

**THE RELATIONSHIP BETWEEN HIGH
PERFORMANCE WORK PRACTICES
(HPWP), JOB SATISFACTION AND
INTENTION TO WITHDRAW
AMONG EMPLOYEES OF
GOVERNMENT-LINKED
COMPANIES
(GLC)**

PASCALIA ASING @ ESTHER ASING

PERPUSTAKAAN
UNIVERSITI MALAYSIA SABAH

**SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITI MALAYSIA SABAH
2010**



UMS
UNIVERSITI MALAYSIA SABAH

**THE RELATIONSHIP BETWEEN HIGH
PERFORMANCE WORK PRACTICES
(HPWP), JOB SATISFACTION AND
INTENTION TO WITHDRAW
AMONG EMPLOYEES OF
GOVERNMENT-LINKED
COMPANIES
(GLC)**

PASCALIA ASING @ ESTHER ASING

**Dissertation submitted in partial fulfilment of
the requirement for the Degree of
Master of Human Capital Management**

**SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITI MALAYSIA SABAH
2010**



UMS
UNIVERSITI MALAYSIA SABAH

UNIVERSITI MALAYSIA SABAH

BORANG PENGESAHAN STATUS TESIS

JUDUL : HUBUNGKAIT DI ANTARA AMALAN KERJA BERPRESTASI TINGGI (AKBT), KEPUASAN BEKERJA DENGAN KEINGINAN BERHENTI KERJA DI KALANGAN KAKITANGAN SYARIKAT MILEK KERAJAAN

IJAZAH : MASTER OF HUMAN CAPITAL MANAGEMENT (MHCM) SESI PENGAJIAN 2007-2010

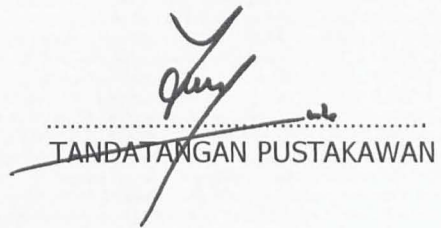
Saya, PASCALIA ASING @ ESTHER ASING mengaku membenarkan tesis sarjana ini disimpan di Perpustakaan Universiti Malaysia Sabah dengan syarat-syarat kegunaan berikut:

1. Tesis adalah hak milik Universiti Malaysia Sabah
2. Perpustakaan Universiti Malaysia Sabah dibenarkan membuat salinan untuk tujuan pengajian sahaja.
3. Perpustakaan dibenarkan membuat salinan tesis ini sebagai bahan pertukaran Institusi Pengajian Tinggi
4. TIDAK TERHAD

Disahkan oleh,



Penulis : Pascalia Asing @ Esther Asing
Alamat : P O Box 21955, 88777 Luyang
Kota Kinabalu, Sabah



TANDATANGAN PUSTAKAWAN



Penyelia: Prof. Dr. Roselina Ahmad Saufi

Tarikh : 15 July 2010

Catatan: Tesis dimaksudkan SEBAGAI TESIS Ijazah Doktor Falsafah dan Sarjana secara penyelidikan atau Disertasi bagi pengajian secara kerja kursus dan penyelidikan atau laporan Projek Sarjana Muda (LPSM)

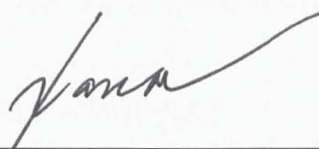


UMS
UNIVERSITI MALAYSIA SABAH

DECLARATION

The materials in this thesis are original except for quotations, excerpts, summaries and references, which have been duly acknowledged.

15 JULY 2010



**PASCALIA ASING @ ESTHER ASING
PE20078647**



CERTIFICATION

NAME: PASCALIA ASING @ ESTHER ASING

MATRIX NO: PE20078647

TITLE: THE RELATIONSHIP BETWEEN HIGH PERFORMANCE WORK PRACTICES (HPWP), JOB SATISFACTION AND INTENTION TO WITHDRAW AMONG EMPLOYEES OF GOVERNMENT-LINKED COMPANIES (GLC)

DEGREE: MASTER OF HUMAN CAPITAL MANAGEMENT

VIVA DATE: 29 JUN 2010

DECLARED BY

1. SUPERVISOR

Prof. Dr. Roselina Ahmad Saufi

Signature



ACKNOWLEDGEMENT

While the completion and accountability of the contents of this dissertation are wholly mine, the invaluable contributions and guidance from my Supervisor, MHCM course lecturers, course-mates, colleagues, friends and family members had been of great help and inspiration to me. First of all, I must express my deep and sincere gratitude to my supervisor, Professor Dr. Roselina Ahmad Saufi, for her commitment and dedication in guiding and helping me from the inception until the completion of this research project. Her wide academic research experience and expertise in the subject of my study coupled with her friendly and approachable personal attributes had given me the strength and confidence to complete this thesis.

Likewise, I also wish to extend my sincere thanks to all my lecturers of the MHCM programme, especially to Assc. Prof. Dr. HjH Arsiah Bahrom and Dr. Amran Harun, for their constructive comments and encouragement given to me throughout the coursework period. Also to my Superiors, Datuk Ir. Chong Hon Len, Pengiran Saifuddin Pg Tahir and Cik Shamsiah Abdul Hamid, who in one way or another had shown their continuous support and encouragement in giving me the confidence to complete the writing of this thesis comfortably and smoothly. My sincere appreciation is also extended to Fazli Abdul Hamid and Julian Paul Sidin for their selfless devotion and generosity in sharing and imparting their knowledge and expertise in the academic field. And to Irine Barrero, Mathilda Jupining, Fanny Sikain and Shirley Matuyang, your precious friendship would always stay in my heart.

Finally, no acknowledgement can be accomplished without thanking all my family members and in-laws, the Lamudin's; siblings; Dolores, Roney, Susan, Dora, Judy, Lesly, Clare, Rudy, Darmi and to my husband, Rejos Lamudin and my only child, Kieran Luke, for their endless support, patience, sacrifice and unconditional love showered unto me which made it possible for me to complete this MHCM programme.

