Predictors of Intention to Stay and Moderating Role of Gender among Executives in the Malaysian Manufacturing Organizations

Yong See Chen, Roziah Mohd Rasdi, Maimunah Ismail and Azizan Asmuni
Faculty of Educational Studies, Universiti Putra Malaysia, 43400 UPM Serdang, Selangor, Malaysia

DOI: 10.6007/IJARBSS/v7-i14/3658 URL: http://dx.doi.org/10.6007/IJARBSS/v7-i14/3658

Abstract
Purpose - The purpose of this paper is to test the influence of pay and compensation, career advancement, performance appraisal, and the moderating roles of gender on intention to stay among executive employees in Malaysian manufacturing organizations.
Design/methodology/approach - Research data were collected from a sample of 456 executive employees in Malaysian manufacturing organizations. Structural equation modeling was used to test the influences of organizational-related factors and the moderating role of gender on intention to stay.
Findings - The results show that pay and compensation and career advancement are viewed as potential predictors of intention to stay. Gender significantly moderates the relationships between pay and compensation, and intention to stay among executive employees.
Originality/value - This paper offers another Asian perception into the predicting factors of intention to stay and its moderating role of gender.
Keywords Pay and compensation, Career advancement, Intention to stay, Herzberg’s Two-Factor theory.

Introduction
Employees are an asset to organization. However, in today’s organizations, organizations are facing with employees turnover which incur certain cost to organizations (Taylor, 2002). Most organizations are aware of the important of human capital in achieving the success of their businesses. From the perspective of human capital management, employees are equipped with skills, abilities, and experiences that have economic value for organizations (Kontoghiorghes & Frangou, 2009). Thus, organizations would face difficulties in meeting its desired goals without human capital capabilities (Taylor, 2002; Mobley, 1982).

Voluntary employee turnover is one of the critical issue in the Malaysian manufacturing organizations and able to destroy the company competitiveness in the marketplace. The survey conducted by Malaysian Employers Federation (MEF) on 143 manufacturing organizations across various sub-sectors between July 2010 and June 2011 reported high average yearly
turnover rate of executive employees (Goh, 2012). This may especially the case when high turnover rate is rampant among valued groups of employees (Allen & Bryant, 2012). Joyce and Slocum (2012) highlighted that executives are the key assets in the organizations for their role in ensuring consistent work operation, thus creating significant organizational success. The nature is related to the responsibilities in executive position is dealing with both operations and management function. Frazee (1996), in the study of fast growth companies, found that 47 percent out of 434 chief executive officers (CEOs) declared that lack of valuable employees can limit their companies’ development.

Employees will exit their current employment if they are not satisfied with factors such as related to their organization and job. According to Thompson and Terpening (1983), investigation into employees’ intention to stay is more crucial. Termination of employment cannot be taken as the absolute reason due to the tendency of the employees to fabricate information for various motives.

Efforts in retaining employees who have decided to leave are already too late (Allen & Bryant, 2012; Mosley & Hurley, 1999). Thompson and Terpening (1983) again highlighted that existing employees can provide appropriate information concerning their decision to stay.

Managing Workforce Gender Diversity

The challenge of managing diverse employee groups in a workforce environment is critically emerging as a significant factor impacting the complexity of decision making in increasing employees’ turnover intention. Gender diversity in organization is also on the rise, as reflected in growing female labor participation rates across the globe (Vaiman, Scullion & Collings, 2012). Therefore, a solution to the workplace manpower complexity that is under way need to be developed.

The objective of this study is to examine the predictors of intention to stay among executive employees in Malaysian manufacturing organizations and to determine the moderation effect of gender on the said relationships. The paper begins by reviewing the literature in relation to the study constructs. Next, methodological aspects of the research are discussed, followed by research findings and discussion. Finally, conclusion, implications for research and practices are outlined.

Review of Literature

Intention to Stay

Intention to stay refers to employees’ willingness to remain in the organization, and they are aware of their decision after a careful consideration (Tett & Meyer, 1993). In a similar manner, intention to stay mirrors employee’s level of tenure of employment relationship with present employer (Johari, Tan, Adnan, Yahya & Ahmad, 2012). Employees staying within their current organizations also demonstrate their interests and needs to be fulfilled by the employers. The
high tenure of one employee continuing his or her employment relationship reflects the success of the organization in building strong intention to stay among employees.

