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## Article

# Factors affecting employee turnover in multinational companies in Malaysia

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### FACTORS AFFECTING EMPLOYEE TURNOVER IN MULTINATIONAL COMPANIES IN MALAYSIA

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#### ABSTRACT

The purpose of this research paper is to investigate the factors affecting employee turnover in multi-national companies in Malaysia. The descriptive research design is used with the view of getting an expansive explanation about problems and factors affecting employee turnover in multi-national companies in the country. A quantitative research method has been used to quantify the problem by way of generating numerical data that can be transformed into usable statistics. To collect data, the study distributed a survey questionnaire to a total of 250 respondents. The findings showed that job dissatisfaction and work-life imbalance have a significant positive relationship to employee turnover. The study also found that training & development programs has a negative relationship with employee turnover. Lastly, the study has also found that, rewards system had either no, or less positive significant relationship with employee turnover in MNCs in Malaysia. The study has provided some recommendations on how to prevent the problem of high employee turnover in multi-national companies in Malaysia. Employees were found to have certain views about work-related matters, especially when it concerned their

getting a balanced work-life and being consulted for the training & development programs to be more efficient and productive. The findings have also provided some implications that can contribute to guiding government or policy makers that will ensure a positive working environment for all employees.

**Keywords:** Employee turnover, job dissatisfaction, work-life imbalance, training & development reward system, MNC.

## INTRODUCTION

Employee turnover is the rate at which employees leave a company and resulting in, this rate at which new staff is being recruited to replace them (Worrell, 2018). Many companies do not pay careful attention to the grievances of their staff to increase their motivational level. Moreover, many employees are put under a lot of pressure by their employers directly or indirectly, which triggers off mental stresses, and finally the urge to leave the company. Employee turnover is a generic term that prescribes the movement of employees from one company to another. An employee who leaves the company by his or her own decision is called voluntary turnover. On the other hand, an employee who leaves the company because of being pressured to do so is called involuntary turnover. When an employee sees the disharmonious arrangement between his or her expectation and the objectives of the company, the employee feels dissatisfied and thinks of leaving the company. Benefits and the salary have an influence on employee retention in the company. A high level of pay and significant tangible employee benefits not only make the employee interested to stay long, but also will help retain quality employees for the company (Shuja et al., 2017).

Employee turnover is defined as the movement of employees from a company, rotation of employees around the job market, among different firms, jobs, and occupations, and between the two statuses of being employed and unemployed. In human resource terms, employee turnover is a measurement of how long an employee stays connected with one company and how often companies have to replace them upon their leaving the company. The management of a company will face difficulty if they are unable to keep their employees motivated in continuing their employment with the company, there will be numerous opportunities for employees to move to other MNCs.

A survey conducted by LinkedIn in 2017, showed that the employee turnover rate was 10.9 percent across the globe (Talent Lyft, 2018). According to this survey, young employees look for work value and flexibility, instead of focusing on the benefits schemes. In contrast, older employees were mostly focused on the plans on benefits, such as retirement benefits, medical benefits, and others facilities. The total number of employee turnover comprised the two categories of voluntary and involuntary turn overs, the voluntary however, could be functional and dysfunctional and later changeable and indispensable (Buzeti et al., 2016).

With the expansion of business, multinational corporations (MNCs) have been dealing with a diverse workforce regardless of culture, race, or expectations. Employee demographics may be affected by the perception of the employees of what drives them to accept the employment in different ways. The trend amongst young employees has been to look for flexibility and value in work, as well as career improvement. The latter has been considered more acceptable to young employees, rather than just being offered other plans on benefits. In contrast, the older employee would prefer to look for plans on benefits, as well as medical and retirement plans rather than development programs. When the management of MNCs fails to meet the expectation of their employees, the company may as a result face a situation in which many employees may leave the company (Al Doghan et al., 2019).

Employee turnover rate in MNCs has been a major ongoing issue across Malaysia. According to the Malaysian Reserve (2019), the voluntary turnover rate was 6.5 percent in the initial half of the year 2019. There is a noticeable fact, the Fast Moving Consumer Goods (FMCG) industry has been experiencing the highest voluntary turnover rate at 8.4 percent in 2020. Malaysians were changing jobs not only hoping to find different career learning platforms, but were also dissatisfied with the salary scheme in the company, work-life imbalance, and the lack of transparency among junior and senior employees. On the other hand, the lowest turnover rate occurred in the chemical industry at 4.1 percent in 2019, which indicated the assurance of employee engagement in a healthy way and reducing the turnover rate (The Malaysian Reserve, 2019).

