

**THE RELATIONSHIP BETWEEN RETENTION STRATEGY WITH EMPLOYEES
TURNOVER AMONG MCDONALD BRANCH IN MALACCA**

NUR SHAFIQAH BINTI ALWI

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STUDENT DECLARATION

“I hereby declare that the work in this report is my own except for the summaries and quotations which have been duly acknowledge.”

SIGNATURE :.....

AUTHOR : NUR SHAFIQAH BINTI ALWI

DATE :.....

DEDICATION

I am committed this project to the Almighty God, thank you for guidance, strength, mind power, protection and abilities, and for giving us a healthier life. This project is dedicated passionately to our beloved parents, who were our source of inspiration and gave us strength when we thought about giving up, providing their moral, spiritual, emotional and financial support. To our brothers, sisters, relatives, mentor, friends, and classmates who shared their words of counsel and encouragement to accomplish this study.

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ABSTRACT

Nowadays, it's quite challenging for the organization to sustain its employees since they are not innovative enough and would their perception be not huge enough. Specifically in this case, this research paper examines and tends to focus on the relationship and influences among McDonald fast-food employees in Malacca between retention strategy and turnover rate. Only four retention strategies which have been explored are compensation, job satisfaction, support as well from colleagues and even interpersonal communication. The participant encompasses only those who compete in the Malacca city with the service / fast food industry which is 217 respondents. This research was using a survey as a study aid to provide overall population elements such as sexuality, age, education level, marital status as well as the relationship between four retention strategies and the researcher used the secondary data to gather the information. Statistical Package for Science Social Software 2.0 was used in this research paper to examine statistical data and Pearson Correlation Test is another approach used for this research to scrutinize the questionnaire survey. This research generates substantive data and analysis for readers, ancillary investigators, human resource managers, and government industries to acquire a comprehensive understanding of the factors of the working environment which can have a notable effect on the attrition rate of employees. This study's main concern has been satisfied. The researcher had the linkage between certain predictor variables (employee turnover) and the autonomous variable extensively assessed.

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LIST OF ABBREVIATION

Abbreviation	Description
HR	Human Resource
SPSS	Statistical Package for Sciece Social Software
SPM	Sijil Pelajaran Malaysia
STPM	Sijil Tinggi Pelajaran Malaysia
PhD	Philosophy Doctorate
CT	Crew Trainer
GEL	Guest Experience Leader
SD	Strongly Disagree
D	Disagree
NS	Not Sure
A	Agree
SA	Strongly Agree
NR	Number of Respondent
PR	Percentage of Respondent
STD	Standard Deviation
US	United State
HTFT	Hertzberg Two Factor Theory

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THE RELATIONSHIP BETWEEN RETENTION STRATEGY WITH EMPLOYEES TURNOVER AMONG MCDONALD BRANCH IN MALACCA

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Human resource management is related to human management which is within an organization that wants to achieve a common goal, namely organization goals. There are a number of definitions of resource management human. Michael Armstrong (2000) defines resource management humans as a strategic and coherent approach to managing the most assets valuable property of the organization - people who work in organizations, well individually or collectively, in order to contribute to achievement organizational goals.

HR in an organisation has a very significant function because an organisation will face issues in attaining organisational objectives without the assistance of excellent human resources. To decrease these issues, an organisation needs to see people no longer as a burden to the organisation, but as an asset to the business. If this can be

accomplished, the organisation will create excellent relationships and synergies between leaders and staff.

In every activity of the organisation, beings always play an active and dominant role, because beings become planners, performers, and determinants of organisational objectives being realized. While the tools owned by the company are so sophisticated, the goal can not be achieved without the employee's active role. The company's advanced instruments do not benefit the firm if the employee's active role is not included.

It is hard and complicated to organize staff because they have heterogeneous ideas, emotions, status, wishes, and backgrounds introduced into the organisation. Employees, such as managing machinery, capital, or buildings, can not be fully regulated and regulated. In achieving these objectives, the problems faced by management are none other than, namely, human resources. The existence of potential and quality human resources will help companies achieve their goals. But the fact is that getting quality human resources and maintaining existing ones is not easy.