**Herzberg’s Two-Factor Theory**

Herzberg’s two-factor theory, known as motivation-hygiene theory or dual-factor theory (Herzberg, 1968) is formulated to understand the motivation in the workplace. This theory consists of two underlying factors known as hygiene factors and motivator factors. It is because Herzberg found that the response given by participants about their positive and negative feeling in regards to their jobs were significantly different (Robbins, 2003). The boundaries between these two factors allowed the study to help the manufacturing organizations understand deeply which factor is more influential in their efforts to motivate and increase their executive employees’ intention to stay. Salary from hygiene factors and achievement, recognition, advancement and growth from motivator factors that are anchored with pay and compensation, career advancement, and performance appraisal used by the present organizations to motivate their employees to remain in employment with them. Since employees’ intention to stay in the workplace is motivated by the organizational level, the selected three factors were grouped as organizational-related factors in this study.

**Pay and Compensation**

Salary or compensation plays a significant role in all structures of events as either fulfilled or unfulfilled expectation of pay increases (Herzberg, Mausner & Snyderman, 1993). Employees’ living and other needs are derived from the earning as refer to pay and compensation in exchange of their efforts contributed through working for the organization. Anis, Rehman, Nasir and Safwan (2011) found that compensation is a significant predictor of employees’ retention. Chew and Chan (2008) in their study also found that remuneration and recognition are positively associated with intention to stay. Therefore, this study proposes:

\[ H_31: \text{Pay and compensation has significant influence on employees’ intention to stay.} \]

**Career Advancement**

Advancement is primarily associated with employees’ actual status or position changes in the organization, and includes the likelihood of promotion (Herzberg, Mausner & Snyderman, 1993). In addition, growth is linked to the advancement opportunities beyond the current time, since advancement refers to the actual status or position changes in this moment (Herzberg, 1966). Advancement and growth from Herzberg’s motivator factors reflected the process in employees’ career movement to be offered the chances to upgrade themselves in terms of new knowledge and skills through various learning methods and thus, have the opportunities to produce further outstanding results in work performance and fulfill personal career commitment refer to as career advancement (Norzaidi, Anis, Faiza & Intan, 2013). Kroon and Freese (2013), and Cardy and Lengnick-Hall (2011) conclude the organizations that provide development opportunities as a way to demonstrate care over their employees’ career advancement can increase their commitment to stay within the current workplace. Stichler
(2005) also found the characteristic of high retention culture is derived from development opportunities that encourage continuous learning. Thus, this study proposes:

H2: Career advancement has significant influence on employees’ intention to stay.

**Performance Appraisal**
Achievement is defined as feeling of success, failure or absence in relation to task accomplishment, problem solving, and witness in outcomes of one’s work (Herzberg, Mausner & Snyderman, 1993). In addition, any action of notice, praise or blame from managerial, supervisor, peer, professional colleague, client or public in general refer to recognition (Herzberg, Mausner & Snyderman, 1993). Subsequently, achievement and recognition have explained that performance appraisal in most organizations as a formal system and practice in reviewing employees’ job achievements and is also a method to increase better organizational performance (Roberts, 2003). Employees’ work behavior such as intention to stay can be reflected in their performance appraisal (Johari, Tan, Adnan, Yahya & Ahmad, 2012). Effective performance appraisal may lead to higher perceived fairness of employees and most likely to influence their intention to stay in current job and organization (Dailey & Kirk, 1992). Thus, this study proposes:

H3: Performance appraisal has significant influence on employees’ intention to stay.

**Gender**
From the labor participation rates across the globe, there is a growing number of female in the workforce (Vaiman, Scullion & Collings, 2012). The importance of examining gender due to the differential responsiveness on intention to stay between men and women which has implications for understanding the relationships between endogenous and exogenous constructs. Men and women dissimilarity experiences in the workplace whereby women were being treated differently in terms of salary increment, promotions and learning opportunities. Hence, this study proposes:

H4: Gender moderates the relationship between pay and compensation (H4a), career advancement (H4b), performance appraisal (H4c), and employees’ intention to stay. The correlations are weaker for women than for men, and vice versa.

