

**EMPLOYEES' TURNOVER BEHAVIOUR OF  
SECRETARY FIRMS IN MALAYSIA**

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## **ABSTRACT**

### **Employees' Turnover Behaviour of Secretary Firms in Malaysia**

Chiam Sun Hua, August 2019

Over the years, company secretaries in Malaysia play increasing role and responsibilities due to changing corporate environment that focuses more on money laundering issues and good corporate governance. As a legally named officer in a company, the company secretary is relied upon to play compliance and advisory role. Digitalization also means that company secretaries, who are assigned as e-lodger of all statutory submissions to the Companies Commission of Malaysia, will assume full and sole responsibility to verify all information submitted to the Registrar. While increasing employees turnover rate has become a concern to all corporate entities, professional service based industry such as company secretaries rely heavily on the consistency of services provided. This study attempts to understand organizational behaviour of employees in secretary firms and to identify the most relevant factors contributing to turnover behaviour. This paper uses quantitative methods on samples collected from company secretary firms in Kuala Lumpur and Selangor, and models the causal relationship between organizational commitment, perceived organizational support and job satisfaction towards turnover intention. In conclusion, this study finds that job satisfaction and perceived organizational support are two important factors to turnover intention, while organizational commitment is not an important predictor. Furthermore, study shows that improving an employee's commitment level to the professional industry, such as pursuing membership and qualification with professional company secretary bodies, can reduce turnover behavior significantly.

# CHAPTER 1

## INTRODUCTION

This chapter presents an overview of the role of company secretary in a corporate environment in Malaysia and briefly discusses such role in comparison with environment in other countries such as China, South Africa, UK, Singapore, etc. The development of company secretary professional industry in Malaysia is also discussed in detailed showing increasing importance of the role they represent in the corporate world. Lastly, problem statement to the industry, research objectives and questions, and significance of study is presented for this research paper.

### **1.1 Introduction: An Overview of the Role of A Company Secretary**

Company secretary is responsible for the efficient administration of a company, particularly with regard to matters related to compliance with statutory and any other regulatory requirements and in particular to advise the company management in ensuring that decisions of the board of directors are in accordance with the law.

Despite the name of the title, the role of a company secretary is different from a typical secretary whose role is clerical or secretarial in nature. Although secretary and a company secretary seem similar, they are in actual fact distinctively different in terms of nature of duty. The main responsibility of a secretary is to maintain files, attend telephone calls, type letters and to carry out other clerical tasks in any organization they are working at; on the other hand, a company secretary is a named representative of the company on any legal documents. According to interpretation under Section 2 of the Companies Act 2016, an “officer” of a company will include the company secretary where such person’s full name, identification and residential address, business address, if any, and any other occupation shall be registered in the company’s record as required under Section 57 of the Companies Act 2016. Thus, it is the prime responsibility of a company secretary to ensure that the company and its directors operate within the law.

A secretary of a company, as defined under the Companies Act 2016, is a natural person with eighteen years of age and above who is either a citizen or permanent resident of Malaysia residing ordinarily in Malaysia by having a principal place of residence in Malaysia and who which is a practicing professional satisfying either of the following requirements: -

- a. A person licensed by the Companies Commission of Malaysia established under the Companies Commission of Malaysia Act 2001.
- b. A member of Malaysian Institute of Chartered Secretaries and Administrators.
- c. A member of Malaysian Institute of Accountants.
- d. A member of Malaysian Bar.
- e. A member of Malaysian Association of Company Secretaries.
- f. A member of Malaysian Institute of Certified Public Accountants.
- g. A member of Sabah Law Association.
- h. A member of Advocates Association of Sarawak.

In general, the primary roles and responsibilities of a company secretary include maintaining accurate record of register, maintaining constant communication with shareholders, maintaining good corporate governance, performing lodgment of accounts and any other documents under statutory compliance, and to act as the connection between directors and shareholders in the company's official matters.

#### *Who Does a Company Secretary Serve?*

As mentioned above, a qualified company secretary serves a "company" as a legal officer. Under the interpretation of the Companies Act 2016 a "company" includes any company incorporated under the Companies Act 2016. Since the duty of a secretary is to uphold good governance of a company by acting as a compliance officer to the company, a secretary is accountable to the "board" managing the company. Under Section 211 of the Companies Act 2016, the business and affairs of a company shall be managed by or under the direction of the "board", where the "board" is empowered for managing and for directing and supervising the management of the business and affairs of the company any modification, exception or limitation suggested by the Companies Act or in the constitution of the company.

Furthermore, under the interpretation of the Companies Act 2016 “board” is represented by directors of the company whose number is not less than required quorum acting as a board of directors. In the case where there is one director, that director forms the “board”. Thus, a company secretary serves the board of directors as a whole, rather than any individual director, and all of company secretary and directors are jointly responsible for ensuring full compliance with the law and to promote good corporate governance.

Section 11 of the Companies Act 2016 further provides definition for 2 types of company to which a company secretary serve. A company shall either be private company or public company. A company with limited liability by shares shall be private company; a public company shall be unlimited company or any company limited by guarantee. For example, a publicly listed company under Bursa Malaysia listing requirement shall be a company with unlimited liability and thus shall be classified as a public company. Depending on the type of company a company secretary serves, the responsibility and obligation will defer as per requirement under the Companies Act 2016. In general, all companies incorporated under the Companies Act 2016 require at least one company secretary in service as provided under Section 235 of the Companies Act 2016. However, the same requirement for company secretary does not apply to body and associations incorporated under other regulation such as the Societies Act 1966, the Partnership Act 1961 and the Limited Liability Partnership Act 2012. For the purpose of understanding the role of a company secretary and to take a wider view by comparing the role of secretary against practice in other countries, the term “company secretary” used in the following section refers to secretary as defined under the Companies Act 2016 and any equivalent Act in other countries.

#### *Company Secretary’s Role as a Compulsory Company Officer*

As mentioned above, company secretary plays an important role in assisting management of a company especially with reference to compliance matter. Thus, company secretary is made a compulsory member in the list of named officer in legal documents. Moreover, Section 240 of the Companies Act 2016 further provides that the office of secretary of a company shall not be left vacant for more than thirty days at any one time.

Similarly in many other countries, the role of a company secretary is considered to be highly important and this is reflected under specific requirement provided by respective local governing law and regulation. In Singapore, under Section 171 of the Companies Act 1967, the law is similar in that it requires that every business has a company secretary that must reside in Singapore. However, it differs from company law in Malaysia in that for businesses that are newly incorporated; such requirement applies in that the secretary has to be appointed within the first 6 months after incorporation, which is more lenient comparatively. Furthermore, under the Singaporean law, if the company has only one director, there needs to be a second officer to assume the role of company secretary. In this case, the Companies Act 2016 in Malaysia does provide for single directorship in a company but is silent on whether a company may be formed with the single director, being qualified as a company secretary practitioner, assuming both the role of the sole director and company secretary for the company.

In China, every listed company is required to have a board secretary as required under Article 124 of 2005 Company Law. The company secretary's role is similar to that of Malaysia's in that the responsibilities of board secretary generally include preparing meetings of shareholders and boards of directors, maintaining company records and shareholders information as well as dealing with information disclosure required by local law. However, as opposed to Malaysia where all affairs and business of a company is managed by the board of directors, relevant listing rules in China further clarify that the secretary of the Board is a managerial position where duties of board secretary are discussed in details. According to "Special Provisions of the State Council Concerning the Flotation and Listing Abroad of Stocks by Limited Stock Companies", "Guidance for the Articles of Listed Company", "Stock Listing Rules of the Shanghai Stock Exchange" and "Stock Listing Rules of the Shenzhen Stock Exchange", the secretary of the Board is classified as the senior management team and therefore has larger responsibility and thus greater liability, compared to other countries.

In South Africa, the requirement to have at least one secretary is limited only to all public and state-owned companies, which indicates a more lenient approach for the companies in South Africa. This view is supported by the provision under Section 86(3) of the Companies Act, No 71 of 2008 in South Africa that the first secretary shall be appointed within 40 business days and office of secretary may be left vacant for up to a maximum of 60

business days, which is twice as many days allowed compared to 30 calendar days allowed under the Companies Act in Malaysia. Nevertheless, the Companies Act in South Africa does require high expectation on a company secretary as long as the company secretary remains in the office. The roles and responsibilities of the company secretary are defined in Section 88(2) of the Companies Act No 71 of 2008 in South Africa. Under subsection (2)(a) a company secretary is responsible to provide guidance to the directors collectively as well as individually as to their duties, responsibilities and powers. This is quite different from company law in Malaysia where company secretary is answerable to the board of directors collectively and do not owe individual director a duty. For example, a company secretary is not compelled to act under instruction from an individual director unless the instruction is authorized by the board or such director has been given the mandate earlier.

