an employee leaves the organization which will effect to the company, this called as functionality turnover. The effect may be positive which is company may replace the unproductive employee with a better employee. However, there are also negative impact which the company losing valuable asset (Perez, 2008).

According to HEMDI (2006), turnover intention isn't unequivocal. This means in future, employee who have their own conscious to think on leaving the organization sooner or later. This also reflects in specific period and this way coming about to turnover, the likelihood that the representatives will change their activities. The increasing in turnover intention will make the turnover also increase. It additionally catches the workers' recognition and assessment of employment options (Perez, 2008).

The effect or turnover onto the organization can be in positive or negative. In term of positive effects, it acquires better abilities and capacities representatives. Then again, it will prompt lower employees' spirit and high cost (Nadiri and Tanova, 2010). This conveys critical expenses onto the association. As example, the cost of substitution, preparing, and opportunity (Heydarian and Abhar, 2011). Whenever an ever increasing number of workers leave the association, it will prompt operational disturbance because of trouble in supplanting the talented and capacity representatives. Disheartening of hierarchical enrolment will be expanded (Perez, 2008).

1.3 Problem Statement

In the literature, turnover intention has gotten impressive attention. Turnover aim has been a basic issue for a long time (Chen, Lin and Lien, 2010) and it is a noteworthy issue for organization now. Tett and Meyer (1993) characterized turnover expectation as cognizant wilfulness to look for different options in other organization. Occupation stretch impact representatives' activity fulfilment which thusly prompts low execution and the aim to leave the activity (Applebaum et al., 2010). There are numerous analysts who found that the more prominent the measure of stress, the higher will be the turnover goal of worker (Chen et al., 2010; Applebaum et al., 2010).

As indicated by Willis Towers Watson (2015), an exploration that done by Global Workforce Study, Talent Management and Rewards Study from worldwide expert administrations firm, Towers Watson demonstrates that the degree of consistency has declined. The greater part of the workers are stating they are probably going to leave the organization inside two years; now 36% contrast with 29% in years 2012 (Willis Towers Watson, 2015).

In Malaysia, the representative turnover rate expanded from 1.1% to 13.2% out of 2014 and expanded to 14.3% out of 2015 which producing business amass was experienced a high staff turnover (Mystarjob, 2015). A high turnover rate can impact the profitability and cost of an organization (Butali, Mamuli and Wesang'ula, 2014). As per the Manufacturers Alliance for Productivity and Innovation (MAPI) Foundation, Malaysia's assembling mechanical profitability fell at 1.0% yearly rate in the time of 2015 following 3.5% development in the time of 2014 (Material Handling and Logistics, 2015).

Urging representatives to proceed with remain in the organization for a long stretch can be named as worker maintenance and it is a procedure in which the workers are invigorated to stay with the organization for the greatest timeframe or till the finish of a specific errand (Das and Baruah, 2013). Subsequently, work fulfilment is a key driver of representative maintenance.

As per Parul and Havisha (2015), work fulfilment is the most examined field of hierarchical conduct. A large portion of the organizations will quantify representative fulfilment every year by utilizing review keeping in mind the end goal to lessen worker turnover rate is most vital for organizations (Parul and Havisha, 2015).

1.4 Research Objectives

The purpose of this study is to examine the factors that affect the turnover intention in manufacturing sector in Melaka. The main objective in this study is to find the relationship among job stress, work overload, work environment, leader-members exchange, reward practices, and turnover intention.

This study is aimed to achieve the following purposes:

- i. To identify the relationship between job stress and turnover intention in manufacturing sector in Melaka.
- ii. To examine the relationship between work overload and turnover intention in manufacturing sector in Melaka.
- iii. To determine the relationship between work environment and turnover intention in manufacturing sector in Melaka.
- iv. To investigate the relationship between leader-member exchange and turnover intention in manufacturing sector in Melaka.
- v. To understand the relationship between reward practice and turnover intention in manufacturing sector in Melaka.

1.5 Research Questions

This is the research questions for this study:

- i. What is the relationship between job stress and turnover intention of manufacturing sector in Melaka?
- ii. What is the relationship between work overload and turnover intention of manufacturing sector in Melaka?
- iii. What is the relationship between work environment and turnover intention of manufacturing sector in Melaka?
- iv. What is the relationship between leader-member exchange and turnover intention of manufacturing sector in Melaka?
- v. What is the relationship between reward practices and turnover intention of manufacturing sector in Melaka?

1.6 Scope of the Study

The scope of this study is focus on studying the critical causes of change that usually occurred of workers turnover intention. The questionnaire method will be carrying out to collect the valuable information and data in order to answer the research objectives and research questions of this study. It will be conducted on any manufacturing companies in Melaka. This group of samples is chosen due to their experience, knowledge, skills and expertise in manufacturing company that can ensure the reliability of data collection.