**Research Framework**
Based on reviews of relevant literature, this study proposes a research framework of executive employees’ intention to stay in Malaysian manufacturing organizations. Figure 1 portrays the research framework for the present study.
Figure 1. A research framework for predicting executive employees’ intention to stay

Research Methodology
Descriptive correlational study was conducted on executive employees in Malaysian manufacturing organizations. Structural equation modeling (SEM) through using analysis of moment structures (AMOS) statistical software was engaged to generate the findings of this study. Average variance extracted (AVE) was used to determine the convergent validity of construct. Convergent validity defines as the items of a specific variable which should share or converge a large proportion of variance in common (Hair, Black, Babin & Anderson, 2010). In SEM, internal consistency refers to construct reliability (CR) and was measured according to the latent construct reliability.

Instrumentation
A total of 55 items with five-point Likert response options ranging from 1 “strongly disagree” to 5 “strongly agree” and seven-point Likert scale of 1 “strongly disagree” to 7 “strongly agree” were applied to all continuous endogenous and exogenous constructs in the questionnaire. Specifically, intention to stay was measured using eleven-item scale adapted based on the employees’ retention scale of Kyndt, Dochy, Michielsen and Moeyaert (2009). The sample item was “I love working for this company”. The CR and AVE for intention to stay in the present study were .922 and .597, respectively.

A nineteen-item compensation scale from the work of Abeysekera (2007) was employed to measure employees’ pay and compensation. The sample item was “I have a clear understanding of our pay policy”. The CR and AVE for pay and compensation in present study were .955 and .587, respectively. Career advancement factor was measured by four-item scale of perceptions of career development opportunities developed by Liu (2004). The sample item was “My organization provides me with the opportunity to achieve my career goals”. The CR and AVE for career advancement in the present study were .889 and .668, respectively. A seven-item scale of performance appraisal was adapted from Meyer and Smith (2000) to measure performance appraisal factor. The sample item was “I am satisfied with the way my
organization provides me with feedback”. The CR and AVE for performance appraisal in the present study were .930 and .657, respectively.

Data Collection
The sampling frame encompassed Malaysian manufacturing organizations from three sub-sectors, known as palm oil, electrical and electronics, and refined petroleum products located in Malaysia. This cross-sectional survey research utilized double stage sampling techniques to determine the present research samples. Boomsma (1983) suggested the sample size at least 400 when employing Structural Equation Modeling (SEM). The suggested sample size for this study is in the range between 250 and 500, as recommended by Lei and Lomax (2005) that this range is mostly used in SEM applications. A total of 500 structured self-administered questionnaires were distributed to executives and 456 were successfully collected, resulting 91.2 percent of response rate. This study involved 83.8 percent male and 16.2 percent female respondents. Based on executive position levels, 45.2 percent of the respondents are supervisors, 44.5 percent are executives and 10.3 percent are managers.

Data Analysis
SEM analyses were conducted in order to answer the research hypotheses. All three stages of data analysis involving goodness-of-fit (GoF) assessment were conducted based on Hair et al.’s (2010) model fit criteria.

Confirmatory Factor Analysis
The first stage of data analysis was confirmatory factor analysis (CFA) and it was conducted to confirm the underlying variable of each construct applied in the present study. Each latent construct in the CFA model was tested against the convergent validity, construct reliability and model fit. Convergent validity of construct was determined by AVE. AVE of .5 or above for each construct should suggest satisfactory convergent validity (Hair et al., 2010). As aforementioned, the AVE values for all constructs in the present study were in the range from .587 to .668, which met the convergent validity criteria. Additionally, the CR values for all constructs were in the range from .889 to .955, which exceeded the CR cut-off point of .7 indicating good reliability for the measurement (Hair et al., 2010). Finally, each CFA model met Hair et al.’s (2010) model fit criteria.

Measurement Model Analysis
Once the CFA completely met the suggested requirements, the second stage of data analysis involving preparation for the measurement model to examine discriminant validity, normality, outliers and model fit. Discriminant validity should be assessed with correlation coefficient between any two constructs less than .9 as suggested by Hair et al. (2010). The result of discriminant validity generated from the present model did not violate the criteria (r < .9). Moreover, the result of normality assessment showed that all unobserved constructs in the measurement model met the criteria of skewness (-2 to +2) and kurtosis (-7 to +7) (Byrne, 2010). Hence, the data in the present study were normally distributed which fulfilled the
requirement for conducting SEM (Byrne, 2010). Finally, the test for outliers concluded that there was no potential outliers in the data set. The fit indices of the present model also met the required goodness-of-fit criteria (Hair et al., 2010).