However, the major reasons for an employee leaving the company in Asia were issues about competitive pay, managerial mechanism, and

job security. The issues causing such a high turnover rate should be a cause for alarm and heighten the need to investigate the reasons behind similar high rates of voluntary turnover among the young employees of Malaysia. Table 1 illustrates some of the clear differences in the human management practices of domestic and MNC companies. Hence, this HR practice sees it negatively where they expect to be implementing for local human management formula to handle them. Consequently, some of the employees were unable to adapt to their company's HRM practices and have opted to leave the company.

**Table 1**

*The Difference between Domestic Companies and MNCs in Malaysia*

Aspect of	Domestic Company	MNCs
Appreciation	<ul style="list-style-type: none"> <li>• In the domestic company, employees are appreciated by other staff members in the company. There will have behavioural judgements.</li> </ul>	<ul style="list-style-type: none"> <li>• One-way appraisal is seen in multinational companies.</li> </ul>
Employee Resourcing	<ul style="list-style-type: none"> <li>• Dependence on the external labour market to get vacancies filled.</li> <li>• Easy process.</li> <li>• Base on vacancy and performance.</li> <li>• Domestic companies prefer foreign workers.</li> </ul>	<ul style="list-style-type: none"> <li>• It also depends on the external labour market to fill the vacancy.</li> <li>• Generally, very hard on the local labour market.</li> <li>• Contractual labour agreement.</li> <li>• Found employment's ethnic segmentation.</li> </ul>
Reward System	<ul style="list-style-type: none"> <li>• Two-tier system, monthly salary and daily basis rating.</li> </ul>	<ul style="list-style-type: none"> <li>• Benchmarking other MNCs largely organized of benefits.</li> </ul>
Human Resource (HR) Activities	<ul style="list-style-type: none"> <li>• Without HR manager communication can be held between employees and top management.</li> <li>• Conventional project management.</li> </ul>	<ul style="list-style-type: none"> <li>• Well organized HR function is seen in the MNCs.</li> <li>• Top-down communication is barely seen.</li> <li>• Modern approaches on HR projects.</li> </ul>

*Note.* Source from Rowley & Abdul-Rahman (2007)

Human capital is an unequivocal asset in ensuring the success of any company or organization across the globe (Valenti & Horner, 2020). Companies should focus on holding on to a quality workforce or personnel which would be the differentiating factor in improving the company's major competitiveness. A study by the Singapore Business Review (2018) on the rate of turnover in Asia Pacific countries showed that Malaysia had the second highest rate at 38 percent, just below Singapore which was at 46 percent.

According to the statistics department of Malaysia, by the year 2020, the young generation of the country will be taking up jobs and will constitute more than a quarter of the world's workforce. By 2025, it would be more than three quarters. In Malaysia, over half of the people in Malaysia will be the young, but the issue of the high turnover of young employees will become serious in different industries, especially in the MNCs (PwC, 2018). Therefore, with more than half of the Malaysian workforce being young people, the turnover issue confronting the MNCs should not be regarded lightly. Malaysia, like Hong Kong, Taiwan, and South Korea has also been faced with MNC employee turnover issues from 2011 to 2019. Employee turnover seems to be increasing, notably in MNCs in Malaysia. Therefore, this is the rationale behind the present study's focus on investigating the influential factors in causing the turnover rate in MNCs in the country.

Employee turnover is often troublesome and brings about negative consequences for the company (Ferdik & Hills, 2018). To illustrate, it has been shown that companies pay an average cost of between 20 percent to around 200 percent of the yearly salary payout to find the replacement for one employee (Jenneman, 2021). The general problem of the company in the matter of employee turnover is that it leads to substantial cost to the company, such as in the inclusion of human capital loss and organizational knowledge, advertisement, selection, recruitment and finally training for the new employee. On the other hand, the specific problem for the company might be out of realization between factors of employee turnover by the managerial body. Many MNCs in Malaysia have different operating business hours, as compared to their parent companies which are located in other countries such as in Europe or the United States of America (USA). As a result, the employees are required to work extra hours or irregular schedules which will create conflict with their personal or family life, as these schedules do not reflect the general working hours in Malaysia. In this regard, the employees are likely to leave the job (Bureau of Economic Analysis, 2018).