ABSTRAK

Tajuk kajian ini adalah Hubungkait Di Antara Amalan Kerja Berprestasi Tinggi (AKBT), Kepuasan Bekerja Dengan Keinginan Berhenti Kerja Di Kalangan Kakitangan Syarikat Milek Kerajaan. Model dari Arocas & Camps (2007) diubahsuai dan digunakan dalam kajian ini. Objektif kajian ini adalah untuk mengenalpasti impak AKBT kearah keinginan berhenti kerja dan untuk mengenalpasti samada kepuasan bekerja membolehkan dalam perhubungan antara AKBT dan keinginan berhenti kerja. Dalam rangkaian teori, kepuasan pekerjaan kakitangan digunakan sebagai pembolehubah pada perhubungan di antara AKBT yang terdiri daripada Gaji, Pengkayaan Kerja dan Jaminan Pekerjaan dengan Keinginan Berhenti Kerja. Kajian dijalankan khususnya di antara kakitangan Syarikat Milek Kerajaan Sabah yang mempunyai persamaan dalam bidang perniagaan seperti bidang infrastruktur dan pembangunan hartanah iaitu K.K.I.P. Sdn Bhd (KKIP) dan Sabah Urban Development Corporation (SUDC) dengan tujuan untuk membuat penyelidikan pada setiap pekerja seramai 150 orang. Walau bagaimanapun, hanya 105 soal-selidik telah diisi dan dikembalikan. Untuk tujuan kajian ini, soal-selidik digunakan sebagai instrumen kajian. Keputusan kajian mendapati bahawa Kepuasan Pekerjaan mempunyai perhubungan kesan pembolehubah yang signifikan diantara Amalan Kerja Berprestasi Tinggi (AKBT) yang terdiri daripada Gaji, Pengkayaan dengan Keinginan Berhenti Kerja dan Jaminan Pekerjaan, manakala AKBT tidak mempunyai hubungan yang signifikan dengan Keinginan Berhenti Kerja. Semoga kajian ini dapat membantu dalam pemahaman awal ke atas tingkahlaku kakitangan dan seterusnya dapat mengubah cadangan di dalam usaha untuk mengurangkan keinginan berhenti kerja di kalangan kakitangan-kakitangan Syarikat Milek Penuh Kerajaan.

ABSTRACT

THE RELATIONSHIP BETWEEN HIGH PERFORMANCE WORK PRACTICES (HPWP), JOB SATISFACTION AND INTENTION TO WITHDRAW AMONG EMPLOYEES OF GOVERNMENT-LINKED COMPANIES

This study entitled The Relationship Between High Performance Work Practices (HPWP), Job Satisfaction and Intention To Withdraw Among Employees of Government-Linked Companies was adapted and modified the model developed by Arocas and Camps (2007) to suit the setting of this study. The objectives of this study are to identify the impact of HPWP towards the intention to withdraw and to identify whether job satisfaction intervenes the relationship between HPWP and intention to withdraw. The study was carried in particular among the employees of Government-Linked Companies (GLC) in Sabah, specifically in the similar nature of business as in infrastructure and property development, namely K.K.I.P. Sdn Bhd (KKIP) and Sabah Urban Development Corporation (SUDC) with the intention of garnering each and everyone of the 150 employees of all levels. However, only 105 questionnaires were completed and returned. For the purpose of this research, questionnaires were used as the main research instrument. From the study, it was found Job Satisfaction has significant intervening effect on the relationship between HPWP and Intention to Withdraw. In addition, High Performance Work Practices (HPWP) consisting of Salary, Job Enrichment and Job Security, is positively related to employee's job satisfaction, whereas HPWP is negatively related to intention to withdraw. It is hoped that this research will contribute to the advancement of the understanding the general attitude of the employees of GLCs and thus to formulate recommendations on minimizing turnover issues.

CONTENTS

	Page
TITLE	i
DECLARATION	ii
CERTIFICATION	iii
ACKNOWLEDGEMENT	iv
ABSTRAK	v
ABSTRACT	vi
CONTENTS	vii
LIST OF TABLES	x
LIST OF FIGURE	x

CHAPTER 1 INTRODUCTION

1.0	Overview	1
1.1	Problem Statement	3
1.2	Objectives	8
1.3	Scope	8
1.4	Rationale And Significance of The Study	8
1.5	Definition Of The Terms Used	9
	1.5.1 Intention To Withdraw	9
	1.5.2 Job Satisfaction	10
	1.5.3 High Performance Work Practices (HPWP)	10
	a) Compensation (Salary)	11
	b) Job Enrichment	12
	c) Job Security	13
1.6	Government-Linked Companies (GLC)	13
	1.6.1 K.K.I.P. Sdn Bhd (KKIP)	17
	1.6.2 Sabah Urban Development Corporation (SUDC)	18
1.7	Summary and Organization of Thesis	18



CHAPTER 2 LITERATURE REVIEW

2.0	Introduction	20
2.1	Intention To Withdraw	20
2.2	High Performance Work Practices (HPWP)	22
	2.2.1 The Interaction of HPWP & HRM Effectiveness	24
	2.2.2 Compensation	26
	2.2.3 Salary	28
	2.2.4 Job Enrichment	28
	2.2.5 Job Security	30
2.3	Job Satisfaction	31
	2.3.1 Job Satisfaction as an Intervening Variable	33
2.4	Summary	33

CHAPTER 3 RESEARCH METHODOLOGY

3.0	Introduction	34
3.1	Research Framework	34
3.2	Independent Variables	35
	a) Compensation (Salary)	35
	b) Job Enrichment	35
	c) Job Security	36
3.3	Dependent Variable	36
	a) Intention to Withdraw	36
3.4	Intervening Variable	37
	a) Job Satisfaction	37
3.5	Research Hypotheses	37
3.6	Research Design	38
3.7	Sampling Design	38
3.8	Research Instrument	39
	3.8.1 Section A: Demographic Information	39
	3.8.2 Section B: HPWP	39
	3.8.3 Section C: Intention to Withdraw	39
	3.8.4 Section D: Job Satisfaction as Intervening Variable	39
	3.8.5 Section E: Side Factors	40
3.9	Data Collection Method	40
3.10	Data Analysis	40
3.11	Pilot Study	41
	3.11.1 Reliability Measure	42
3.12	Summary	42



CHAPTER 4 RESULT

4.0	Introduction	43
4.1	Profile of Respondents	43
4.2	Reliability Measure	48
4.3	Descriptive Statistics	49
4.4	Correlations Analysis	49
4.5	Hypothesis Testing and Evaluation of Findings	50
4.6	Summary of Findings	56