In India, a company secretary is placed among the highest level in an organization's hierarchy and holds tremendous responsibility. As opposed to Malaysia where a qualified person is given the mandate under Fourth Schedule of the Companies Act 2016 to serve as a company secretary by obtaining membership in an approved body or institution, India's company secretary is given the mandate directly under the Company Secretaries Act 2006 in India. In other word, the Institute of Company Secretaries of India (ICSI) is a statutory professional body incorporated under the Company Secretaries Act 2006 and the centralized control and statutory status of company secretary profession in India has enabled the Institution of Company Secretaries of India (ICSI) to attract over 50,000 members ("About The ICSI," n.d.) across the country and to an extent, this indicates that there is a higher awareness on the role of company secretaries among Indian businesses.

ICSI functions in a way where it is able to promote highest level of consistency in the profession since any person who wishes to pursue profession of company secretary is required to register with ICSI, and all matters in relation to company secretary's profession is governed by the same body. For example, as a statutory body, ICSI is given the authority to approve academic courses and their contents as per Section 115(2)(a) of the Company Secretaries Act 2006; all practicing members are also required to use a standard designation i.e. "Company Secretary" without any addition in or substitute of description, as per Section 7 of the Company Secretaries Act 2006. In Malaysia, each company secretary is governed by respective body in which the company secretary serves as a member where, respectively, the company secretary may be designated as "MIA" for member of Malaysian Institute of

Accountants, “Chartered Secretary” or “MAISCA” for member of Malaysian Institute of Chartered Secretaries and Administrators, “LS” for a person licensed by the Companies Commission of Malaysia, etc. Furthermore, in order to promote consistent standard across company secretaries in India, it is also the responsibility of ICSI to ensure they maintain library and publication of books and periodicals relating to management of companies and allied subjects, as required under Section 15A of the Company Secretaries Act 2006.

Comparatively, the Institute of Chartered Secretaries and Administrators (ICSA), formed in 1891 and being the only recognized professional body for Chartered Secretaries and Administrators in the United Kingdom and throughout the world, today has only over more than 30,000 members in over 72 countries (“Profile,” 2018). As opposed to India, directors of companies in the United Kingdom share a huge burden in ensuring compliance matters. In fact, since April 2008 there has been no legal requirement for an unlimited company *i.e.* private company in the United Kingdom to have a company secretary unless the company's articles of association state otherwise. However, a public company in the United Kingdom is still required to have a formally appointed company secretary. In the case of private company and in the absence of a company secretary, the company secretarial duties and responsibilities fall upon the directors of the company.

The policy change in the United Kingdom does not in any way imply that compliance matters have become less important to business in the United Kingdom. In contrast, waiving the requirement of having a company secretary would serve as an indication the company secretary profession has achieved a milestone over the years in successfully educating businesses across the country and raising awareness on compliance matters. Such change in policy can only be feasible when the general public and business owners have achieved a certain level of knowledge on company’s compliance duties. Nevertheless, this does not represent a universal standard as all policies have to suit the background and development in different countries.

## **1.2 Development of Company Secretary's Role in Malaysia**

Company secretary was first given the mandate to serve as a professional when the Companies Act 1965 was implemented. Under Section 139 every company shall have one or more secretaries who are natural person of full age residing principally in Malaysia. Subsection (3) also provides that at least one of the company secretaries shall be present at the registered office of the company by himself or his agent or clerk, accessible to public on normal working hours and working days. Primary duties of a company secretary are specifically called out in the Act including, but not limited to, certification of documents circulated for signatures as containing the correct version of the proposed resolution; signing the annual return and lodging the same with the Registrar; acting as officer verifying statements and signing any statements or certificates of confirmation as required under the Act.

Over the years a company secretary, being a named officer of the company, has had to play many other roles following development of business environment in Malaysia. For example, in combatting money laundering Bank Negara Malaysia has implemented the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA). Based on the Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Guide published by the Bank Negara Malaysia on 26 February 2018, company secretaries are listed as profession that are Designated Non-Financial Businesses and Professions and other Non-Bank Financial Institutions (DNFBP) to comply with the requirements in the fight against money laundering and terrorism financing. Specifically, company secretaries are expected to know their clients well e.g. keeping authentic copy of IC or Passport, knowing company officers' beneficial owners' details, etc.; perform screening of clients' names against any black list such as Ministry of Home Affairs (MOHA) and UN Security Council Resolutions (UNSCR) sanctions lists; risk profiling and enhanced due diligence on clients' source of funds. Any findings should be reported through submitting a suspicious transaction report (STR) to the Bank Negara or below penalty may be imposed by BNM:



Table 1.1: Maximum Penalty for AMLA Offences

AMLA	Non compliance	Maximum Penalty for Each Offence
Section 13	Record keeping requirement.	RM1 million
Section 14	Obligation to report suspicious transactions to BNM.	RM1 million
Section 16	Obligation to conduct customer due diligence.	RM1 million
Section 17	Requirement to retain documents for at least 6 years.	Fine up to RM 3 million or jail up to 5 years or both

Source: <http://www.bnm.gov.my>

Another role of company secretary is to act as whistleblower to any improper conduct of a company. Section 368B(1) of the Companies Act 1965 states that an officer, which includes a company secretary, of a company who in the course of performance of his duties has reasonable belief on any matter which may or will constitute breach of the Companies Act 1965 or its regulations or a serious offence of fraud or dishonesty has been, is being or likely to be committed against the company or by other officers of the company shall report the matter to the Registrar of company. Such role is has been applied more widely in other aspect of businesses and more clearly spelled out under Section 321 of Capital Markets and Services Act 2007, where a company secretary in the course of the performance of his duties, reasonably believes any matter may constitute a breach or non-performance of any requirement or provision of the securities laws or breach of rules of the stock exchange or any matter which may adversely affects to a material extent the financial position of listed corporations should report the matters to the relevant stock exchange or the Securities Commission Malaysia.

Such role as whistleblower has received criticism or lack of support due to several reasons (Tan & Ong, 2011). Firstly, provisions of “normal course of performance of duty” under the above two laws raised question on whether any irregularity discovered outside normal working hours or irregularity discovered indirectly from other companies are entitled to protection. Secondly, there is also no provision in the two laws protecting the anonymity of the whistleblower, or if the information disclosed involves confidential information that a company secretary is supposed to protect instead of releasing to third party. Lastly, there is no duty imposed on the Registrar of Companies, Securities Commission and the stock exchange to investigate the matter highlighted by any whistleblower thus a company

secretary may not have confidence if their complaint will be taken seriously or investigated. Otherwise, if a company secretary realizes that the relevant body may not investigate the complaint, the company secretary may be discouraged to blow the whistle since whistleblowing would subject himself to the possibility of reprisal by his client or employer.

With the enactment of the Whistleblower Protection Act 2010 that came into force on December 2010, the officers of a company or any other person who provides information as to the misfeasance or wrongdoing of any company or its directors are entitled to wider protection when the disclosure is made to an enforcement agency which includes mainly Police, Customs, Road Transport Department, Malaysian Anti-Corruption Commission and the Immigration Department. It must be remembered that an employee owes a number of duties to his employer such as duty of loyalty, duty to act in the interest of the employer and duty of confidence thus any person who makes disclosure of ‘confidential information’ to others unless allowed by the Whistleblower Protection Act 2010 would be guilty of an offence. Section 9 states that a whistleblower should not be subject to any civil or criminal liability, including disciplinary action as a result of the disclosure of improper conduct. Furthermore, according to subsection 8(1) the whistleblower is entitled to full anonymity of any information about himself and the alleged improper conduct that he provided to the enforcement agency. In short, development of laws resolving whistleblowing have further enhanced company secretary’s role in the business world.

It is a common and accepted knowledge that the East Asian financial crisis in 1997 has left an impact on Malaysian firms and the economy as a whole. Much of the problems and failure of companies have been attributed to poor corporate governance and risk management and this in turn attracted much attention from the Malaysian government. The Malaysian Code on Corporate Governance 2000 (MCCG 2000) was introduced where risk management for the first time was clearly stated and viewed as one of the principal responsibilities of the board of directors, hence also a company secretary’s scope of advisory duty. The MCCG was subsequently revised and refined in 2007, 2012 and 2017 where private companies such as small and medium-sized enterprises (SMEs) and licensed intermediaries are also encouraged to embrace the code.

This greatly increases scope of duty for company secretary as all licensed secretaries are now required to gain knowledge on good corporate governance and to embrace these

good practices in their daily duties as company's compliance officer. As a result, MAICSA has made corporate governance a mandatory academic requirement where all graduates of the institute upon eligibility to upgrade as Associate members, will be awarded the dual designation of Chartered Secretary (CS) and Chartered Governance Professional (CGP) ("New ICSA Qualifying Programme," 2019). This is to reflect the direction and commitment in which company secretary's profession would develop in the future and the identity on which the profession would like to set among business world. MAICSA's president professor Dr Syed Hamid Aljunid, when delivering his opening speech at the MAICSA Annual Conference 2019 themed "Next Dimension in Governance!" called on company secretaries to focus on building good governance culture now rather than later, as it takes times to do so. "There is a need for the profession of the company secretary to move up the value chain by leveraging on existing compliance knowledge and competencies to acquire advisory competencies in facilitating board responsibilities as governance professionals," ("Corporate governance should go beyond compliance," 2019).