As per the informal discussions that the investigator of the present study had with some employees who work for MNCs, as well as the human resource managers of these MNCs, it was clear that the turnover problem has been one of the serious concerns for the MNCs in recent times in Malaysia. This was because the MNCs have been losing employees constantly on account of various reasons. But there has

been a lack of studies conducted on the factors influencing employee turnover, except for some papers on the field of job satisfaction and turnover intention. There has been a few researches or investigations on what factors drive an employee to leave the MNCs in Malaysia. The majority of the researches have studied voluntary turnover in western countries, however, there has been very limited research on the topic in Malaysia. Granted there were a few studies which showed some relationships with variables in some MNCs in the country. There is certainly a research gap on what factors specifically influence employees leaving MNCs in Malaysia.

In light of the foregoing discussions of the background of research on the topic, the general objective of this paper has been aimed at investigating the factors that affect employee turnover in MNCs in Malaysia.

## **LITERATURE REVIEW**

Turnover refers to the proportion of employees who leave the organization or company willingly or unwillingly. According to Worrell (2018) employee turnover is the rate at which employees leave a company and the rate at which new staff is recruited to replace them. According to Kim et al. (2017), there are some factors such as career-related issues, company-related issues, job-centric issues, the conflict between personal and work-life, better pay and prospects, which are the core causes for employees to leave the company.

However, there are two dimensions of the turnover issue and these are the voluntary and involuntary turnover, and the functional and dysfunctional turnover. When an employee leaves the company willingly, it is called voluntary turnover. On the other hand, when an employee leaves the company unwillingly, it is called involuntary turnover. The company will be seriously affected if there is a dysfunctional turnover in the company. This is because skilful and high performer employees are hard to replace by other employees sometimes. Employee turnover has been considered the most interesting topic for scholars, academics, company managers, and top management as well, due to its depressing effect. Employee turnover has been considered a serious issue for MNCs across the globe. However, there have been not enough studies and researches carried

out over the decades, although the issue of employee turnover is a pressing problem for the company in this modern era. Without the right research input to inform decision-making, there will be extra spending incurred by companies in recruiting new employees as replacements.

Due to the high employee turnover rate, human resource management in multinational companies sees the firm's descending wave of the employee's intention. The problem of employee turnover has been considered a major concern for both management and academicians, and the major focus has been on determining its causes. A negative relationship can be seen in job dissatisfaction and employee turnover. The success of the company or organization surely banks on the two vital pillars, which are retention and employee satisfaction.

Job dissatisfaction has been considered a negative factor that will affect the employee's decision to leave the company. Mobley (2017) an expert in employee turnover, illustrated that one of the major determining factors in the individual employee leaving the company is job dissatisfaction. The study conducted by Prawaty et al. (2020), showed that job dissatisfaction has a negative significance on turnover intention. Studies showed that employees who were satisfied with their jobs were less likely to commit absences at the workplace and there was less chance of them leaving their jobs (Jalagt, 2016).

According to D'angelo et al. (2016) job dissatisfaction referred to the unpleasant or negative feeling that arose from the various factors such as, the personal and workplace atmosphere, discontent with one's pay, working time, job security, conflict, and toxic relations with co-workers. A study conducted by Alshmemri et al. (2017) used the Herzberg's motivation-hygiene theory to determine nurses' job satisfaction and dissatisfaction in various national contexts. The researchers opined that while some studies found full support for the theory, others have found that both motivation and hygiene could have influenced job satisfaction and job dissatisfaction, the effect depended on the unique work context (Alshmemri et al. 2017).

According to Kossivi et al. (2016), a good work-life balance brings employees fulfilment in such carrying out their assigned tasks and personal work too. For example, planning for education, working on religious things, and child care. A proper work-life balance surely



reduces the stress level at the workplace and family as well. An empirical study conducted by Sathyanarayana et al. (2018), examined the impact of work-life imbalance in the IT sector in Bangalore city and found that there were some factors such as organizational culture, family support, self-management, and supervisory assistance which greatly affected their work-life balance and make it overloaded with frequent deadlines. Work-life imbalance, which could result from, for instance work overload and lack of assistance from supervisors or seniors, would affect the relationship between job satisfaction and the turnover rate. Poulose and Sudarsan (2017) revealed that the disadvantages and stress experienced by employees would crucially impact their personal and professional lives.