CHAPTER 5 DISCUSSION AND CONCLUSION

5.0	Introduction	58
5.1	Recapitulation of the Study	58
5.2	Discussion and Implications	59
5.3	Recommendations	66
5.4	Limitation of The Study	68
5.5	Suggestions for Future Research	69
5.6	Conclusion	69

REFERENCES	71
------------	----

APPENDICES

APPENDIX A :	Research Questionnaire	78
APPENDIX B :	Data Frequency & Reliability of Measure	90
APPENDIX C :	Hypothesis Testing	108



LIST OF TABLES

Table 1.0	Government-Linked Companies in Sabah	14
Table 2.1	Summary of HRM and HPWP Effectiveness	26
Table 3.1	Likert Type Scale	40
Table 3.2	Statistical Methods for Hypothesis Testing	41
Table 4.1	Respondents' Position Profile	44
Table 4.2	Respondents' Gender Profile	44
Table 4.3	Respondents' Age Profile	45
Table 4.4	Respondents' Race Profile	46
Table 4.5	Respondents' Marital Status Profile	47
Table 4.6	Respondents' Education Profile	47
Table 4.7	Respondents' Years of Service	48
Table 4.8	Reliability Coefficients	48
Table 4.9	Mean & Standard Deviation	49
Table 4.10	Correlations	49
Table 4.11	Relationship between HPWP and Job Satisfaction	51
Table 4.12	Relationship between Salary and Job Satisfaction	51
Table 4.13	Relationship between Job Enrichment and Job Satisfaction	52
Table 4.14	Relationship between Job Security and Job Satisfaction	52
Table 4.15	Relationship between HPWP and Intention to Withdraw	53
Table 4.16	Relationship between Salary and Intention to Withdraw	53
Table 4.17	Relationship between Job Enrichment and Intention to Withdraw	54
Table 4.18	Relationship between Job Security and Intention to Withdraw	54
Table 4.19	Relationship between Job Satisfaction and Intention to Withdraw	55
Table 4.20	Model Summary of Multiple Linear Regression Analysis	55
Table 4.21	Intervening Effect	56
Table 4.22	Summary of Findings for all Hypotheses	57

LIST OF FIGURE

Figure 3.1	The Research Framework	34
------------	------------------------	----

CHAPTER 1

INTRODUCTION

1.0 Overview

In the past, big emphasis has often been placed on attracting key people but there appears less research on the extent to which organizations go to retain those same people (Nankervis *et al.*, 2008). Turnover, resignations or withdrawal represent an outward movement of staff and take place for various reasons (Jackson *et al.*, 2009). Based on the researcher's observation as in the case of employees in the government-linked companies (GLC), when there are no promotional opportunities, or better opportunities elsewhere, many of them take the option of leaving the company. Sometimes employees just do not fit into the company culture, or they find themselves in conflict situations from which they decide to withdraw.

In the majority cases, some employee turnover is unavoidable, even in the best organizations. For some GLC, turnover is not desirable as it is costly in many ways. According to Nankervis *et al.* (2008) the cost of losing key people are divided into three categories namely, direct cost which includes the cost of recruitment, selection, orientation, training, lost of performance and productivity; indirect cost would be the effect on workload, negative impact on colleagues and possible loss of customers; and opportunity cost as in loss of intellectual capital and loss of corporate memory. Reducing turnover among the best performing employees can contribute to improved firm performance. The reasons for employees especially in the GLC quit their jobs may seem obvious, yet many Human Resource Managers simply do not have a good understanding about what is most important to their top-performing employees. Employers that plan and manage well can minimize the need for extensive recruiting and its associated costs. (Jackson *et al.*, 2009).

At present, the most important staff retention strategy is salary, as per Arocas & Camps, (2007) which confirm the importance of financial incentives in the staff retention goal. Keeping staff turnover low is an important factor and is one of the key factors in deciding the success of any organization. It requires

awareness of the current state of the high performance work practices (HPWP) by creating conducive environments where employees become highly involved in the organization and work hard to accomplish its goals, mission and vision.

In consideration within HPWP diversity, initially, in the late 1990's, Huselid (1995) included 13 items to assess a set of HPWP in the areas of personnel selection, performance appraisal, incentive compensation, job design, grievance procedures, information sharing, attitude assessment, participation, training and promotion criteria. By 1997, Ichniowski *et al.* (1997) suggested contingent compensation, high screening in recruiting and selection, teamwork, employment security, job rotation, skills training, communication activities and two traditional labor relationships indicators such as the union status of the staff and a grievance rate variable as Innovative Human Resource Management Practices. As stated by the previous researcher, some of those practices were evaluated at policy level for example, whether the Organization is committed to a goal of long term employment security and whether they have offered their employees a pledge of employment security, as well as concerning practical level, for example, whether the organization believed in rotating jobs or tasks among the production line operators.

Later on, Arocas and Camps (2007) stated that there were originally 16 practices based on the Pfeffer's Model of Management but was reduced to seven (Pfeffer, 1998) such as job security, selective hiring of new personnel, autonomous teams and the decentralization of decision making as the core to organizational design, salary, training, a lessening of distinctions as well as substantial participant from the different departments in the company. However, by year 2000, according to Way, (2002) cited by Arocas and Camps (2007), three categories of practices that have been accepted in the literature as belonging to the construct HPWP: compensation (salary), job enrichment and job stability.

In this study, job satisfaction was used to intervene the relationship between salary, job enrichment, job security and intention to withdraw. Intention to withdraw is the thought of leaving the organization, in other word, resignation. Chiu and Luk (2002) agreed that only the most efficient and best-managed organizations can survive. Money, benefits and many different forms of

compensation have been used to attract, retain and motivate employees and achieve organizational goals. Chiu and Luk (2002) further elaborated that organizations reward systems involve monetary as well as non-monetary compensation. Under monetary compensation, there are direct compensation and indirect compensation or benefits. However, the meaning of money is "in the eye of the beholder" and can be taken as their 'frame of reference' in which they examine their everyday lives (Tang *et al.*, 2000). Chiu and Luk (2002) also stated that monetary benefit does not generally or necessarily suit every worker since workers differ in their valuation of various benefits. In short, one cannot assume that all employees have same preferences. However, not all turnover is bad (Jackson *et al.*, 2009) and sometimes organizations encourage employees to leave i.e. voluntary separation scheme (VSS) whereby the objective is to shrink the size of the workforce overall or simply to help unproductive workers realize that they may be better off finding alternative employment.