#### *Increasing Responsibility for Company Secretary Practitioner*

The company secretary is responsible for the efficient administration of a company, particularly with regard to ensuring compliance with statutory and regulatory requirements and for ensuring that decisions of the board of directors are implemented. There has been tremendous effort from the Companies Commission of Malaysia (SSM) in the course of reducing cost of doing business in Malaysia where company secretary, being a mandatory member of every company's advisory board are prominently impacted.

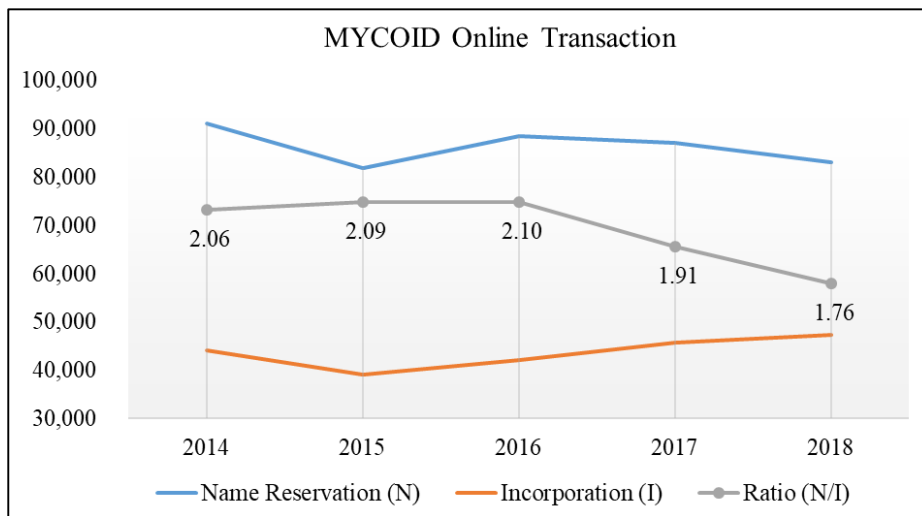
Firstly, SSM has launched the mandatory incorporation of companies through the MyCoID online portal since 2013, followed by other functions such as notification of change in the particulars of Directors, Managers and Secretaries, register of Members, and return on share allotment. Effective March 2018, submissions through portal are mandatory where no submissions shall be made by hand through SSM counters. The implication is that company secretary (the "lodger") are effectively the sole compliance officer to many company board decisions, including but not limited to verification of new director's background or eligibility assessment, and detection of falsified signatures in all directors' circulated board resolutions. In fact, pursuant to Section 593 of the Companies Act 2016 all such lodgement would require

a statutory declaration by the lodger i.e. company secretary to acknowledge that information provided to the Registrar is true and to the best of knowledge of the lodger, where any offence may be liable to imprisonment for a term to exceeding ten years or to a fine not exceeding three million ringgit or both.

Former MAICSA president Datuk Heng Ji Keng pointed out during MAICSA Annual Conference 2017 themed “Companies Act 2016 — A Paradigm Shift” that there is a lack of balance or understanding between perspectives from the regulators and practitioners is the implementation of the Companies Act 2016 which came into force on 31 January 2017. “Basically the Companies Act is meant to reduce the cost of doing business in Malaysia and simplify the process and rules for the public. The intention is good. At the same time, the Companies Commission of Malaysia (SSM) are using the opportunity in this new Act to tighten control, to increase penalties. At this time, the Companies Commission of Malaysia (SSM) should be more flexible and lenient during this transitional period” (“MAICSA sees teething problems with new law,” 2017). Furthermore, the corporate sector and other government agencies may not be ready for the new law and company secretary, as the practitioners face challenges being an agent of law enforcement.

While most of the responsibilities to lodge statutory documents of a company have shifted to the company secretary, the implementation of MYCOID did manage to introduce efficiency on the online submission process thereby also reducing efficiency cost for a company secretary. An example is such as providing efficient and convenience in the incorporation of a new company. Based on data obtained from SSM website, despite the number of incorporation of new company has increased since the implementation of MYCOID, the average number of times a company had to reserve a proposed company name before successfully incorporating a company has reduced significantly over the years, as shown in *Figure 1.1* below. However, it is worth noting that ease of incorporating a company via online channel does not mean that responsibilities of a company secretary has been reduced, since all requirements are deemed complied and verified by the lodger i.e. company secretary when a company secretary submits an application online.

Figure 1.1: MYCOID Online Transaction Trend since Implementation (2014)



Source: <http://www.ssm.com.my/Pages/Publication/Statistics>

Furthermore, as mentioned, the Companies Act 2016 (implemented on 31<sup>st</sup> January 2017) introduced several enhancements to improve business efficiency. Amongst them are single directorship and waiver of statutory audit of annual financial report for eligible companies. The former would imply that the balance of power and responsibility previously shared between at least two company directors are now transferred to company secretary for all companies with single director; the latter would result in some financial reporting duties being transferred to company secretary, in the absence of chartered auditors.

Several recent announcements will see that secretarial jobs have become more difficult although, at the same time, also become more important than ever. Latest regulation from SSM rules that every company secretary, regardless of which authorized body the company secretary obtains practicing license from, shall register for a practicing license directly from the registrar in addition to requirement to maintain their membership with respective practicing body. Once implemented this would mean that each company secretary now has an additional role to play and thus carries additional liability. Furthermore, announcement of upcoming mandatory submission of audited financial statements via Malaysian Business Reporting System (MBRS) would also increase liability of company secretary since company secretary is expected to validate content of financial statement in e-platform against audited report before making a e-lodgement to SSM.

It is therefore becoming increasingly important to raise awareness among public on the importance of company secretary's role and the contribution this profession is making to the society. More empirical study on secretarial firms especially on organizational behavioral aspect would certainly improve talent retention in company secretary firms.

### **1.3 Problem Statement**

Professional service-based jobs such as company secretarial services and corporate governance are full of risk and they must be prudent in doing their jobs. In order to provide highest standard of quality in their services, they have obligation to keep their behaviors standard to the organization where they work, their professions, as well as to the society and themselves. In other words, consistency in behaviors is highly appreciated skillset in professional service based jobs and one way to control consistent in standards, is to maintain the persons who are performing the jobs as these persons are trained to do a job in specific manner following a set of standard of procedures in the organization.

In other words, it is important to control employee turnover to prevent cost of losing experienced employee and need for training a replacement. As such, it is critical to study factors contributing to turnover intention (TI) and what an organization can do to control turnover effectively.

#### *Turnover in Professional Service-Based Industry*

A background study in public accounting firms can be used as guidance to secretary firms due to their similar nature of profession in terms of expected organizational behavior. Due to the fact that accounting profession is more globalized in the sense of existence of organization linkage such as the "Big Four" (Deloitte, PWC, KPMG & EY) and global accounting standard, statistics published for public accounting firms are more reliable and therefore is appropriate use as background scan for this study.

It is a known phenomenon to professional accounting industry that there is high employee turnover. According to Meister (2012) in the article, "Job Hopping Is the 'New Normal' for Millennials: Three Ways to Prevent a Human Resource Nightmare." the average

worker today stays at each of his or her jobs for 4.4 years, according to the most recent available data from the Bureau of Labor Statistics (US), but the expected tenure of the workforce's youngest employees is about half of that: 91% percent of Millennials (born between 1977-1997) expect to stay in a job for less than three years. Furthermore, INSIDE Public Accounting (2016) publishes its national benchmarking report 2016 and provided statistics that professional employee turnover rates in the largest firms (above \$75 million) averaged 17.2%, with one in 5 experiencing turnover rates above 20%. In short, significant portion of workforce come into public accounting knowing they will be leaving, as a matter of sooner or later.

Similar trend is also observed in Malaysia on turnover behavior of employees in the professional serviced based companies. Using statistics in accounting profession as a proxy to overall background in professional service based industry is reasonable due to the similarity in structure of organization as well as the expected behavior of an employee in a professional service based firm such as company secretary firm. Based on an online survey initiated by Audit Oversight Board (AOB), Securities Commission Malaysia (SCM) and Association of Chartered Certified Accountants (ACCA) in September 2012 covering 9 accounting firms identified by AOB, namely Baker Tilly Monteiro Heng, BDO, Crowe Horwath, Deloitte, Ernst & Young, KPMG, Mazars, PricewaterhouseCoopers and SJ Grant Thornton, only 45% of respondents expressed satisfaction with their current career choice in external audit where 49% of the respondents intend to leave their role in external audit in their current firms within 3 years (AOB, ACCA, 2013).