Deery and Jago (2015) revealed that offering employees a good work-life balance has a significant impact in reducing the employees' intention to a great level and therefore, ensured a low level of turnover. Employees generally do not like to bring back their work issues back home as it will negatively affect their family life. Joaquin Alegre and Pasamar (2018) have identified the role of work-life balance practices through the development of an innovative workplace atmosphere. When employees see the significant tangible benefits, they will be more committed to the organization and avoid the high cost of losing their jobs. Past research has also revealed that employee engagement could help in increasing retention and productivity, job satisfaction, and profitability, matters which would be significantly positive for the company (Kumar & Pansari, 2015). At present, companies have been aware of the requirement to embrace the idea of work-life balance as a vital part of attracting and retaining talent (Suifan et al., 2016).

Employees will always need continual guidance and direction, especially the newly appointed staff who will require getting some extra support during the period of adjusting to new job tasks and responsibilities. It has become clear that the absence of training and career development programs may have caused employees to fall behind their productivity level and remain unproductive because of the deficiency of skills.

According to Asfaw (2020), training and development programs of the company has a significant negative effect on turnover. This is because as the company works on providing more training and development programs, the less will be the employee turnover numbers for the

company. As employees become more well trained and equipped with the required skills and knowledge, they will be in great demand and thus, retained by their employers. However, the alternative negative scenario could also happen, once employees become more skilled and knowledgeable, then they will start to entertain the idea of leaving the company in the hope of getting a better salary package in other companies. The responsibility of employer-offered continual training could turn out to be oscillatory; it has been by far the greatest partition of continual vocation training in Germany, with a share of 72 percent (Bundesministerium fur Bildung und Forschung-BMBF, 2019). Another way of saying this is the company should only be emphasizing on maintaining and advancing the knowledge and skills pertinent to the demand and operation of the work process.

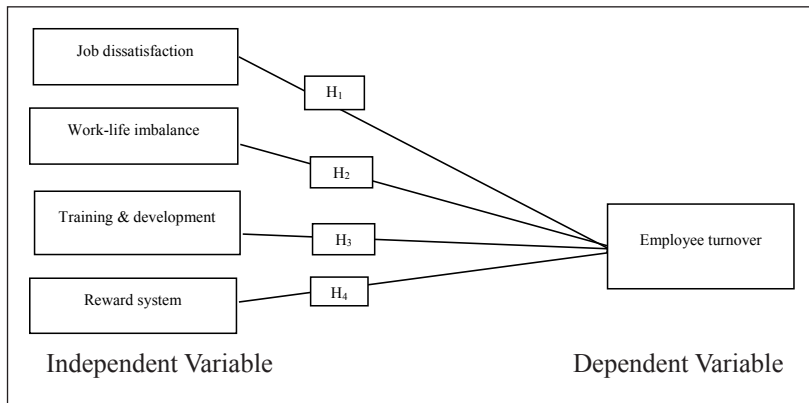
Several studies have argued that when a company or organization set up a particular kind of training and development program for employees, the employees will devote a significant amount of effort and commitment to the firms. This would be beneficial for the employers in preventing employee turnover or reducing turnover intention (Kampkotter & Marggraf 2015; Stamolampros et al., 2019). There was a research study carried out in the PRC regarding how skilled employees who were adaptable attained career satisfaction and better promotion prospects. According to Chan et al. (2016) promotable employees were likely to have less intention to leave since they felt that they were being groomed by the efficient manager or supervisors for the next higher career position. An empirical study conducted by Stamolampros et al. (2019) found that the lack of career development programs was the vital factor in determining the turnover rate.

The reward system of a company is the most magnificent tool which will let employee knows that the company will recognize them on the basis of their contributions to the organization. A reward system is also designed on the basis of the needs of the company to accomplish its strategic goal. Compensating the subordinates fairly is the main purpose of the reward system. According to Kanyambo and Mohammed (2020), the reward system has positively correlated with the formulation of encouragement and retention of employees in the organization. Performance appraisal verbally or formally is the vital factor in reducing the turnover rate. Similarly, unbiased treatment or respect from seniors also plays the most paramount role in getting subordinates motivated.