Specifically, in this study, the researcher will explore and understand the causes of withdrawal intentions among the employees of GLC because only with this understanding can employees succeed at retaining their top performers. As a result of this research, recommendations on intention to withdraw among the GLC employees will be formulated.

1.1 Problem Statement

The turnover of top-performer among Government-linked companies [GLC] deserves further investigation in order to identify the root-causes and governing factors contributing to the intention to withdraw. In the past, it was greatly emphasized to attract key people and less focus on the extent to which organization should do to retain those same people. With today's emphasis on the so-called war for talent it seems that many organizations have switched their efforts to this very important area of human resource management. Attracting key people is only one dimension, the other is keeping them. It should go without saying that the starting point is effective recruitment and selection processes.

According to a survey conducted by Lucy Firth *et al.* (2003), managers need to actively monitor workloads, and the relationships between supervisors and subordinates in order to reduce and manage stress. Managers also need to monitor both the extrinsic and intrinsic sources of job satisfaction available to employees. The researchers further elaborated that these activities could assist in maintaining and increasing job satisfaction and commitment to the organization. The content theories on motivation focus on the factors within the person that energize, direct, sustain and stop behavior which attempt to determine the specific needs that motivate people. Those theories on motivation that has an impact on managerial practices include Maslow's need hierarchy, Alderfer's ERG theory, Herzberg's two-factor theory and McClelland's learned needs theory, Ivancevich *et al.* (1999).

As quoted by Allen *et al.* (2003) little explanation has been offered for how HR practices influence individual turnover decision. In fact, the main and leading challenge faced by many human resources departments nowadays is staff retention. Studies suggest that HR practices affect organization outcomes by shaping employee behaviours and attitudes (Huselid, 1995). One way of retaining employees is by creating an environment whereby employees not only become highly involved in the organization and work hard to accomplish its goals but also increase organizational effectiveness through High Performance Work Practices (HPWP), such as using selective hiring and training, motivation through pay for performance and opportunity to contribute through teamwork and suggestion systems (Gerhart, 2005). For example, based on the information gathered from the Human Resource Officers of GLC, there were eighteen (18) employees from the all levels resigned from K.K.I.P. Sdn Bhd for the past five (5) years, whereby in year 2005, four (4) resigned out of sixty eight (68) staff, year 2006 another four (4) out of seventy (70), three (3) out of seventy five (75) in 2007, four (4) out of eighty three (83) in 2008 and four (4) out of ninety three (93) in year 2009. For SUDC, there were ten (10) resignees, also from all levels, whereby three (3) out of seventy two (72) staff in 2005, two (2) out of seventy three (73) in 2006, only one (1) resigned out of seventy three (73) in 2007, in 2008, out of seventy four (74) two (2) and another (2) out of seventy five (75) staff resigned from the organization.

Although the number of turnover shown above is not alarming however, the intention to withdraw among the employees, deserve serious attention to avoid losing the top performers because in most cases, the intention to withdraw will not be known unless a notice of resignation is submitted to the Human Resource Unit and by then, it would be too late to convince them to stay with the organization. There are many ways that GLC employers can use to retain their key people but possibly the most effective is to simply sit down to a one-on-one session with them and ask what it will take to keep them. Given the costs, both direct and indirect, of first losing and then replacing key staff, the method of conducting a one-on-one session is far better approach than conducting the traditional exit interview after the employee has decided to leave.

Based on the Exit Surveys conducted by the two focused GLCs in Sabah, the reasons behind their employees decisions to seek other employment easily proved that most turnover are under the employer's control such as:

Low Job Satisfaction

As recorded in the Exit Survey Form as well as conveyed during exit interview between the Human Resource Manager and the resignee at one of the GLCs, disliking the job itself was one of the factors that lead the employee to withdraw from the organization and also related to over stress which increases job dissatisfaction. Overload with work was also one of the contributing factors of stress. Managers were supposed to be able to manage employee's job overload by knowing the key technique on what really was important in the job so that employees are able to perform excellently.

One example is to conduct job analysis and making sure that management could provide the resources, training and manpower needed to do a good job. Having difficulties with supervisor is another area whereby employee made the decision leaving the organization due to the relationship with the Supervisor, for example, poor in providing feedback and affirmation, social support such as expressing concern, indicating trust, boosting esteem and listening.

Labor Market Conditions

Some top performers were being head-hunted by multi-national companies and other GLC offering better compensation package which include higher salary, better perks and benefits and having strong job security. Aggressive recruitment by competitors is another factor. Therefore, managers should be aware of the current labor market condition and take necessary step in order to be more competitive in attracting and retaining employees.

Poor Human Resources Practices

The issue on poor Human Resource practices such as low compensation is also another factor of resignation since pay plays a vital role in a person's economic and social well-being. Employees may see compensation as a reward for a job well done. Managers should be aware that employees invest in education and training and they contribute their time and energy at the workplace. Briefly, compensation is said to be the employees' return on those investment and contributions. The managers and co-workers both play an important role in granting recognition among the employees of the organization. Lack of career development opportunities, slow advancement and low employment security are among strong reason for the top performers resigning from the organization. Lack of fairness is another area that a manager should look into.

Other Role Commitments and Time Conflicts

Another factor that may force employee to withdraw is having other role commitments such as family affair and time conflicts. The best organization will find ways to achieve a balance between these two sets of outcomes and pursue activities that improve both. For example providing an in-house child-care centre, sports and recreation club i.e. gymnasium and aerobic class for interested parties.

This study aims to clarify the relationship between high performance work practices (HPWP) and intention to withdraw. The research question is "what are the forces driving employees intent to withdraw and to what extent the relationship between the three independent variables of high performance work practices (HPWP); compensation (salary), job enrichment and job security, affect the intention to withdraw is intervened by job satisfaction.

According to Arocas & Camps (2007), HPWP increase organizational effectiveness by creating conditions where employees become highly involved in the organization and work hard to accomplish its goals, in other words, by increasing job satisfaction and employee's commitment to the organization.