Efforts to maintain staff in many organisations have become a significant issue. Therefore, recognizing that retention of employees is an continuing HR problem and a significant responsibility for all supervisors and managers is very crucial for organisations. The word retention has to do with the word turnover, meaning that the method of the employee leaves the organisation and must be substituted. Poor worker maintenance or bad targeting will worsen the situation of staff who will eventually lead to a decline in each individual's organizational commitment to work wholeheartedly toward achieving business objectives.

The business also loses its capacity, experience and "corporate memory" when a business loses its staff. This is also an significant leadership problem as it will impact efficiency, profitability, and service quality and product quality. A elevated turnover rate will impact employee morale, worker relationships, and job safety for staff. It will also boost the cost of replacing staff, which is linked to the cost of recruitment and training of staff. Problems with turnover can be overcome through a multitude of operations that are

proactive towards staff retention policy: job policies that boost employee engagement and allegiance.

1.2 PROBLEM STATEMENT

The inability to retain employees causes disruptive and quite costly employee turnover for each organization. In connection with the company's efforts to minimize employee turnover, the HR (Human Resources) Department has a very important task, namely creating employee retention. Employee retention is defined by Mathis and Jackson (2006: 126) as a form of effort to retain employees, where it has become a major problem in many organizations for several reasons. According to Mathis and Jackson (2006: 125), the term retention is related to the term employee turnover which means that the employee's process leaves the organization and must be replaced.

Company have difficulty maintaining their employees because they are not creative enough or their vision is not large enough (Murphy & Murphy, 2005). Employee retention is a condition where employees are inside the organization wants to stay in the organization where it works (Finnegan, 2012). This makes the company have to maximize retention in a way maximize the number of employees in the company who really want to stay in the company, not because of coercion from the company.

The research was performed by Ramlall (2003), the findings of the research showed that overall variables affecting employee satisfaction and increased willingness to leave the organisation are the satisfaction of appreciation and recognition, identification assignments, feedback, age and business position satisfaction as one measure that can influence staff to transfer to other positions organisations. Based on the

outcomes of the above research, it can be concluded that it is very essential for the business to retain staff by providing assistance, recognition, advantages and a pleasant job climate as a motivator for staff to survive for a certain period of time.

Retention is based on the theory of social exchange which states that the exchange of relations between superiors and staff is not restricted to social exchanges such as cash, data and services, but also includes social exchanges such as regard for tastes, consent and support from organisations and superiors (Eisenberger, 2002). This can improve the retention of employees in the business. Also clarified again by Eisenberger, Huntington, Hutchison and Sowa that retention can be further explained as a social exchange relationship between organisations and staff.. Rhoades and Eisenberger indicated that POS can be interpreted as believing staff about how organisations value them to determine if there are attitudes or behaviors that benefit the organisation that arise from employee-organization interactions (Wirckramasinghe & Wickramasinghe, 2011).

There are a number of surveys conducted by overseas organizations about retaining employees. First a study conducted by Luzius & Ard (2006) regarding the reason librarians leave the field what librarianship and career they pursue afterwards. The survey results stated that the former academic librarian was not satisfied with administration, image and salary. Librarianship as a field careers have taken a lot of attention in recent years. A lot a discussion was held regarding the need to recruit and retain employees more effectively in the library.

Understand the needs of employees at various levels of their careers, as well as reasons to keep a job or find a new job, are one of the key strategies for retaining employees (Luzius & Ard, 2006). More than one fifth of the factors identified as employees staying in the job is a negative thing. Among others are lack of transferable expertise and lack of opportunities in the field other. Research data shows a number of

employees who feel they are not satisfied because his hopes were not fulfilled which had an impact on himself, coworkers and service performance in general. The nature of this work remains a major factor that attracts both recruiting and retaining employees, namely a person's commitment to the ethos of service society.

In Mensah & Alemma (1997), Costley & Todd (1987) states that a high turnover rate can mean bad staff policies, poor recruitment policies, poor oversight, poor delivery processes, as well as absence of private motivation. High turnover rates in Ghana's public libraries may be associated with management attitudes where the board is bureaucratic in nature and staff are engaged in monotonous routines of job. While staff in contemporary organisations have a distinctive definition of library services and expect leadership to embrace fresh concepts, different new thoughts and values, as well as fresh organization structures.