The findings of the study conducted by Jannat (2020), showed that while performance-based rewards had no impact on job dissatisfaction, training and development programs negatively influenced job dissatisfaction. It is therefore, clear that training and development program will reduce the voluntary turnover intention of employees. However, researchers are still arguing about the relevance of the other factors affecting the employees' intention to leave. In light of the foregoing discussions in the literature review, the research theoretical framework is established as shown in Figure 1.

**Figure 1**

*Theoretical Framework of the Research*



**Hypothesis Development**

In light of the above arguments and findings of previous studies, the hypotheses proposed for the study were as follows:

- H<sub>1</sub>: There is a significant positive relationship between job dissatisfaction and employee turnover in the MNCs in Malaysia.
- H<sub>2</sub>: There is a significant positive relationship between work-life imbalance and employee turnover in the MNCs in Malaysia.
- H<sub>3</sub>: There is a negative relationship between training & development programs and employee turnover in the MNCs in Malaysia.
- H<sub>4</sub>: There is a significant positive relationship between the company reward system and employee turnover in the MNCs in Malaysia.

## METHODOLOGY

A descriptive research approach has been deployed in the present study to provide an extensive explanation about the influential factors in employee turnover in the MNCs. Descriptive research generally focuses on gathering new data and establishing a new insight into the specific area of study. This study was aimed at examining the factors affecting employee turnover across the MNCs in Malaysia. That is why descriptive research is suitable for having an extensive explanation. The study's aim at ascertaining the relationship between variables that are pertained to the study's problems.

To examine the factors affecting, the study has employed the quantitative research method, because this method is generally gathering data by implementing structured research instruments (Goertzen, 2017). The quantitative research method examines the finding problems in the support of two-factor theory and human capital theory where numeric analysis and statistical analysis are more efficient. This research has been counted the individual level of every employee from executive officer to manager level as the unit of analysis. To investigate the factors and accurate data from respondents, the study has implemented a simple random research technique. The study has obtained data from 250 respondents on the turnover issue. The research paper has collected data from management levels ranging from the executive officer to the managerial level in terms of revealing the real depiction of turnover in MNCs in Malaysia.

This study has employed a multiple regression analysis in analyzing the relationship between employee turnover (ET) as the dependent variable and the independent variables, which included job dissatisfaction (JDS), work-life imbalance (WLI), Training & Development (TD), and reward system (RWS). The multiple regression model is as shown in Equation (1)

$$ET_i = \beta_0 + \beta_1 JDS_i + \beta_2 WLI_i + \beta_3 TD_i + \beta_4 RWS_i + \varepsilon_i \quad (1)$$

here  $\beta_j$  ( $j = 0, 1, \dots, 4$ ) are coefficients and  $\varepsilon$  is an error term.

Table 2 shows the coding and labelling of variables included in the study model.

**Table 2**

*Data Coding and Labelling of Independent and Dependent Variables*

Variable	Abbreviation	Related Question
Employee Turnover	ET	ET1, ET2, ET3, ET4, ET5, ET6
Job dissatisfaction	JDS	JDS1, JDS2, JDS3, JDS4, JDS5
Work-life imbalance	WLI	WLI1, WLI2, WLI3, WLI4, WLI5, WLI6
Training & Development	TD	TD1, TD2, TD3, TD4, TD5, TD6
Reward System	RWS	RWS1, RWS2, RWS3, RWS4, RWS5, RWS5

The study has implemented a simple sampling technique because it is perfect to examine which gives genuine advantages to the paper. The most vital factor of chasing the simple sampling technique is having a chance of accumulating accurate data. This sampling technique is providing a genuine chance of knowing whether all companies have their archaeology list. Thereupon, the paper has been used a simple random research technique to examine the factors and having accurate data from the entire respondents.