K.K.I.P. Sdn Bhd same as other organizations, is also facing turnover of top-performers. Employee's intention to withdraw has always been a problem such that it deserves an investigation into. Some of the reasons cited are low compensation, better offer elsewhere, been too long in the organization and that the employees no longer derive any satisfaction out of the job enrichment. Job security is another pressing issue. Knowing the reasons why these employees are unhappy can help the organization focus their effort on fixing the root causes of the problem.

Meanwhile, despite SUDC's effort in creating working conditions to increase job satisfaction, SUDC is still facing problems in lack of employee continuity coupled with the high cost of induction and training of new staff and thus affecting the organization productivity. Hence, this study is conducted in order to assist to institute measure to alleviate problems brought about due to intention to withdraw and also to examine the control mechanism as well as to minimize its occurrence. On the other hand, some form of turnover are desirable such as resignation of poor-performing employees, however, this study will limit its scope to the loss of valued employees.

Based on the issues mentioned above, this study is carried out to develop a basis of understanding in analyzing whether the three selected high performance work practices, salary, job enrichment and job security, could affect the intention to withdraw and trying to demonstrate the role of job satisfaction as intervening variable, in this relationship. As stated by Rouse, (2000), performance based pay (salary), autonomous work teams (job enrichment) and open systems are known collectively as high performance work practices. Thinking about organizations have also been the characteristics of high performance work practices (HPWP).

HPWP attempts to find the best fit among technologies, processes, structures and external environment instead of trying to fit employees into the existing technological structure within an organization. Furthermore, HPWP leads to optimal utilization of all resources and a shift in focus from internal and external's effectiveness and efficiency (Varma *et al.*, 1999). In addition, organizing work so that employees participate in decisions that affect the daily operations of an organization is the main focus of HPWP. High involvement work system, flexible work systems and high commitment have also to be known as HPWP. When implemented correctly, HPWP not only improved productivity and quality to an organization but also minimize the intention to withdraw. However, according to Aghazadeh & Seyedian (2004), HPWP may not be appropriate to all organizations, but it is worth the time to evaluate whether an organization would or would not benefit from HPWP.

1.2 Objectives

The main objectives of this study are to investigate the followings:

- a) To identify the impact of high performance work practices (HPWP) towards the intention to withdraw among the employees of these GLCs.
- b) To identify whether job satisfaction intervenes the intention to withdraw among the employees of selected Government-linked companies (GLCs).

1.3 Scope

The scope of this study attempts to identify the various reason associated with the intention to withdraw among the existing employees in two Sabah based GLCs, namely, K.K.I.P. Sdn Bhd (KKIP) and Sabah Urban Development Corporation (SUDC) which includes Senior Managers, Managers, Engineers, Accountants, Senior Executives, Executives, Administrators, Assistant Administrators, Officers and non-executive level. Part of the scope is also to ascertain whether the perceived job satisfaction intervenes the intention to withdraw.

1.4 Rationale and Significance of the Study

The findings of the study will contribute to the advancement of the understanding the general attitude of the employees of GLCs and thus to formulate recommendations

on minimizing turnover issues. In addition, the study will also examine the intervening effect of job satisfaction towards the relationship between the intention to withdraw and high performance work practices. When implemented effectively, high performance work practices benefit both employees and the GLCs. Employees have more involvement and confidence in the government-linked Companies, experience growth and satisfaction and become more valuable as contributors. The GLC also benefits from high productivity, quality, flexibility and customer satisfaction. These features together can provide an organization with a sustainable competitive advantage.

1.5 Definition of the Terms Used

The variable and dimensions used in this study have specific connotations. This research comprise of HPWP as independent variable, intention to withdraw as dependent variable, job satisfaction as intervening variable. The definitions of these terms are explained by the following:

1.5.1 Intention To Withdraw

Mobley *et al.* (1982) provides a general description of intention to withdraw as an employee's own subjective assessment that he will be leaving his current job in the near future. Based on Alderfer's ERG explanation of motivation provides an interesting suggestion to managers about behavior. In support of the ERG's explanation, employees will have the intention to withdraw if their higher-order needs (for example, growth) are being blocked, perhaps because of company policy or lack of resources, then it is in the manager's best interest to attempt to redirect the employees efforts toward relatedness (Job Security and Job Enrichment) or existence needs (Salary). This is because the ERG theory implies that individuals are motivated to engage in behaviour to satisfy one of the three sets of needs, Ivancevich (1999).

Although previous studies (e.g. Mobley *et al.*, 1982) examined three types of withdrawal intentions – from the organization, job and occupation, the intention to withdraw in this present study is defined as voluntary leaving the organization before the pensionable age with the intention to get a job elsewhere.

1.5.2. Job Satisfaction

Generally, in this study, job satisfaction is defined as an attitude that individuals have about their jobs and an extent to which one feels positively or negatively about the intrinsic and extrinsic aspects of one's job, for example, the quality of one's relationship with their supervisor, the quality of the working environment and the degree of fulfillment in their work, Bhuian and Menguc (2002).

In addition, Sarker *et al.* (2003) stated that job satisfaction influence the employees decision to stay or to withdraw from the organization whereby satisfied workers will be more productive and remain with the organization longer, whereas dissatisfied workers will be less productive and more inclined to quit. Employers , especially the managers should be aware of differences in needs, desires and goals because each individual is unique in many ways. Hence, it is worthwhile for GLC managers to focus on the content theories of motivation. This is based on Herzberg's Two-Factor Theory which discussed the dissatisfiers-satisfiers or the hygiene motivators or the extrinsic-intrinsic factors, depending on the discussant of the theory which include salary and job security, in the effort of minimizing staff turnover, Ivancevich (1999). Job satisfaction is an important work-related attitude in for several reasons and one of them is directly related to organizational commitment (Brown, 2004) able to influence a various important attitudes, intentions and behaviors, Boles (2007).

1.5.3. High Performance Work Practices

Snell & Bohlander (2007) provides a general description of high performance work system as a specific combination of HR practices, work structures and processes that maximize employee knowledge, skill, commitment and flexibility. Other researcher, Edgar & Geare (2007) constructed the concept of 'best' HR practices as increase employees' knowledge, skills and abilities (KSAs). The result is greater job satisfaction, lower employee turnover, higher productivity, and better decision-making, all of which help improve organizational performances.