1.7 Significance of the Study

Investigation on the most common and critical factors of workers turnover intention in manufacturing sector would serve a beneficial information to managers and manufacturing firms as changes usually occur in every stage and it may bring positive and negative impacts to company management and performance. By acknowledging this, they can concentrate on turnover intention by workers and able to recognize them earlier. This study also can be beneficial to student especially human resources management student as additional knowledge and information to their related subject which they learn theoretically at university. In addition, this study may be beneficial for them in understanding this topic in a real scenario. In addition, this study can help in better comprehension of which factors (work push, work overburden, workplace, pioneer individuals trade, compensate rehearses) are related with low and high worker turnover intention through the consequences of the investigation appeared in this study. Thus, this can discover some fitting answer for resolve this issue.

1.8 Conclusion

In chapter 1, the objectives of this study which to investigate the most critical affecting factor to the workers turnover intention among manufacturing sector in Melaka and its impacts are described based on the problem statement as stated in this study. The research questions for this study is obtained by research objectives which helps the researcher in creating and adopting questionnaire for the respondents that are selected based in their expertise and knowledge. The scope of this study is established in focussing on the target population or sample that used by researcher to be generalized the population of manufacturing company.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Different written works that have been distributed about anything related to this study will be focused in this chapter with respect to research of employment stretch, work over-burden, workplace, pioneer part trade and reward rehearses on turnover goal. In this part, specialists have a few audits on the definition and speculations about the representative turnover. The autonomous factors for this investigation are work pressure, work over-burden, workplace, pioneer part trade and reward hones though the needy variable in this examination would be worker turnover aim.

2.2 Review of the Literature

2.2.1 Turnover Intention

Turnover desire is the way to go or feeling of leaving however not by any stretch of the imagination the exhibition of leaving the affiliation. It suggests one phase before leaving which needs to get out. Strangely, the delegate's departure from an affiliation is the real turnover (Chen et al., 2011). Providing organization an opportunity to and stop the loss of worker save specialist organization relationship called turnover cognition which also known as turnover intention (Fang, Tony, and Verma, 2002).

The best marker of whether a labourer will leave the affiliation relies upon workers turnover intention (Chen et al., 2011). Turnover intention also describe the workers whose up 'til now serving to the company. The employee personal lives and their working environment are the factors which affecting the intention to turnover (Chen et al., 2011). Besides, particular qualities can similarly impact objective to leave, for instance, cooperation in union, residency, pay, occupation and age.

Past examinations were essentially revolved around turnover desire (Chen, Chu, Lin, and Wang, 2008). There is nonattendance of concentrates to gage the factors affecting the real turnover. It is basic to look into whether the components affecting labourer's turnover point can be associated with agent's genuine turnover (Chen et al., 2008). Those in occupations that are high looked for after are those workers who are more arranged to leave their workplaces, more energetic pros, those with low and those with cut down workplace residency (Chen et al., 2008).

Investigator, Price communicated that turnover could be gathered into purposeful or programmed turnover (Chen et al., 2008). Ponder turnover insinuates the tenaciously passive consent of an agent from an affiliation. Programmed turnover, on substitute hands, it implies a man who leaves an affiliation consequently (Chen et al., 2008). Progressive nervousness is clearly related to individual's hard-headed turnover.

Controllable turnover factors also consist of the parts that happened turnover. However, death and retirement are banished from these turnover factors (Chen et al., 2008). In light of the model of Mobley (1977), it communicated that the beginning system of the delegates' turnover decision is the evaluation of one's available position. The agents may stay or quit the association (Chen et al., 2011).

The evaluation method fuses cost of deserting one's present position, work stress and moreover other existing decisions (Chen et al., 2008). A lot of estimations are measured while predicting turnover desire which along these lines makes it a not too bad marker of genuine turnover. Moreover, many researcher has claimed that bona fide turnover have a strong positive relationship with the desire to leave. Veloutsou and Panigyrakis (2004) stated that in past research work, there are founded the positive association between genuine turnover and turnover objective.

Investigators have found that there are strong associations between turnover objective and business satisfaction, affiliation duty, worked burnout, information searching for frames, slant for participative essential initiative, sexual introduction, value perceptions, and organization style (Veloutsou and Panigyrakis, 2004). Sensibility in like manner impacts desire to get out. Intention to leave will be lower when specialist saw irregular condition of respectability (Veloutsou and Panigyrakis, 2004).

Delegate turnover is one of the immense components for decreased productivity and resolve in both private and open sections. Specialist turnover controls the relationship to impact workforce, to work unit and affiliation re-alterations (Singh, 2012). These changes may achieve growing costs of supplanting the work power and giving new getting ready to new agents (Veloutsou and Panigyrakis, 2004).

From a regulatory perspective, holding the tip top delegates are basic (Veloutsou and Panigyrakis, 2004). Other than it in like manner impacted the advantage of the association, turnover also affected the effectiveness (Singh and Kumar, 2012). Moreover, turnover can similarly impact clients since clients need to oversee clashing organizations in light of different master centres. What's more, since clients need to outline another relationship with new labourers, the association among