The paper has identified a sample of 250 respondents from all MNCs across Malaysia. by selecting a specific level of employees from MNCs in Malaysia. This study has collected data from the executive level to managerial level employee due to finding real factors that affecting in turnover. The reason for selecting from executive to manager level is that there will have a chance of missing real and genuine factors on employee turnover in MNCs because top management will not be providing real factors or genuine information about employee turnover in their companies. Survey questionnaires have been used to collect data for the paper. There are two sections in the questionnaire, the first section sought information about the respondent's demographic profile (Section A) and the second section dealt with the independent and dependent variables (Section B). The survey questionnaire used the five point Likert Scale (1 = strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, & 5 = Strongly Agree). Thereafter, the questionnaire was distributed by two steps: firstly- accomplished a Pilot project with the feedbacks of 10 respondents and secondly- checking the collected data and analysis them, then main questionnaires was distributed to the respondents in Kula Lumpur area.

## RESULT AND DISCUSSIONS

### Response Rate

Table 3 reports the response rate of the survey. The response rate is 89 percent. This response rate is considered high in the context of this paper.

**Table 3**

#### *Response Rate*

Characteristics	Explanation
Sample size	250 respondents
Unit of analysis	Executive officer to Managerial level
Respondents area	KL-Selangor
Distributed	250 respondents
Duly filled in and collected	222 respondents
Response Rate	$222/250 \times 100 = 89\%$

### Demographic Profile of Respondents

Out of the total of 222 respondents surveyed, 144 respondents were male (64.86 percent) and 78 respondents were female (55.14 percent). Table 4 shows the demographics of the respondents according to age. The majority of the respondents (46.85 percent) were between the ages of 21 to 30 years. Respondents between the ages of 40 to 50 years were the last group to participate in the survey.

The majority of the respondents (46.85 percent) were from other ethnic categories. This was because most of the MNCs were hiring more foreign employees, especially the outsourcing companies in Kuala Lumpur. The second highest ethnic group was Indian-Malay with 18.47 percent.

Furthermore, Table 4 also shows the levels of academic qualification of the respondents. Respondents with qualifications of degree and master's degree recorded the highest percentage of participation in the survey compared to the other levels of academic qualification.

Respondents with a master's degree represented 34.7 percent of the total responses.

**Table 4**

*Demographic Analysis*

Item	Frequency	Percent
<i>Age</i>		
20 years and below	38	17.1
21 to 30 years	104	46.8
31 to 40 years	48	21.6
41 to 50 years	14	6.3
51 to 60 years	18	8.1
<i>Ethnic</i>		
Malay	38	17.1
Chinese-Malay	39	17.6
Indian Malay	41	18.5
Others, please specify	104	46.8
<i>Academic qualification</i>		
Diploma	35	15.8
Degree	72	32.4
Master	77	34.7
PhD	32	14.4
Others, please specify	6	2.7
<i>Job position</i>		
Executive	63	28.4
Supervisor	45	20.3
Assistant manager	60	27.0
General manager	54	24.3
<i>Working experience</i>		
1-2 years	80	36.0
3-5 years	76	34.2
6-8 years	44	19.8
9 years and above	22	9.9

The study has collected feedback from executive officers to the managerial level in the MNCs in Kuala Lumpur. As shown in Table 4, the largest respondent group was the executive-level employees, which was 28.38 percent of the total participants. This was followed

by respondents in the job position of assistant manager (60 percent). According to employee working experience, 36.0 percent of respondents had working experience in the range 1 – 2 years. Respondents with a working experience of between 3 – 5 years were the second-highest number of participants.

Finally, the demographic profile in Table 5 shows the results of normality for all variables. The results of the Kolmogorov-Smirnova, and Shapiro-Wilk analyses showed that all variables were significant statistically at the 5 percent level of significance.

**Table 5**

*Normality Test of All Variables*

Variables	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistics	df	Sig.	Statistics	df	Sig.
<i>JDS</i>	0.128	222	0.000	0.948	222	0.000
<i>WLI</i>	0.141	222	0.000	0.940	222	0.000
<i>TD</i>	0.211	222	0.000	0.872	222	0.000
<i>RWS</i>	0.172	222	0.000	0.869	222	0.000
<i>ET</i>	0.120	222	0.000	0.948	222	0.000

The results of the reliability tests are as shown in Table 6. The results of Table 6 show that the value of the Cronbach Alpha for all variables was higher than its standard value of 0.7. It means that the collected data on all variables were reliable and therefore, the study could proceed with further statistical analyses.