Thus, this study is conducted to identify the relationship between four retention strategies which are the compensation, job satisfaction, colleagues support as well as the interpersonal communication and turnover among service sector/ fast-food employees in Malacca.

1.3 RESEARCH OBJECTIVES

The objectives of this research are as follows:

- 1.3.1 To know the relationship between retention strategy of compensation, job satisfaction, colleagues support, interpersonal communication and turnover among McDonald fast-food employees in Malacca.

- 1.3.2 To identify the influences of retention strategy which are; compensation, job satisfaction, colleagues support, and interpersonal communication towards the level of turnover.

1.4 RESEARCH QUESTION

The questions of this study are indicated as below:

- 1.4.1 What is the relationship between retention strategy of compensation and turnover among McDonald fast-food employees in Malacca?
- 1.4.2 What is the relationship between retention strategy of job satisfaction and turnover among McDonald fast-food employees in Malacca?
- 1.4.3 What is the relationship between retention strategy of colleague support and turnover among McDonald fast-food employees in Malacca?
- 1.4.4 What is the relationship between retention strategy of interpersonal communication and turnover amongst McDonald fast-food employees in Malacca?
- 1.4.5 What are the influences of retention strategy; compensation, job satisfaction, colleagues support, and interpersonal communication towards the level of turnover?

1.5 SCOPE OF THE STUDY

This study only focusing on the relationship and the influences between retention strategy and turnover rate among employees in McD fast-food in Malacca. There are only four retention strategies that will be discuss which are the compensation, job satisfaction, colleagues support as well as the interpersonal communication. The respondent only involving those who are working with service sector/ fast food company in Malacca area.

1.6 SIGNIFICANCE OF THE STUDY

This study has some interests to some. Firstly, this study is important to the organization involved, namely the on McDonald fast food company in Malaysia particularly in Malacca area in identifying the retention strategies used to reduce the turnover rate among on service sector/ fast food company in Malacca area. Through this study, the management team of the service sector/ fast food company will get the feedback from members of the organization towards the rewards received and the level of turnover intention from employees.

Next, based on feedback received, the organization can improve the retention strategy management system to become more effective and can satisfy all staff members. The failure of the service sector/ fast food company in identifying the causing emerging issues such as turnover and reduced performance as well as productivity within the organization. In addition, this study is also important to research organizations to improve and change the attitudes and behaviors among employees in a better direction in the future.

Additionally, this study is also important to the employee himself they can express their views or opinions about the retention strategies offered by the organization to them. Maybe, before they did not have the opportunity to voice their opinions face to face or open to the management for some reason such as shame, fear, worry is dismissed in speech etc. Additionally, employees will improve their weaknesses and recognize and adhere ethics within their organization to get satisfaction from their scope of work. Accordingly, this study acting as an aid to deliver an organization member's message to the company.

Finally, the result of this study also has its importance which has contributed to the development of the knowledge education system framework, especially in human

resource management. Result of the research will be used as a reference for new researchers who will continue the similar scope of study in the future.

1.7 OPERATIONAL DEFINITION

1.7.1 RETENTION

Retention of staff is the company's capacity to keep prospective staff loyal to the firm. (Mathis & Jackson, 2006). According to Taconline in Yuna (2006), the company can implement five strategies that can improve retention of employees. However, researcher only choose four strategies for this study and the strategies are as follows:

1. Compensation is a replacement for the workers ' service contribution to the Company (Veithzal Rivai, 2008). Compensation indicators are: salaries, wages, incentives, pay directly and indirectly.
2. Colleague support is working group members that can make work more pleasant (Luthans, 1998). Coworker indicators are friendly, supportive, advise, assist members, support environment, clarity of role, clear objectives, adequate management.
3. Interpersonal communication is a face-to-face interaction between two or more persons where the message sender can transmit the message directly and the message recipient can receive and react immediately (Agus M. Hardjana, 2003). Personal communication indicators: openness, empathy, attitude of support, positive attitude, equality.