According to the survey, most dissatisfaction has been attributed to requirement of work-life balance and improvement in remuneration packages. Many remarked that work-life balance could be enhanced by decreasing workloads, strengthening existing support and resources, improving the standards of accounting and financial reporting among preparers and clients, and instituting reasonable deadlines. Moreover, despite the less than optimal satisfaction level gathered from the survey, 65% of the respondents admitted that they have never volunteered suggestions on how to improve conditions or boost morale and the reason they are reluctant to speak up is because the majority of them is under the impression that their suggestions will be ignored. For those who said they did offer suggestions to improve dissatisfaction level, only a marginal majority (58%) of respondents confirmed that their suggestions were given fair consideration. Other influencing factors include lack of aspiration

to become a partner (only 18% indicated clear interest); preference to work in a multidisciplinary firm with separate divisions for taxation, corporate finance, forensic, etc.; and lack of expanded opportunity such as overseas posting or secondments: 86% of respondents would welcome overseas postings or secondments which are considered valuable additions to one's professional experience and resume. However, only 11% of respondents believe they have a good chance of being selected for overseas postings, with a number attributing their perceived low chance to limited openings or office politics.

Being a typical professional service based company, company secretary firms share the same talent retention issue faced by accounting firms. This research aims to study organizational behavior in company secretary firms in Malaysia in hope to produce findings that may help to improve turnover in company secretary firms.

## **1.4 Research Question**

The fundamental core of this research project is reflected in the following two research questions. Firstly, does general organizational behavioral theory on turnover intention apply on secretary firms in Malaysia? Secondly, what are the dominant factors influencing turnover intention behavior among secretary firms in Malaysia?

## **1.5 Research Objective**

This research aims to examine the factors influencing employees' turnover intention (TI) in secretarial firms in Malaysia.

Specifically, this research aims to examine the effect of these influencing factors to employees' turnover intention (TI) in secretarial firms in Malaysia, in particular: -

1. The relationship between organizational support (POS) and turnover intention (TI)
2. The relationship between organizational commitment (OC) and turnover intention (TI)
3. The relationship between job satisfaction (JS) and turnover intention (TI)



## **1.6 Significance of the Study**

This study is important as it adds on to the limited empirical studies on secretarial firms in Malaysia in the aspect of organizational behavior. From a theoretical standpoint, this model will help to understand the relationship among the factors influencing turnover in professional service-based firms.

This study also has two practical implications. Firstly, by understanding factors influencing turnover employers will better understand employees' concern and the dominant factors influencing their decision on turnover. In particular, employers will learn how to manage employee turnover more effectively, based on existing resources available to the organization. Further, by raising awareness of employees' concern this may lead to increased emphasis on employees' welfare through influencing organizational culture and relevant policy.

Secondly, by presenting value add findings in the literature on company secretary this will help to create awareness and change perception among the public, on the importance of company secretary and their contribution in the society. This will serve as a good foundation for any future proposal to relevant policy maker to improve the welfare of working professionals.

## CHAPTER 2

### LITERATURE REVIEW

This chapter presents the literature review and hypotheses framework for the research paper. In particular, a review on the construct turnover intention (TI) is discussed, followed by independent variables job satisfaction (JS), perceived organizational support (POS) and organizational commitment (OC). Empirical review on the causal relationships between these constructs are also presented leading to the forming of hypotheses framework and highlighting the literature gap observed for this research paper.

#### 2.1 Turnover Intention “TI”

##### *Voluntary Turnover Intention*

One of the most widely-cited concepts in employee behavioral studies is the turnover intention. Turnover is commonly understood to be the termination of employment between an employee and the hiring organization *i.e.* employer. For the purpose of evaluating turnover models, however, “voluntary” element is relevant because models under organizational behavioral study invariably apply to self-motivated termination. In an era of globalization, the process of an employee making a decision to quit an organization, which is known as a voluntary turnover, often cost the employer a lot of resources (Hom & Griffith, 1995). In fact, there are many cases where researchers manually excluded known cases of involuntary turnover such as firings in their data samples (Campion, 1991).

##### *Definition: Turnover Intention*

A turnover intention is defined as a mental decision prevailing between an individual’s approach with reference to a job whether to continue or leave the job (Jacobs and Roodt, 2007); Intention to leave an organization is a conscious and purposeful desire to leave the organization in the near future and it is considered as the final part of a series in the withdrawal cognition process and (Mobley, Horner, & Hollinsworth, 1978); Further, Hussain

& Asif (2012) explained that turnover intention is when an individual employee willingly quits his job due to factors causing dissatisfaction towards the company.

### *Turnover Intention versus Withdrawal Cognitions*

Mental process related to turnover, including the intent to quit and the willingness to retain in an organization are directly under the control of the employee while the actual action to quit or stay can be influenced by extraneous factors such as the availability of alternative jobs, which can interfere with a person's feasibility to translate these intentions into actual behavior (Gamble & Huang, 2008). Focusing on intentions avoids this complication, by suggesting how individuals might act in an unconstrained environment (Campbell & Campbell, 2003). Furthermore, according to Tett and Meyer (1993), prior researches provide consistent findings to support intent to quit as the most relevant predictor of actual turnover behavior. Such behavioral studies have received significant attention from employers as turnover intentions are the instant connection to turnover behavior (Boles et al., 2007).

Withdrawal cognitions are linkage of overall thoughts and feelings about quitting a job and search for alternative employment (Mobley, Horner & Hollinsworth, 1978). Withdrawal cognition measures commonly includes several items specific to intent to stay and intent to quit, together with other items related to thoughts of leaving a job and searching for alternative employment. Usually items representing these variables are studied jointly with intent to quit (Mitchel, 1981). Tett and Meyer (1993) has found that withdrawal cognition explains 21% less variance compared to turnover intention, in relation to the actual intention to quit, suggesting turnover intention as the better variable for measuring actual turnover intention.

Literature in turnover also has different results based on the industry or respondent groups being researched. In general, as Sujansky and Ferri-Reed (2009) pointed out, the highest turnover rate is contributed mainly by Gen Y population. The characteristics of Gen Y, in comparison to Gen X, are more insistent at work when it comes to demonstrating motivation and confidence, as well as being more goal orientation (Smola & Sutton, 2002). In digitalization era the experience in a fast moving and borderless world has shaped Gen Y perceptions and mindset, enabling them to job-hop more frequently.

### *Antecedents of Turnover Intention*

Cotton and Tuttle (1986) managed to identify three types of factors that could explain an employee's turnover behavior. Firstly, there are work-related factors that are specific to the work or organization they are serving such as organizational commitment, job satisfaction, salary, job performance; Secondly, there are individual factors unique to the employee in concern such as age, education background, gender, working experience; and lastly, external factors related to workforce environment such as unemployment rates, employment perceptions, union presence. This research focuses on factors with managerial implication thus work-related factors will be more relevant to the study.

Job satisfactions have been linked with turnover intention in recent models through various mediating variables including organizational commitment and perceived organizational support where perceived organizational support has been shown to positively influence both turnover intention and organizational commitment (Susskind et. al, 2000). In addition, it is argued the factors organizational commitment and job satisfactions are also statistically correlated where the correlation is such that job satisfaction is positively correlation with organizational commitment (Suwandi & Indriantoro, 1999). Thus, based on existing literature, all three perceived organizational support, organizational commitment and job satisfaction are all antecedents of turnover intention and are all work-related factors that are of the interest of this research.

## **2.2 Review of Literature Concepts: POS, JS and OC**

The following section discusses definitions of perceived organizational support, organizational commitment and job satisfaction. It also provides comprehensive summary of previous research on these three concepts and provide a foundation to conceptual model for this research.

### **2.2.1 Perceived Organizational Support “POS”**

Perceived organizational support (POS) is defined as an employee’s belief that the organization cares for and values the employee’s contribution to the success of the organization. It also refers to employees’ perception concerning the extent of which the organization values their contribution and cares about their well-being (Dovidio, 1984). Employees who perceive positive support are more likely to incorporate organizational membership into their self-identity (Eisenberger, Fasolo, & Davis-LaMastro, 1990).

When a person treats another person well, the norm of reciprocity obligates the return of favourable treatment (Gouldner, 1960). Moreover, an increase in the help delivered to a recipient has been found to increase the aid returned (Berkowitz & Friedman, 1967; Eisenberger, Cotterell & Marvel, 1987). The reciprocity norm may also apply to employee-employer relationships, where the social exchange view of commitment (Eisenberger et al, 1986) suggests that employees' perceptions of the organization's commitment to them (perceived organizational support) create feelings of obligation to the employer, which enhances employees' work behavior. Accordingly, Rhodes and Eisenberger (2002) have mentioned that on the basis of the organizational support theory (Eisenberger et al., 1986), three common forms of perceived favourable treatment received from the organization should serve to increase perceived organizational support; fairness, supervisor support and organizational rewards, and job conditions.