**Table 6**

*Reliability Test of All Variables*

Variables	Cronbach Alpha	No of Items
<i>JDS</i>	0.816	5
<i>WLI</i>	0.709	6
<i>TD</i>	0.822	6
<i>RWS</i>	0.747	6
<i>ET</i>	0.779	6



## Correlation Analysis

Table 7 shows the results of the correlation analysis for all variables in the model. The value of the correlation coefficient found was more than 0.5 for the independent variables. However, the study found that the reward system had a weak correlation with its dependent variable. Employee turnover has a significant positive correlation with the job dissatisfaction and work-life imbalance variable. Training and development have been shown to have a negative correlation with turnover and the reward system a positive relationship with turnover since the probability values of coefficient correlation were 0.000, which was less than the one percent level of significance. This result justified the inclusion of all independent variables in the model.

**Table 7**

### *Pearson Correlation*

Variable	ET	JDS	WLI	TD	RWS
ET	1.000				
JDS	0.635**	1.000			
	0.000				
WLI	0.687**	0.723**	1.000		
	0.0	0.000			
TD	0.633**	0.553**	0.659	1.000	
	0.000	0.000	0.000		
RWS	0.406**	0.461**	0.433**	0.560**	1.000
	0.000	0.000	0.000	0.000	

*Note.* \* Correlation is significant at the 0.05 level (2-tailed).

## The Results of Regression Analysis

Table 8 shows the result of the regression analysis. All coefficient of independent variables, except the coefficient of RWS was statistically significant at the one percent level of significance. Alternatively, all *p*-values for the JDS, the WLI, and the TD were less than  $\alpha = 0.01$ . Therefore, hypothesis  $H_1$ , hypothesis  $H_2$ , and hypothesis  $H_3$  were supported, but hypothesis  $H_4$  was not supported by the results.

In terms of goodness of fit, the model has been found to be acceptable because  $R^2$  and Adjusted  $R^2$  were more than 0.5. Table 8 shows that

the value of  $R^2$  was 0.557. It means that 55.7 percent of variation in employee turnover (ET) could be explained by the changes in all independent variables. The overall model is statistically significant because  $F\text{-value} = 68.283$  was greater than the  $F\text{-critical value}$ . Alternatively, the  $p\text{-value}$  of  $F\text{-value}$  was sufficiently low.

**Table 8**

*Estimation Results of Regression*

Dependent Variable: ET

Variable	Coefficient	Standard Error	<i>t</i> -value	Sig
Constant	3.376	1.331	2.536	0.012*
JDS	0.256	0.071	3.636	0.000**
WLI	0.345	0.078	4.419	0.000**
TD	0.262	0.060	4.387	0.000**
RWS	-0.009	0.062	-0.148	0.883
$R^2$	0.557			
Adj $R^2$	0.549			
$F\text{-value}$	68.283			
Prob.	0.000			
Durbin Watson	1.855			

Note. \* and \*\* denote significance at 5% and 1%, respectively

More specifically, Table 8 has shown that job dissatisfaction had positively affected employee turnover in the MNCs in Malaysia. This result supports the previous findings by Chen et al. (2019), whereby job dissatisfaction was relatively correlated with turnover. It means that employee turnover is mainly due to job dissatisfaction. The empirical research conducted by Jalagt (2016) has found that employees satisfied with their jobs were less likely to commit absences at the workplace and there was less turnover. Regardless of the employee's position, quite a number of employees have been found to be demotivated in their jobs despite earning a good salary in the MNCs in Malaysia. The problem was due to some other external and internal factors. It means that the employees were dissatisfied in their jobs for other reasons than the concern with only salary benefits.

The study has found that work-life imbalance has had a significant positive effect on employee turnover in the MNCs in Malaysia. This was also the finding in a previous research carried out by Chuan-Chiew (2018), Work-life imbalance was found to be correlated to employee turnover, it decreased turnover intention rigidly. It means that work-life imbalance negatively influenced the employee not to stay for a longer period in the company. The adoption of this concept enables employees to lead satisfying lives, which not only improves productivity, but also increases the retention of talented key employees. A past study by Circadian (2014) revealed that the negative consequences of excessive absenteeism will increase turnover.

Turnover occurs whenever employees experience an imbalance work schedule, which will negatively affect their personal lives. Many MNCs offer their employees jobs with a work-life balance and try to work on addressing inefficiency and productivity issues faced by their employees in the production process. Because the stress arising from the workload and the house is the major cause of the imbalance between the personal and the professional life.