However, this study would be based on the definition based on Arocas and Camps (2007) who stated that HPWP increase organizational effectiveness by creating conditions where employees become highly involved in the organization and

work hard to accomplish its goals, in other words, by increasing job satisfaction among the employees.

The proposed model for this research suggests the use of specific practices categorized under HPWP (Arocas and Camps (2007)) such as compensation (salary), job enrichment and job security and develop job satisfaction as an intervening variable to intention to withdraw.

a. Compensation (Salary)

Mello (2002) stated that an organization's compensation system usually consists of three separate components. The first and largest component is the base compensation or salary system. The second is the incentive system, where employees receive additional compensation based on individual, divisional or organization-wide performance such as bonus, commission, profit sharing and stock options. Third is the indirect compensation system, where employees are provided with certain benefits, some of which are legally required such as SOCSO, EPF, medical leave, overtime payment and others, for example, health insurance, retirement benefit, tuition reimbursement or flexible work schedule, are provided at the discretion of the employer. In general, the elements of compensation in this research encompass the all three components mentioned above.

Chiu *et al.* (2002) revealed that money, benefits and many different forms of compensation have been used to attract, retain and motivate employees and achieve organizational goals around the world. According to their study, the top three ranking in attracting, retaining and motivating employees are base salary, merit pay and year-end bonus. All three components are in the form of cash and base salary is one of the main determinants that employees use when they make an employment decision. On the whole, most employers used merit pay as a reward for good work performance and to retain good employees, employers must make sure that their employees are treated fairly, by minimizing salary discrepancies among the employees.

According to Mondello and Maxcy (2009), salary means all compensation paid including money, property, investments, loan or anything else of value. In other words, salary is a fixed compensation for services paid to a person on a regular basis. However, based on the two focused subjects (KKIPSB and SUDC) salary does not only concerns money but also include everything that an individual perceives to be of value in the employment relationship which includes a car or transportation allowance, provision of personal electronic devices such as personal digital assistants (PDA), handphones and laptops should be given. Other 'sweeteners' for the middle management in their perception of 'salary' are parking spaces, club memberships dues to professional associations, professional development such as conference attendance and support for study visits to other Industrial Parks within Malaysia and Sabbatical opportunities.

b. Job Enrichment

This research refers job enrichment as an inclusion of greater variety of work content, which require higher level of knowledge and skill, encouraging workers autonomy and responsibility in terms of planning, directing and controlling their own performance and providing the opportunity for personal growth and meaningful work experience, Garg and Rastogi (2006).

According to McClelland's Learned Needs Theory, this theory believes that employees need are acquired from culture which consist of need for achievement (n Ach), the need for affiliation (n Aff) and the need for power (n Pow). McClelland contends that when a need is strong in a person, its effect is to motivate the person to use behavior that leads to its satisfaction, Ivancevich, (1999). Thus, managers sensitivity in managing and motivating their subordinates in terms of understanding their needs would motivate them to remain in the organization. Meanwhile, one concept produced by Herzberg's Theory is job enrichment which he defined as the process of building personal achievement, recognition, challenge, responsibilities and growth opportunities into a person's job, Ivancevich (1999). This has the effect of increasing the individual's motivation by providing them with more accountability when performing challenging work

REFERENCES

- Angle, H.L. and Perry, J.L. (1981), "*An empirical assessment of organisational commitment and organisational effectiveness*", *Administrative Science Quarterly*, Vol. 26, pp. 1-14.
- Appelbaum, E., Bailey, T., Berg, P. And Kalleberg, A. (2000), "*Manufacturing advantage: Why High Performance Work Systems Pay Off*", Cornell University Press, Ithaca, NY.
- Aghazadeh, S.M., & Seyedian, M., (2004), "*The high-performance work system: is it worth using?*", *Team Performance Management*, Vol.10, No ¾, pp. 60-64
- Ashford, S.J., Lee, C. And Bobko. P., (1989), "*Content, causes and consequences of job insecurity: a theory-based measure and substantive test*", *Academy of Management Journal*, Vol.32 No.4, pp.803-29
- Arocas, R.L., and Camps, J. (2007), "*A model of high performance work practices and turnover intentions*" *Personnel Review*, 37,1, 27-40.
- Allen, D.G., Shore, L.M. and Griffeth, R.W. (2003), "*The role of perceived organizational support and supportive human resource practices in the turnover process*", *Journal of Management*, Vol. 29 No. 3, pp.99-118
- Baron, A., & Armstrong, M., (2008), "*Human Capital Management: Achieving Added Value Through People*", Kogan Page Ltd., United Kingdom
- Bloom, M. and Milkovich, G.T. (1999), "*An SHRM perspective on international compensation and reward system*", *Research in Personnel and Human Resources Management*, Supplement 4, pp. 283-303.
- Bhuian, S.N. and Islam, M.s. (1996), "*Continuance commitment and extrinsic job satisfaction among a novel multiculture expatriate work force*", *Mid-Atlantic Journal of business*, Vol. 32 No.1, pp.35-36
- Bhuian, S.N. and Menguc, B. (2002), "*An extension and evaluation of job characteristics, organizational commitment, and job satisfaction in an expatriate, guest worker, sales setting*", *Journal of Personal Selling & Sales Management*, Vol. 22 No. 1, pp. 1-11.
- Boles, J., Madupalli, R., Rutherford, B., & Wood, J.A., (2007), "*The relationship of facets of salesperson job satisfaction with affective organizational commitment*", *Journal of Business & Industrial Marketing*, 22/5, 311-321.
- Brown, N., (2004), "*High performance work practices and human resource management effectiveness: substitutes or complements*", *Journal of Business Strategies*, Vol. 39 No.1, 39-47,
- Burke, L.A., & Hsieh, c., (2006), "*Optimizing fixed and variable compensation costs for employee productivity*", *International Journal of Productivity and Performance Management*, Vol. 55 No. 2, pp. 155-162