According to Solnet and Kralj (2012), some of the attributes of Gen Y can be found in their workplace when they show traits like enjoying more challenges from their usual scope of duties, constantly seeking for additional responsibilities at work as well as performance feedback, looking forward to build connectivity, and maintaining high communication and collaboration with their workmates (Solnet & Hood, 2008). They also exhibit the need to have their opinion listened and valued, which translates into the need of organizational support.

### 2.2.2 Job Satisfaction “JS”

Job satisfaction is a widely studied organizational behavior concept and has acquired significant attention from managers and researchers alike (Qasim, Cheema and Syed, 2012). Locke (1968) defined job satisfaction as “the positive emotional state resulting from the appraisal of one’s job or job experiences”. Job dissatisfaction is “the unpleasurable emotional state resulting from the appraisal of one’s job as frustrating or blocking the attainment of one’s values”. Robins and Judge (2009) also defined job satisfaction as a “positive feeling about one’s job resulting from an evaluation of its characteristics”. Colakoglu et al. (2010) further illustrates that job satisfaction is “the attitudinal variable assessing how people feel about their job or aspects of their job”. Moreover, as suggested by Allameh, Masoumzadeh and Salehzadeh (2014), job satisfaction is the feelings an employee has about the employment in a general sense where it can include feelings towards specific aspects such as the connection with supervisor, salary level and career advancement.

Herzberg et al. (1959) defined the best known popular “theory of job satisfaction”. Their two-factor theory suggests that employees overall job satisfaction level are influenced by a two dimensions, one which in presence leads to employee’s satisfaction at work, and another in absence leads to dissatisfaction at work. These two dimensions are represented by two types of needs, listed as hygiene (dissatisfaction) and motivation (satisfaction). Hygiene factors are the needs that may be very satisfied by some certain conditions called hygiene factors (dissatisfiers) such as supervision, interpersonal relations, physical working conditions, salary, benefits, etc. The theory suggests that job dissatisfaction is probable in the circumstances where hygiene factors do not exist in someone’s working environment. In contrast, when hygiene needs are supplied, however, it does not necessarily result in full satisfaction. Only the dissatisfaction level is decreased (Furnham et al., 2002). Motivation factors relates to conditions that give positive satisfaction, arising from intrinsic conditions of the job itself, such as recognition, achievement, or personal growth (Hackman et. al., 1976). Examples are such as challenging work, recognition for one's achievement, increasing responsibility, opportunity for involvement in decision making or sense of importance to an organization.

This two-factor theory is consistent with Maslow's theory of a need hierarchy where hygiene needs correspond with basic needs in the hierarchy of needs and motivational needs

correspond with psychological needs that are further up the hierarchy of needs. Maslow (1943) pointed out that needs arise due to deprivation and are said to motivate people when they are unmet. Once these needs are more or less met, one also demonstrates natural desire to grow and the motivation no longer comes from lack of something. Thus, the reaction to satisfaction level can depend on one's characteristic and motivation to fulfill such needs will become stronger the longer the duration they are denied. Zemke, Reins and Filipczak (2000) also point out that when an organization's culture and core values is in conflict with a Gen Y employee's, it is likely to result in a lower job satisfaction and at the same time triggers quit intention.

### **2.2.3 Organizational Commitment “OC”**

Organizational commitment is conceptualized in various ways. The continuance component of organizational commitment refers to commitment based on the costs that employees associate with leaving the organization. Kanter (1968), for example, defined “cognitive-continuance” as commitment that occurs when there is a “profit” associated with continued participation and a “cost” associated with leaving; The normative component refers to employees' feelings of obligation to remain with the organization. Wiener (1982) defined such obligatory commitment as the “totality of internalized normative pressures to act in a way which meets organizational goals and interests” and suggests that individuals exhibit behaviors solely because ‘they believe it is the “right” and moral thing to do’.

There have been various studies in the literature addressing the concept of organizational commitment. Mowday et al. (1979) underlined a concept named as attitudinal commitment, whereas Price and Mueller (1986) defined it as behavioral commitment. Another approach was that of Meyer and Allen (1991). This is one of the most widely recognized approaches in organizational commitment literature where the most prevalent approach to organizational commitment in the literature is one in which commitment is considered an affective or emotional attachment to the organization. The affective component, or known as affective commitment refers to employees' emotional attachment to, identification with, and involvement in the organization (Meyer & Allen, 1990). This view is also taken by Rhoades et al. (2001) who refers affective commitment to employee's emotional bond to their organization or dedication and loyalty to an organization. As such

affectively committed employees often identified as a strong self-belonging in an organization which eventually increase their contribution to the organization as well as desire to remain within the organization (Eisenberger et al., 2001). Moreover, affective commitment employees are strongly committed individual identifies with organization, always involved in any organizational event related, and enjoys the working experience in the organization (Loi et al., 2006). Moreover, as D'Amato and Herzfeldt (2008) pointed out that Gen Y generally exhibits a lower level of organizational commitment in the sense that they have tendency to refrain themselves from remaining in the same organization after a considerable period of time.

### **2.3 Empirical Review**

Job satisfaction and organizational commitment have been consistently supported to be negatively related to turnover intention however the causal relationship has received conflicting empirical evidence. Porter, Steers, Mowday, and Boulian's (1974) supports that job satisfaction (OC) is the antecedent of organizational commitment (OC) although indirectly impact of job satisfaction to turnover intention is acknowledged. The argument was mainly due to organizational commitment is something that takes longer to develop and job satisfaction plays a huge role in developing this commitment behavior. There is also suggestion of the direct opposite relationship where organizational commitment is said to be the antecedent of job satisfaction (O'Reilly, & Caldwell, 1981) considering that commitment can be developed even prior to commencement of an employment. However, organizational commitment is said to have indirect effect on turnover intention as well.

Furthermore, there is also view that both job satisfaction and organizational commitment are unique constructs and contribute independently to turnover behavior although they may be possibility of reciprocal influence (Farkas, & Tetrick, 1989). Mainly, these indirect effects can be distinguished depending on deciding factors that turn intentions into actual behavior (Locke, 1968). Thus, apart from diverse opinion on causal model between perceived organizational support, job satisfaction and organizational commitment towards turnover intention, the only thing that has been very consistent is all three constructs



have significant direct or indirect impact towards turnover intention, which leads to the following conceptual model.

#### *Perceived Organizational Support (POS) and Turnover Intention (TI)*

Previous researchers have found evidence to support that there is significant negative relationship between perceived organizational support and employee turnover intentions (Eisenberger et al., 2002; Rhoades et al., 2001; Wayne et al., 1997). It is proposed that intention to turnover intention would reduce through improving perceived organization support (Loi et al., 2006) and that high levels of intention to leave are usually not observed among employees with high perceived organizational support (Eder & Eisenberger, 2008). As a result, employees who perceive high level or support from the organization would be less likely to exhibit actual turnover behavior (Eisenberger, Fasolo, & Davis-LaMastro, 1990). Conversely, in circumstances where employees perceive lack of support from their organization they are most likely to develop withdrawal behaviors starting with an intention to leave the organization (Jawahar & Hemmasi, 2006). As there is much evidence to support the negative relationship between perceived organizational support and turnover intention the following hypothesis is proposed.

***Hypothesis 1: Perceived organizational support (POS) negatively influences turnover intention (TI).***

#### *Job Satisfaction (JS) and Turnover Intention (TI)*

According to Cheu and Francesco (2003), job satisfaction is the most significant factor influencing turnover intention thus when there is a mismatch between an employee's satisfaction and the expectation set, the tendency to quit an organization increases. Such negative relationship between job satisfaction and turnover intention is also supported by many studies (Robbins & Judge, 2009; Spector, 1997; Zeffane & Gul, 1995). According to Mobley et al.'s (1978) turnover model, any dissatisfaction at work could cause an employee to develop a series of withdrawal cognitions in which the employee exhibit linkage of thoughts relating to the costs and benefits associated with leaving their jobs, including

searching and comparing alternative jobs. Ultimately, this cognitive appraisal would end up leading to employees' withdrawal from the organization if the withdrawal behavior is not addressed properly. As there is a great deal of evidence to support the negative relationship between job satisfaction and turnover intention, the following hypothesis is proposed.

***Hypothesis 2: Job satisfaction (JS) negatively influences turnover intention (TI).***

#### *Organizational Commitment (OC) and Turnover intention (TI)*

It is claimed that the organizational commitment is a global predictor of intention to quit (Campbell & Campbell, 2003). Most of the empirical studies concerning turnover intention show significant and negative relationship between OC and TI in all aspects of OC including affective, continuance and normative commitment (Hussain & Asif, 2012; Kalidass & Bahron, 2015). Kalidass and Bahron (2015) further showed that perceived support is another antecedent of turnover intentions, where employees will have lower intention of leaving the company if they felt that they were being cared for and appreciated in the company.