**Structural Model Analysis**

In the present study, the final stage of SEM was to transfer all the unobserved constructs in the measurement model to structural model after the assessment and validation. The preparation of structural model was aimed to answer the proposed research hypotheses. Table 1 shows the result of the hypothesized individual path from structural model analysis.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Hypothesized individual path</th>
<th>B</th>
<th>S.E.</th>
<th>Beta (β)</th>
<th>C.R.</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hₐ1</td>
<td>Pay and compensation → ITS</td>
<td>.455</td>
<td>.078</td>
<td>.521</td>
<td>5.854</td>
<td>.000*</td>
</tr>
<tr>
<td>Hₐ2</td>
<td>Career advancement → ITS</td>
<td>.085</td>
<td>.090</td>
<td>.088</td>
<td>2.468</td>
<td>.014*</td>
</tr>
<tr>
<td>Hₐ3</td>
<td>Performance appraisal → ITS</td>
<td>.116</td>
<td>.115</td>
<td>.113</td>
<td>1.006</td>
<td>.314</td>
</tr>
</tbody>
</table>

Note: ITS = intention to stay; * = p < .05

**Findings of the Study**

Table 1 shows that pay and compensation (Hₐ1) and career advancement (Hₐ2) have significant influence on executive employees’ intention to stay. Pay and compensation contribute significantly towards intention to stay at .05 level of significance (β = .521, C.R. = 5.854, p = .000). Career advancement also contributes significantly towards intention to stay at .05 level of significance (β = .088, C.R. = 2.468, p = .014). Nonetheless, performance appraisal does not contribute significantly towards intention to stay at .05 level of significance (β = .113, C.R. = 1.006, p = .314).

**Multi-group Analysis**

Multi-group analysis was used to determine the moderation effects of gender in the present study. Two stages of moderating test were involved in the multi-group analysis.

**First Stage**

Table 2 and Table 3 present the findings of the moderation effect of gender on the overall model. This is the first stage of the moderation analysis.

Table 2 indicates that both models were significant (p < .05). Furthermore, it met the requirement that unconstrained model was better than measurement residuals model when compared the CMIN value of unconstrained model (3337.836) was smaller than CMIN value of measurement residuals model (3730.013). Table 3 presents the result of the CMIN difference {Δ CMIN = 392.177 (3730.013 – 3337.836); DF = 105 (1965 - 1860); p = .000}. Since the difference
was significant \((p < .05)\), it concludes that there was moderation effect of gender on the overall model.

Table 2: Moderating Effects of Gender on Overall Model

<table>
<thead>
<tr>
<th>Model</th>
<th>CMIN</th>
<th>DF</th>
<th>P</th>
<th>CMIN/DF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unconstrained</td>
<td>3337.836</td>
<td>1860</td>
<td>.000</td>
<td>1.795</td>
</tr>
<tr>
<td>Measurement residuals</td>
<td>3730.013</td>
<td>1965</td>
<td>.000</td>
<td>1.898</td>
</tr>
</tbody>
</table>

*Note: CMIN = chi-square*

Table 3: Assuming Unconstrained Model to be Correct

<table>
<thead>
<tr>
<th>Model</th>
<th>CMIN</th>
<th>DF</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measurement residuals</td>
<td>392.177</td>
<td>105</td>
<td>.000</td>
</tr>
</tbody>
</table>

*Note: CMIN = chi-square*

**Second Stage**

Subsequently, the second stage of the analysis is to test the moderation effect of gender on individual paths. The analysis answers the research hypotheses \(H_4\). Based on Hair et al. (2010), the path was moderated by the moderator if it met one of these two criteria. The first criteria was if beta for group 1 was significant while beta for group 2 was insignificant or vice versa. The second criteria was if beta for both groups were significant but one was positive while another was negative.

Table 4 exhibits that gender moderates the relationship between pay and compensation, and executive employees’ intention to stay. The moderation effect shows that beta for male \((p < .05)\) was significant at .05 level of significance, and beta for female \((p > .05)\) was insignificant at .05 level of significance. The relationship between career advancement and performance appraisal and executives’ intention to stay were not moderated by gender.