- Caraher, S., Gibson, J. And Buckley, R. (2006), "*Compensation in the Baltic and the USA*", *Baltic Journal of Management*, Vol. 1 No. 1, pp. 7-23
- Carmeli, A., and Gefen, D., (2004), "*The relationship between work commitment models and employee withdrawal intentions*", *Journal of Managerial Psychology*, Vol. 20 No. 2, pp. 63-86.
- Chiu, R.K., and Luk, V.W.M., (2002), "*Retaining and motivating employees: Compensation preferences in Hong Kong and China*", *Personnel Review*, Vol. 31, No. 4, pp. 402-431.
- Combs, J., Liu, Y., Hall, A. And Ketche, D. (2006), "*How much do high performance work practices matter? A meta-analysis of their effects on organizational performance*". *Personnel Psychology*, Vol 59, pp. 501-28
- DeCotiis, T. And Summers, T. (1987), "*A path analysis of a model of the antecedents and consequences of organizational commitment*", *Human Relations*, Vol. 40, pp. 445-70.
- Dorantes, C.A. & Mach, T. (2003), "*Performance pay and fringe benefits: Work incentives or compensating wage differentials?*", *International Journal of Manpower*, Vol. 24, No. 6, pp. 672-698.
- Edgar, F. & Geare, A., (2007), "*Inside the 'black box' and 'HRM'*", *International Journal of Manpower*, Vol.30, No. 3, pp. 220-236
- Edvinsson, L. And Camp, J. (2005), "*Intelligent remuneration in the knowledge economy for growth of intellectual capital*", *Journal of Human Resources Costing and Accounting*, Vol. 9 No. 2, pp. 112-22
- Eisenberger, R., Cummings, J., Armeli, S. and Lynch, P. (1997), "*Perceived organizational support, discretionary treatment and job satisfaction*", *Journal of Applied Psychology*, Vol. 82 No. 5, pp. 812-20
- Firth, L., Mellor, D.J., Moore, A.K., & Loquet, C., (2004), "*How can managers reduce employee intention to quit?*", *Journal of Managerial Psychology*, Vol. 19 No. 2, pp. 170-187
- Garg, P. and Rastogi, R. (2006), "*New model of job design: Motivating employees performance*", *Journal of Management Development*, Vol. 25, No. 26, pp. 572-587
- Gelinas, P. (2005), "*Redefining total compensation to include the value of job security*", *Ivey Business Journal*, Vol. 70 No. 2, pp. 1-7.
- Gelinas, P. (2006), "*The value of job security: a lower-bound estimate from a human capital perspective*", *Journal of Human Resource Costing & Accounting*, Vol. 10 No. 3, pp. 155-163

- Gerhart, B. (2005), "*Human resources and business performance: findings, unanswered questions, and an alternative approach*", *Management Review*, Vol. 16 No. 2, pp. 174-86
- Greenberg, J. (2004), "*Managing workplace stress by promoting organizational justice*", *Organizational Dynamics*, Vol. 33, pp. 352-65
- Griffeth, R.W., Hom, P.W. and Gaert, S. (2000), "*A meta-analysis of antecedents and correlates of employee turnover: update, moderator test, and research implications for the next millennium*", *Journal of Management*, Vol. 26, pp. 463-88.
- Griffeth, R.W., Steel, R.P., Allen, D.G. and Bryan, N. (2005), "*The development of a multidimensional measure of job market cognitions: the Employment Opportunity Index (EOI)*", *Journal of Applied Psychology*, Vol. 90, pp. 335-49
- Goodrich, J., and Singer, P.M., (2004), "*Executive compensation in the libraries: an oxymoron?*", *Managing Library Finances*, Vol 17, No 4, pp. 132-136
- Hackman, J.R. and Oldham, G.R. (1974), "*The Job Diagnostic Survey: an instrument for the diagnosis of jobs and the evaluation of job redesign projects*", *JSAS Catalog of Selected documents in Psychology*, Vol. 4, p. 148
- Hom, P. and Griffeth, R. (1995), "Employee Turnover" South-Western College, Cincinnati, OH.
- Hodgetts, R.M., & Hegar, K.W. (2005), "*Modern Human Relations At Work*", 9th Edition, Thomson South-Western, USA
- Huselid, M.A. (1995), "*The impact of human resource management practices on turnover, productivity, and corporate performance*", *Academy of Management Journal*, Vol. 38, pp. 635-72.
- Ichniowski, C., Shaw, K. and Prennushi, G. (1997), "The effects of human resource management practices on productivity: a study of steel finishing lines", *American Economic Review*, Vol. 87, pp. 291-313.
- Ivancevich, J., & Matteson, M., (1999), *Organisation behaviour and management*, McGraw Hill Companies, USA
- Iverson, R.D. and Roy. P. (1994), "*A causal model of behavioural commitment: evidence from a study of Australian blue-collar employees*", *Journal of Management*, Vol. 20 No. 1, pp. 15-41.
- Jackson, S.E., Schuler, R.S. and Werner, S. (2009), "*Managing Human Resources 10E*", South-Western Cengage Learning, Canada
- Li, L., & Roloff, M.E., (2007), "*Organizational culture and compensation systems*", *International Journal of Organizational Analysis*, Vol. 15 No.3, pp. 210-230

- Kiob, Anthony, & Jekop, Alice., (1999), "*Strategic human resource management: Creating a versatile state labour force*". Kota Kinabalu, Sabah. Konrad Adenauer Foundation & Institute for Development Studiies (Sabah).
- K.K.I.P. Sdn Bhd, *KKIP Master Plan*
- Kroon, B., Van De Voorde & M. Van Veldhoven, (2009), "*Cross Level Effects of High Performance Work Practices On Burnout*", Vol. 38, No. 5, pp. 505-525
- Mathis, R.L., & Jackson, J.H., (2003), "*Human Resource Management*", 10th Edition, KHL Printing Co. Sdn Bhd, Malaysia
- Mano-Negrin, R. and Tzafrir, S.S. (2004), "*Job search modes and turnover*", Career Development International, Vol 9, No. 5, pp. 442-58
- Meyer, J.P. and Allen, N.J. (1984), "*Testing the 'side-bet theory' of organisational commitment: some methodological considerations*", Organisational Behaviour and Human Performance, Vol. 17, pp. 289-98
- Meyer, J.P. and Allen, N.J., (1991), "A three-component conceptualization of organizational commitment", Human Resource Management Review, Vol 1, pp. 61-89.
- Mello, A. J., (2002), Strategic Human Resource Management, Thomson South-Western, USA
- Mckenna, E., & Beech, N., (1995), "*The Essence of Human Resource Management*", Prentice Hall International (UK) Ltd.. United Kingdom.
- Mondello, M. and Maxcy, J. (2009), "*The impact of salary dispersion and performance bonuses in NFL organizations*", Vol. 47, No. 1, pp. 110-123
- Mobley, W.H., (1982), "*Employee Turnover: Causes, Consequences and Control*" Addison-Wesley, Reading, MA.
- Morris, T., Lydka, H. and O'Creevy, M.F. (1993), "*Can commitment be managed? A longitudinal analysis of employee commitment and human resource policies*", Human Resource Management Journal, Vol. 3, No. 3, pp. 21-42
- Morrow, P.C. (1983), "*Concept redundancy in organisational research: the case of work commitment*", Academy of Management Review, Vol. 8, pp. 486-500
- Murphy, G.D., and Southey, G., (2003), "*High performance work practices: Perceived determinants of adoption and the role of the HR practitioners*", Vol. 32 No. 1, pp. 73-92.
- Nankervis, A., Compton, R., & Baird, M., (2008), "*Human Resource Management, Strategies & Processes*", 6th Edition, Nelson Australia Pty Ltd, Australia