Meyer and Allen (1993) suggest that committed employees also make more significant and individual contributions to the organization, perform better, engage in organizational citizenship behaviors (OCBs), and are less likely to engage in unproductive or destructive behaviors. Newman et al. (2012) suggest that since the provision of organizational support to an employee increases the feelings of obligation to repay the organization while generating feelings of goodwill towards the organization, it will strengthen the bond between employer and employee (Eisenberger et al., 1990; Maertz, Griffeth, Campbell & Allen, 2007). Hence, the intention to quit will be reduced. Perryer, Jordan, Firms and Travaglione (2010) stated that committed employees are less likely to leave the organization, and that they feel the need to go beyond normal job requirements. In the light of the existing literature findings the third hypothesis is as follows:

***Hypothesis 3: Organizational commitment (OC) negatively influences turnover intention (TI).***

## 2.4 Hypotheses Framework

Based on the literature review study, a conceptual model as shown in *Figure 2.1* is developed for the research objective, i.e. to examine the relationships between perceived organizational support (POS), organizational commitment (OC), job satisfaction (JS) and turnover intention (TI).

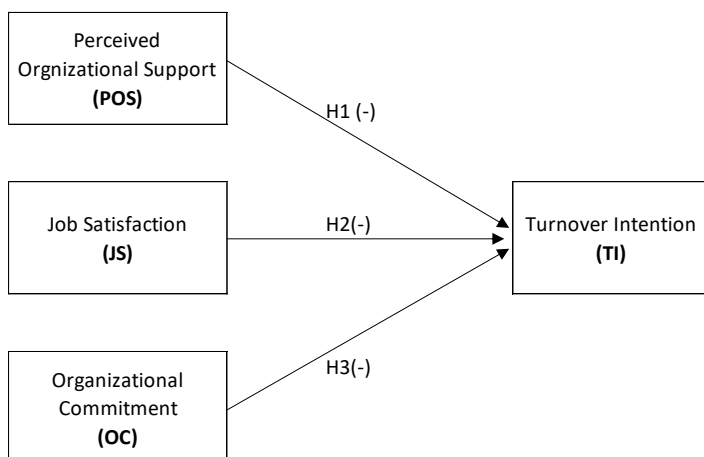
The following are the hypotheses in the conceptual model:

H1: POS negatively influences TI

H2: JS negatively influences TI

H3: OC negatively influences TI

Figure 2.1: Conceptual Model



## 2.5 Review of Research Methods Used in Literature

Review study on literature concerning organizational behavioral concepts on perceived organizational support (POS), organizational commitment (OC), job satisfaction (JS) and turnover intention (TI) reveals that most of the examination on causal models favors quantitative research methods. Susskind et al. (2001) gathered a varied sample of line-workers including both “hospitality” and “non-hospitality” organizations within the service sector through distributing and completing questionnaire while at work. Data collected was then measured based on the response of 5-point Likert-type metric (strongly agree, agree, neutral, disagree, and strongly disagree) on each survey items concerning organizational behavioral concepts mentioned above. These items were also asked in reverse form (i.e., agreement with the item represents a negative response) and recoded for alignment with the items presented in positive form.

Several other studies conducted also use Likert-style metric as the core measurement for employees’ perceived organizational behaviors. Colakoglu et al. (2010) analyzed the relationship between perceived organizational support, organizational commitment and job satisfaction through questionnaire with 5-Likert style metric one five-star chain Hotel’s employees in Turkey, while Donald et al. (2016) used similar questionnaire altered to gather information from academic staff members from South African higher learning institution:

The **perceived organizational support (POS)** was tested through 4 items in Colakoglu et al. (2010) and 10 items in Donald et al. (2016). The examples of items in Likert-style questionnaire are such as “My organization helps me when I have a problem” and “My organization really cares about my well-being”.

The **job satisfaction (JS)** was tested through 5 items in Colakoglu et al. (2010) and 20 items in Donald et al. (2016). The examples of items in Likert-style questionnaire are such as “the feeling of accomplishment I get from the job” and “I am very satisfied with my current job”.

The **organizational commitment (OC)** consisting element of affective commitment, continuance commitment and normative commitment was tested through 14 items in

Colakoglu et al. (2010) and 18 items in Donald et al. (2016). The examples of items in Likert-style questionnaire are such as “This organization has a great deal of personal meaning for me”, “I would feel guilty if I left my organization now” and “It would be hard for me to leave my organization right now”.

In a study showing perceived support is another antecedent of turnover intentions, Kalidass and Bahron (2015) targeted 8 three-star hotels listed under Malaysian Association of Hotels (MAH) in Kota Kinabalu. Using stratified sampling method, with margin error of 5%, confidence level of 95% and 50% response distribution, sample size of 33% (260 questionnaires) were distributed to employees of the 8 chosen hotels. Similar to the approach used in Colakoglu et al. (2010) and Donald et al. (2016), Perceived Organizational Support (POS) was measured through 8 items adapted from Eisenberger et al. (1986); Organizational Commitment (OC) was measured through 24 items adapted from Meyer and Allen (1997).

On the other hand, **turnover intention (TI)** was measured using 3 items adopted from Vigoda-Gadot and Kupin (2005): “I often think about quitting”, “I will probably not stay with this organization for much longer” and “Lately, I have taken an interest in job offers in the newspaper”. Similarly, these items were measured based on Likert-style metric of 5 scales.

Although most literature in organizational behavioral literature adopted Likert-style metric as first step of data collection, it is noted that other metric used in different scenario may vary according to the industry or background of the samples being measure. One example from Vigoda-Gadot and Kupin (2005) is that the reliability of 5-point Likert scale was set as 0.86 for the public sector organizations, while reliability was set as 0.84 for the private sector organizations to represent different level of consistency of a measure. For the purpose of this literature review study, in-depth review on the measurements used in previous studies will not be discussed. However, these learnings will be thoroughly studied, compared and contrasted in the process of research methodology design for examining hypotheses framework.

## **2.6 Literature Gap**

### *Limited Empirical Study on Secretarial Firms in Malaysia*

There are ample of academic journals on the study of general organizational behavior however most published researches are based on statistics in western countries. In Malaysia, on the other hand, most academic findings on secretarial firm focus on corporate governance issues such as money laundering (Bala Shanmugam, 2008), role of compliance officer (Pik Kun Liew, 2008), and Syariah's governance practice (Zulkifli Hasan, 2011).

There is notably lack of organizational behavioral study on secretarial firms in Malaysia in light of aggressive development in secretarial profession, and the unprecedented role they represent in the field of corporate compliance.

This study aims to examine the casual model to turnover IT using statistics on secretary firms in Malaysia in order to fill in the literature gap.

## CHAPTER 3

### RESEARCH METHODS

#### 3.1 Research Design: Correlational Study

The correlational studies are used in this research to examine the relationships among variables representing 4 organizational behaviors perceived organizational support (POS), job satisfaction (JS), organizational commitment (OC), and turnover intention (TI). This is very much relevant with the research objective in examining the proposed hypothesis framework as shown in *Figure 2.1* above, where causal relationships of either three possible results: a positive correlation, a negative correlation, and no correlation are the results being pursued under the research objective. In particular, the strategy is to measure the correlation coefficient derived from data collected, where the measure of correlation strength and can range from  $-1.00$  (negatively correlated) to  $+1.00$  (positively correlated) for each of the hypotheses below.

#### 3.2 Quantitative Research Methodology

Research design provides the basic direction for conducting a research project (Hair, Money, Samouel, & Page, 2007). Consistent with previous studies on organizational behaviors (Colakoglu et al., 2010; Donald et al., 2016, Eisenberger et al., 1986; Vigoda-Gadot & Kupin, 2005) this research adopts the quantitative research method to collect and analyze numerical data set (e.g Likert-style metric responses) in order to abstract results from large samples. The rationale of using quantitative methods derives from the research objectives which is to examine the causal model concerning POS, JS, OC, and TI by confirming several hypotheses about organizational behavioral phenomena. As such, closed-ended questions that gives quantifiable answers such as whether turnover intention (TI) is correlated to perceived organizational behavior (POS) or not; whether the correlation is positive or negative; and what is the strength of correlation; are more suitable for the research purpose.

Moreover, quantitative methods are more relevant as research design is laid out in advance of the study through highly structured through hypotheses framework model in *Figure 2.1* above, as compared to qualitative methods where the research design is less structured and data gathering is done through interviews, observations and content analysis. Less structured data gathering may subject to factors such as bias, subjectivity of interviewer and inconsistent ways of carrying out each interviews, which are prevented under carefully structured and validated quantitative research methods.

There are however notable disadvantage and limitation to using quantitative method in a research. For example, detailed information such as “why an employee is not satisfied with the job” and “how employers may improve low perceived organizational support” are not available through this method. Although these has low relevancy for examining the causal models, they are nevertheless important information that maybe helpful to the practical implication of model being studied.

Also, quantitative methods selected in light of review of methods in retrospect also prevent new information (e.g new factor, new reasons) to be reveals compared to person-to-person interviews where new critical information can be captured quickly. For example, specific factors such as employee satisfaction to income or salary could be the primary factor to turnover behavioral studies however it may not be revealed through our finding process. These can contribute to the research limitation.