The result in Table 8 also shows that training and development programs have a negative correlation with employee turnover in the MNCs in Malaysia. It means employees will have no intention to leave the company if they are attending the various training and development programs related to their work and careers, as these will provide them the added value of being skilled. Similar findings from the research carried out by Zaidi et al. (2018) showed that providing adequate training for employees to bring about successful strategic action plans will assist in building a solid base for both employees and organizations and bring benefits. This clearly showed that there was a significant positive relationship between training and engagement with the company for a longer period. In sum, the findings showed that the training and development programs were in the right direction in enhancing employee self-reliance, which in turn will lead to a competitive advantage for the organization.

In addition, the reward system of a company was found to have a significant positive impact on employee turnover in MNCs. It means that employees may not do not think of much for the reward or appreciation shown by the supervisor or management. The findings indicated that rewards had less attraction compared to others factors

when working under the MNCs. According to the study by Stefurak et al. (2020), salary, bonuses, and promotions were considered tangible reward benefits that could have a positive impact on employees to perform better and not to leave their jobs. But the study has also found adverse results regarding the reward system of the MNCs in Malaysia. Therefore, the study seemed to suggest that employee turnover may occur due to the impact of other variables on the ground and people's differences.

## **RESEARCH CONTRIBUTION**

The finding of the study can contribute to the existing literature in the related field since the study reported in this paper has focused on the factors affecting employee turnover in MNCs in Malaysia. The study findings provide significant pieces of evidence to fill the gaps due to the dearth of studies about these issues. The findings have also suggested that top management should lead their employees in the workplace. Employees' expectations are important for the management of MNCs to pay serious attention to. The study can help the management of the MNCs understand the causes of employee turnover and provide some action steps to be taken to prevent them from leaving the company.

## **LIMITATIONS OF THE STUDY**

The study has focused on the factors influencing employee turnover just only in MNCs, not in any other types of company. Thus, it is not possible to make generalizations about the effect of selected variables on employee turnover. Expansion of the sample respondents to other companies such as local companies might give a different perspective about the determinants of employee turnover. The study has only involved executive officers to manager-level employees. The top management employees are excluded in the survey. As a result, the findings might be biased due to the different perceptions and understanding of each level of management about employee turnover.

## **CONCLUSION AND POLICY IMPLICATION**

The study has demonstrated a significant relationship between employee turnover and the selected variables, namely job

dissatisfaction, work-life imbalance, and training & development in MNCs located in Malaysia. The study has found that these variables have both a significant positive and negative impact on employee turnover. The research has also shown that motivating employees by offering them various benefit schemes is the way to countering the employees' intention to leave the company. As long as the employee feels satisfied with the job and the work-pressure in MNCs, no employee will seek to exit the company. With regard to work-life imbalance, an employee will always look for a better work-life condition. Some employees tend to make some adjustments about it since they have to be responsible for their duties. Equally important, training and development programs are a vital and integral part of being competent at the workplace. In this respect, MNCs must continuously arrange some training & development programs to develop and boost up the skills of their employees. On the other hand, the study has also found that a just reward system has a positive significant impact on employee turnover. The employee's reward system has an interesting relationship with the turnover rate in MNCs, as it was found that employees who have been less or more awarded by the management or supervisor, were still likely to leave the company. Employees understand that if they work hard with dedication, reward from the management will come naturally. Although reward stimulates their minds to work hard. Another reason could be that some of the employees actually do not seek appreciation or reward from their seniors or top management.

The government should come forward to alleviate the employee turnover problem since it is a major concern of the human resource ministry. However, the government should re-examine or monitor the hiring and onboarding process. They should advise all MNCs to focus on training & development programs since these programs are highly beneficial for the employees' development. Besides that, the government must ensure that there is some form of monitoring on the work-life balance in MNCs so as to offer the employee a healthy workplace environment. Moreover, the government and MNCs should focus on collaborative work in developing a framework on the benefits and salary structure for all MNC employees. Finally, MNCs must have a clear reward structure for their employees to see. This is because by letting the employees perceive the reward structure as an appreciation of their contribution towards the company, it will also motivate them to continue to serve for the long term development of themselves and the company.

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