- Norhayati, M.A., and Siti-Nabiha, A.K., (2009), "A case study of performance management system in a Malaysian government linked companies", Journal of Accounting and Organizational Change, Vol. 5 No.2, 2009, pp. 243-276
- Nel, P.S., Van Dyk, P.S., Haasbroek, G.D., Schultz, H.B., Sono, T.J., & Werner, A. (2004), *Human Resources Management*, 6th Edition, Oxford University Press, New York.
- Pinnington, A., Macklin, R., & Campbell, T., (2007), "Human Resource Management: Ethics & Employment", Oxford University Press, New York
- Price, J.L. (1977), "The Study of Turnover" Iowa State University Press, Ames, IO
- Pfeffer, J. (1994), "Competitive advantage through people: Unleashing the power of the workforce", Harvard Business School Press, Boston, MA.
- Pfeffer, J. (1998), "The Human Equation", Harvard Business School Press, Boston, MA
- Price, J. And Mueller, C. (1981), "Professional turnover: The case of nurses", SP Medical Books, New York, NY.
- Price, J. L., (2000), "Reflections on the determinants of voluntary turnover", International Journal of Manpower, Vol 22 No. 7, pp. 600-624
- Ramsay, H., Scholarios, D. And Harley, B. (2000), "Employees and High Performance Work Systems: Testing Inside the Black Box". British Journal of Labour Relations, Vol. 38, pp. 501-31
- Roslender, r., Stevenson, J. And Kahn, H. (2006, "Employee wellness as intellectual capital: an accounting perspective", Journal of Human Resources Costing and Accounting, Vol. 10 No. 1, pp. 48-64
- Rouse, D., (2000), "Manufacturing advantage: why high performance work systems pay off ", Vol 96 No. 15, p. 1420
- Rousseau, D.M. (2001), "Schema, promise and mutuality: the building blocks of the psychological contract", Journal of Occupational & Organizational Psychology, Vol. 74, pp. 511-41
- Sarker, S.J., Crossman, A., & Chinmeteepituck, P., (2003), "The relationships of age and length of service with job satisfaction: an examination of hotel employees in Thailand", Journal of Managerial Psychology, Vol. 18 No. 7, pp. 745-758
- Schyns, B., Torka, N. & Gossling, T., (2007), "Turnover intention and preparedness for change". Career Development International, Vol. 12, No. 7., pp. 660-679
- Sekaran, U., (2003), "Research Methods for Business", McGraw Hill, New Jersey

- Sengenberger, W., (1995), "*Employment protection and employment security*" in Sengenberger, W. and Campbell, D. (Eds), *Creating economic opportunities: the Role of Labour Standards in Industrial Restructuring*, Institute for Labour Studies, Geneva
- Snell, S., & Bohlander, G., (2007), *Human Resource Management*, Thomson South-Western, USA
- Siong, Z.M.B., Mellow, D., Moore K.A. & Firth, L., "*Predicting intention to quit in the call centre industry: does the retail model fit?*", *Journal of managerial psychology*, Vol. 21, No. 3, pp. 231-243
- Shore, L.M. and Martin, H.I. (1989), "*Job satisfaction and organizational commitment in relation to work performance and turnover intentions*", *Human Relations*, Vol. 42, pp. 625-38
- Smithson J., and Lewis, S. (1999), "*Is job insecurity changing the psychological contract?*", *Personnel Review*, Vol. 29 No.6, pp. 680-702
- Swales, S. (2002), "*Organizational commitment: a critique of the construct and measures*", *International Journal of Management Reviews*", Vol. 4 No. 2, pp. 155-78
- Tang, T.L.P., Kim, J.K. and Tang, D.S.H. (2000a), "*Does attitude toward money moderate the relationship between intrinsic job satisfaction and voluntary turnover*", *Human Relations*, Vol. 53 No. 2, pp. 213-45.
- Tallman, R. and Bruning, N. (2005), "*Psychological contract structure: an alternative to the transactional relational concept*",
- Tett, R.P. and Meyer, J.P. (1993), "*Job satisfaction, organisational commitment, turnover intention, and turnover: path analyses on meta-analytic findings*", *Personnel Psychology*, Vol. 46 NO. 2, pp. 259-93
- Torrington, D., Hall, L., & Taylor, S., (2008), "*Human Resource Management*", 7th Edition, Pearson Education Limited, England
- Torka, N. (2003), "*Flexible but committed: the relationship between contract and commitment*", PhD thesis, Twente University, Enschede.
- Tosi, H.L., Werner, S., Katz, J. and Gomez-Mejia, L.R. (1998), "*A Meta-analysis of executive compensation studies*", University of Florida, Gainesville, fl..
- Turk, K., (2008), "*Performance appraisal and the compensation of academic staff in the University of Tartu*", *Baltic Journal of Management*, Vol. 3 No.1, pp. 40-54
- Varma, A., Beatty, R., Schneier, C. And Ulrich, D. (1999), "High performance work systems: exciting discovery or passing fac?" *Library Book Review*, Vol. 22 No. 1, p. 26

Way, S.A. (2002), "*High performance work systems and intermediate indicators of firm performance within the US small business sector*", Journal of Management, Vol. 28 No. 6, p. 765

Yousef, A.D., (1997), "Satisfaction with job security as a predictor of organizational commitment and job performance in a multicultural environment", International Journal of Manpower, Vol. 19, No.3, pp.184-194