### **3.3 Data Collection Methods**

Data is collected through pre-designed questionnaire using objective language which is suitable for the research purpose. In particular, questionnaire is distributed to targeted respondents where they are approached by the researchers and asked to complete a questionnaire while at work. The general idea is not to allow lengthy respond time as that may affect respondents’ response based on first impression. As such, the respondents are requested to fill up the questionnaires in a self-administered manner: the participants were given the option of either completing the questionnaire at the time of introduction or were given the option of having the researchers return later in the day to collect the completed



questionnaire. The latter option was offered to the participants to minimize their participant burden and to avoid interference with the normal performance of their jobs. Further, the same questionnaire is also designed as an online survey form *i.e.* google form and distributed to respondents for data collection.

The set of questionnaire will be distributed to selected respondents once it has determined as reliable and consistent. Next, the questionnaire will be collected by researchers personally to ensure that the privacy and confidential are being secured. Data are then analyzed and transformed into crucial information through inferential analysis conducted using SPSS software.

### **3.4 Sampling Design**

#### *Sampling Location and Sampling Frame*

The frame of sampling is a list of elements from which a sample may be introduced. It is irrelevant to this study since non probability techniques will be used in the data collection. To study organizational behaviors on secretarial firms in Malaysia, firms in Klang Valley (Kuala Lumpur and Selangor) are selected as the target sampling location. Results from Klang Valley can represent Malaysia's secretarial industry in general since 71% (642 out of 908) of Chartered Secretaries in Public Practice registered under "Directory of Chartered Secretaries in Public Practice" (2017) are distributed in Kuala Lumpur (363) and Selangor (279). The distribution of company secretaries' (supply of service) practice area can be used to gauge the distribution of companies' presence (demand of secretarial service) and therefore the distribution of workforce demand *i.e.* employees working for secretarial industry.

#### *Sampling Size*

Based on the research planning a 7-week period from 18 June 2019 to 06 August 2019 is allocated for data collection. During this period, a total of 101 samples were collected successfully from respondents in Kuala Lumpur and Selangor states. Due to time constraint no further respondents were being pursued to allow sufficient time for further analysis. The

sampling size is adequate and justified for the research since the sample size larger than 30 and less than 500 are appropriate for most research (Roscoe, 1975; Sekaran, 2003).

### *Sampling Technique*

Non-probabilistic method is adopted in this research since it is not possible to obtain a full list of all employees participating in the company secretary industry. Convenience sampling (also known as availability sampling) is used to gain initial primary data from specific group of companies and social circle related to researcher, who are conveniently available to participate in the study. To ensure the respondents are relevant, the researcher carefully identifies these group of primary respondent based on work background, including location of working place to ensure it falls within the targeted area i.e. Kuala Lumpur and Selangor states. This technique is justifiable due to there is lack of full access to list of companies operating in Kuala Lumpur and Selangor states.

Further, this research adopted Snowball sampling method where respondents from primary source are replied upon to recruit other participants for survey. This method is reliable since respondents from primary source would provide access into their contacts who are also in the same working industry, where these respondent would be otherwise hard to locate and invite for the research purpose.

## **3.5 Research Instrument**

Questionnaire is a technique to assemble data where respondents need to answer the same set of questions in a predetermined order (Zikmund et al., 2003). A survey form is designed by adopting questionnaire technique using 5-point Likert-style scale (strongly agree, agree, neutral, disagree, and strongly disagree) on each survey items following the order of perceived organizational support (POS), job satisfaction (JS), organizational commitment (OC) and turnover intention (TI). The questionnaire also includes items that were also asked in reverse form (i.e., agreement with the item represents a negative response) and recoded for alignment with the items presented in positive form.

Section A of the survey form collects demographic data including the current position held by the respondent in the organization, gender (female or male), age groups of under 25, 25 to 35, 35 to 45 and above 45 years old. Other information such as status of professional qualification is collected based on 4 objective choices including:

- I am a registered member of professional body (MAISCA/ MACS/ MIA, etc.)/ I have passed all exam papers for professional qualification.
- I am currently pursuing/ studying for company secretary's professional qualification.
- I am not professional qualified and I am not currently studying for professional qualification.
- Currently my highest academic qualification is SPM/ STPM/ Diploma/ A-Levels.

Information on professional qualification serve as a demographic understanding on the level of commitment a respondent has towards the profession where it will be used to gauge its impact, if any, on organizational commitment. Another measurement on commitment level can be obtained from the year of working experience a respondent already committed in the industry thus working experience of 1 to 2, 3 to 5, 6 to 10 and above 10 years is collected.

Section B contains 18 items of 5 point Likert-scale adopted from previous literature. *perceived organizational support (POS)* is tested through 5 items adapted from Eisenberger et al., (2001). The examples of items in Likert-style questionnaire are such as “my organization values my contributions to its well-being.”, “y organization is willing to help me if I need a special favor.” and “The shows little concern for me. (reverse form)”; *Job satisfaction (JS)* is tested through 5 items adopted from the Minnesota Satisfaction Questionnaire (short-form) (University of Minnesota, 1977). The examples of items are such as “I am satisfied with my current job” and “I am noticed when I do a good job”; *Organizational commitment (OC)* is tested through 5 items adopted in Allen and Meyer (1990). The examples of items in Likert-style questionnaire are such as “I enjoy discussing the organization with people who do not work here”, “I feel like ‘part of the family’ at my organization” and “It would be hard for me to leave my organization right now”; Lastly, *turnover intention (TI)* was measured using 3 items including those adopted from Vigoda-Gadot and Kupin (2005): “I often think about quitting”, “I will probably not stay with this

organization for much longer” and “Lately, I have taken an interest in job offers in the newspaper”.

### 3.6 Scale Measurement

#### *Reliability Test*

Before distributing the research questionnaire, it is essential to ensure that the set of questionnaire is zero error and is able to provide consistent result. Cronbach Alpha model (see *Table 3.1* below) has been selected to measure the reliability of the questionnaire. It is targeted that the coefficient alpha for designed questionnaire is more than 0.8 by conducting pilot test on 30 random samples from respondents list, before carrying out the actual data collection:

Table 3.1: Cronbach’s Alpha Interpretation

<b>Coefficient Alpha (<math>\alpha</math>) Range</b>	<b>Explanation</b>
$0.80 < \alpha < 0.95$	Very good reliability
$0.70 < \alpha < 0.80$	Good reliability
$0.60 < \alpha < 0.70$	Fair reliability
$\alpha < 0.60$	Poor reliability

#### *Validity Test*

The validity test on Likert-style metric questionnaire is also conducted to ensure the empirical measure will adequately reflect the real meaning of the concept under consideration (Babbie, 1989). The initial questionnaire was validated by distributing out to others for comments and recommendation, particularly on the whether they are convinced the questions illustrates the concept of perceived organizational support (POS), organizational commitment (OC), job satisfaction (JS) and turnover intention (TI) and in addition the style and language used in the questionnaire. The questionnaire was then reviewed and refined to ensure all the questions listed down in the survey form is coherent to general Malaysian public

### 3.7 Data Analysis & Interpretation

In this research, independent variables are perceived organizational support (POS), job satisfaction (JS) and organizational commitment (OC) while dependent variable is turnover intention (TI). Multiple linear regressions will be run on the data to determine whether there is significant linear relationship supporting the hypotheses framework, and also to calculate and identify the coefficients of each linear regression model.

#### Multiple-linear regression model

$$TI = \beta_1POS + \beta_2OC + \beta_3JS + c$$

#### *Diagnostic Checks*

The assumptions of linearity between independent and dependent variables will be tested with scatterplots, P-P plot and histogram showing multivariate normality on residuals. Specifically, linear relationships between three independent variables and dependent variable *i.e.* [POS] → [TI], [OC] → [TI] and [JS] → [TI] are assumed to hold true if linearity is presence in [POS, OC, JS] → [TI] multiple-linear regression model.

Furthermore, autocorrelation of residuals will be checked using Durbin-Watson's *d* test to ensure *d* value is the range of  $1.5 < d < 2.5$  signaling that there is no first order autocorrelation. Absence of multi-collinearity among independent variables will also be checked using Variance Inflation Factor ( $VIF < 10$ ) for each independent variable, before interpreting the multiple-linear regression model.

#### *Interpretation of Results*

R<sup>2</sup> of model result should be as high as possible (e.g 0.7 means 70% of the variance in the data are explained). From F-test (ANOVA) the p-value should be less than significance level (set at 0.05) to show that the model is statistically significant at 95% confidence interval, signaling a valid relationship between the predictors *i.e.* independent variables (collectively) and dependent variable.

### **3.8 Research Methods: Conclusion**

The rationale behind the research design and methodology are set up in a way relevant to the research objectives, where sampling design, method of data collection, research instrument and questionnaire design, scale of measurement and data analysis are also discussed in this Chapter. In the upcoming chapter focus shall be given on research result and analysis where results are interpreted to examine the research objectives.