Table 4: Result of Moderating Test on Individual Path (Gender)

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Individual path</th>
<th>B</th>
<th>Beta ((\beta))</th>
<th>C.R.</th>
<th>(p)</th>
<th>Final result</th>
</tr>
</thead>
<tbody>
<tr>
<td>(H_{4a})</td>
<td>Pay and compensation (\rightarrow) ITS</td>
<td>.586</td>
<td>.650</td>
<td>5.928</td>
<td>.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Male</td>
<td></td>
<td>.052</td>
<td>.072</td>
<td>.314</td>
<td>.753</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(H_{4b})</td>
<td>Career advancement (\rightarrow) ITS</td>
<td>.054</td>
<td>.057</td>
<td>.567</td>
<td>.571</td>
<td>Not supported</td>
</tr>
<tr>
<td>Male</td>
<td></td>
<td>.178</td>
<td>.156</td>
<td>.472</td>
<td>.637</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(H_{4c})</td>
<td>Performance appraisal (\rightarrow) ITS</td>
<td>.023</td>
<td>.022</td>
<td>.176</td>
<td>.861</td>
<td>Not supported</td>
</tr>
<tr>
<td>Male</td>
<td></td>
<td>.924</td>
<td>.873</td>
<td>1.307</td>
<td>.191</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

www.hrmars.com
Discussion
The purpose of this present study is to examine the effect of organizational-related factors on executives’ intention to stay, and to determine the moderation effect of gender on the studied relationships. This results of the study indicate the important of pay and compensation towards intention to stay of executives in the manufacturing sector. The findings of the study are in agreement with earlier studies by Anis et al.’s (2011), and Chew and Chan’s (2008) studies. Employees who are satisfied with the value and number of increments in pay and compensation often generate stronger fuel in intention to stay. The present study has further found that career advancement is also pertinent to executives’ intention to stay. The finding is consistent with Kroon and Freese’s (2013), Cardy and Lengnick-Hall’s (2011) studies. Organizations that always give support to their employees in career development by facilitating them in achieving personal career goals can influence their intention to stay.

However, performance appraisal did not predict intention to stay. Despite the importance of performance appraisal as part of human resource development practices, this study found its insignificant toward executives intention to stay. Possible explanation was that performance appraisal was conducted annually, which in most cases, results could not be provided to them instantly. Therefore, the effect of performance appraisal was probably not really felt among the executives. Further, it was less probably taken as a consideration in their decision making with regard to staying within existing employment if there was another attractive job awaiting them. On the other hand, the findings of the study support the findings of Johari, Tan, Adnan, Yahya and Ahmad’s (2012). Johari et al. (2012) also found that performance appraisal was not predicting intention to stay among Malaysian manufacturing employees in the Northern region.

With regard to the moderation analysis, only the relationships between pay and compensation, and intention to stay was moderated by gender. Male employees were more inclined to staying in the same organization when they feel happy with their pay and compensation. However, female employees’ intention to stay were not influenced by pay and compensation. The findings also revealed that career advancement and performance appraisal are not a factor for either men or women employees’ intention to stay. It also indicates that there are no differences between male and female executives in terms of career advancement and performance appraisal factors towards intention to stay. The results may probably signify the meaning of job satisfaction among both gender which differentiates men and women, and how they react in their perceptions toward organization.

Conclusion and Implication
Based on this study, we conclude that pay and compensation, and career advancement are pertinent organizational factors influencing employees’ retention in Malaysian manufacturing organizations. It also conclude the findings of this study proposed the importance of salary, advancement and growth from Herzberg’s Two-Factor theory. Besides, gender is also an
important factor in today's diversity workforce which affect how intervention and solutions to the retention issues are being carried out by organization.

Employees’ retention has been an integral topic in today’s working organizations (Shim, 2008) as employees have their autonomy to make decision of their organizational well-being. This has led to the growing importance of human resource development personnel or division to emphasize on what factors that would make their employees stay and be loyal to the organization. Organization investment on each employees especially among potential and talented employees is quite costly, and further actions need to be taken to ensure employees retain in the organization. To all organizations, this direction is crucial to remain competitive in the marketplace, Factors such as pay and compensation and career advancement of employees need to be revised and look into to safeguard employees’ well-being in the organizations.

Apart from that, gender is also a factor which need to be considered in organizational intervention. Organization need to be more gender sensitive and not assuming that men and women are similar in terms of perceptions, values and beliefs, which would greatly affecting the way they react in the organization.

References

www.hrmars.com


www.hrmars.com