# CHAPTER 4

## RESULTS

### 4.1 Descriptive Statistics

A sample of 101 respondents was collected from volunteer employees from the state of Kuala Lumpur and Selangor. As shown in *Figure 4.1*, the sample consists of 62 (61.4%) female and 39 (38.6%) male respondents respectively in which majority (78.2%) of the respondents are 35 years of age or below. Precisely, as shown in *Figure 4.2*, 49 of the total respondents are between 26 to 35 years of age and 30 of the total respondents are under 25 years of age. For simplicity, generation Y or “Gen Y” will be used to represent this group of respondents as Gen Y is a well-known demographic cohort used to refer to people with birth years ranging from the mid-to-late 1980s and early 2000s, corresponding to people below 35 years of age and above working age of 18 years of age. Similarly, generation X or “Gen X” is used to represent respondents with 35 years of age and above, since Gen X is a well-known demographic cohort used to refer to people with birth years ranging from the early-to-mid 1960s to the early 1980s.

Figure 4.1: Gender

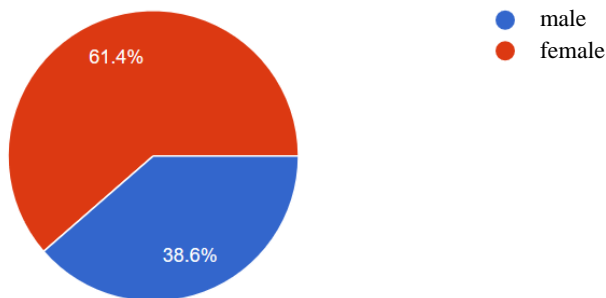
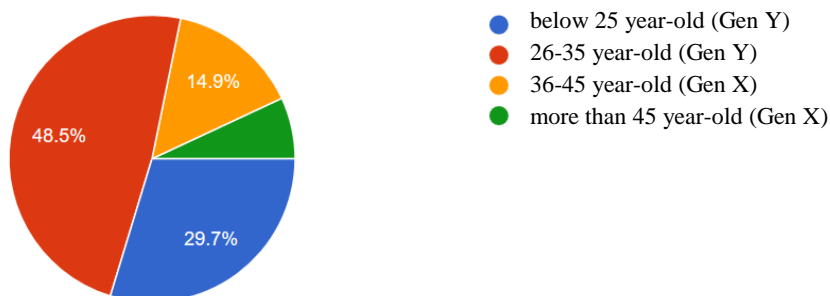


Figure 4.2: Age



The data sample consists of respondents with majority of them having less than 5 years of working experience (56.4%). Specifically, there are 40.6%, 15.8%, 17.8% and 25.7% respondents with less than 2 years, between 3 to 5 years, between 6 to 10 years and more than 10 years of working experience respectively, as shown in *Figure 4.3* below. This is consistent with demographic data on age, in the sense that majority (78.2%) of the respondents are Gen Y since these respondents, by reason of default minimum working age and after completing their college education at age of early 20s, could not have accumulated long years of working experience.

Furthermore, *Figure 4.4* shows that most of the respondents (45.5%) are still in the stage of pursuing professional qualification of company secretary. Since industrial practice for professional service based industry such as company secretary is commonly around 3 to 5 years after completion of undergraduate studies this is also consistent with demographic on age and working experience.

Figure 4.3: Working Experience

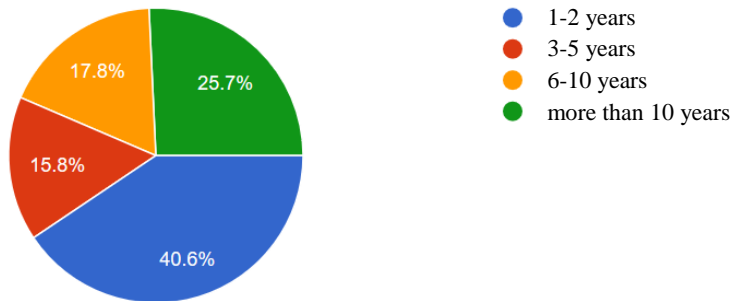


Figure 4.4: Professional Qualification

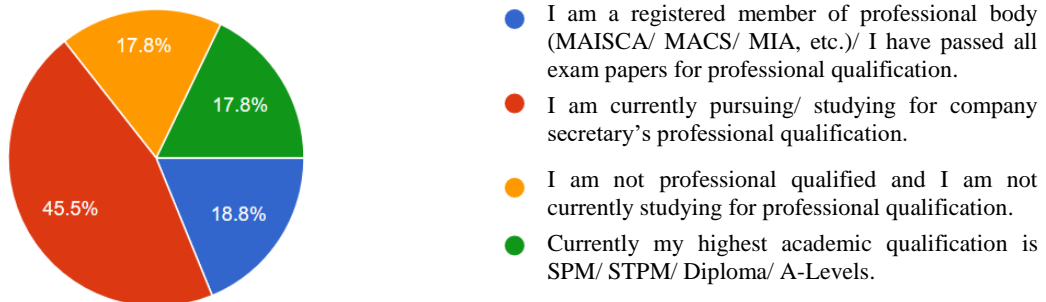
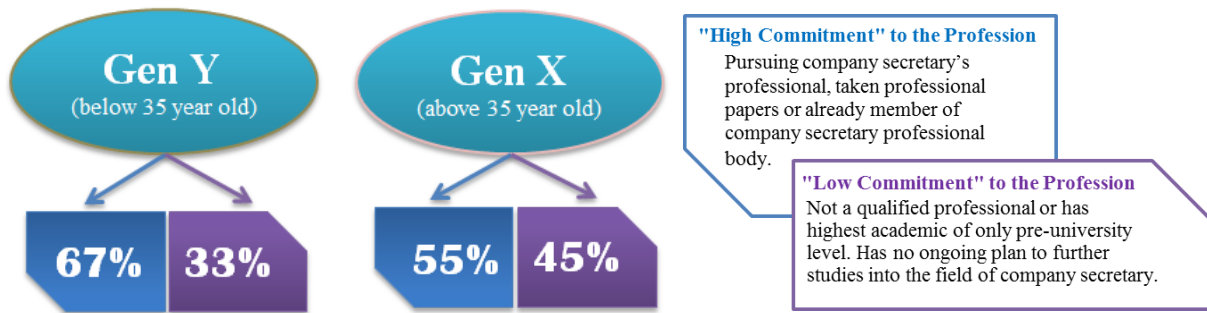




Figure 4.5: Commitment to the Profession (based on age generation)



Another interesting descriptive statistics is the analysis on commitment level to the profession of company secretary based on their professional qualification level and academic background. Respondents who are already a member of any prescribed company secretary practicing bodies such as MAISCA, MACS, MIA, etc are grouped together with those who are already in the progress of pursuing for professional qualification, including those who have passed the exams for professional papers. This group of respondents is considered to be mentally ready to commit their career in this specific profession thus having “high commitment” to the profession. On the other hand, the respondents who have only completed pre-university academic qualification (SPM, STPM, Diploma, A-Levels, etc) and have not pursued further academic qualification are grouped together with those who are currently not a professional and have no ongoing plan to venture into the field of company secretary professional qualification. This group is considered to have “low commitment” to this profession.

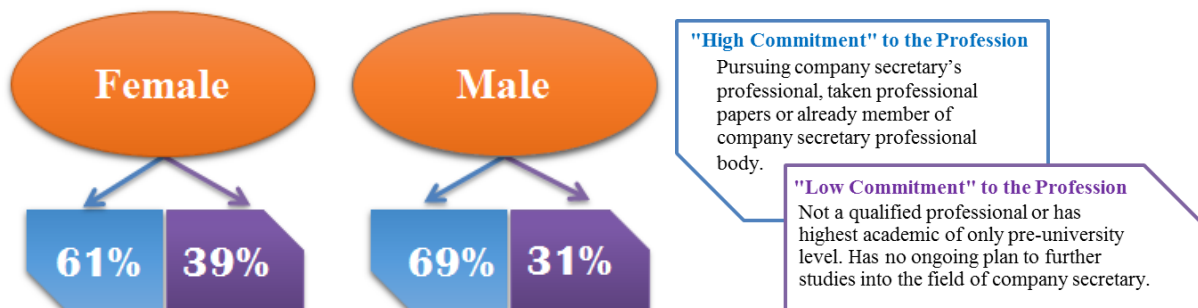
Finding indicates that contrary to prior belief, Gen X respondents who are at least 35 years of age and expected to have longer years of working experience has a relatively low percentage (55%) among them who are having “high commitment” to the profession, compared to Gen Y where 67% of them are highly committed to the profession by either already having the professional qualification or are investing their resource into pursuing for professional qualification.

These statistics provide two observations on the data sample for this research. Firstly, Gen Y respondents in the sample have a higher need (continuance commitment to the profession) to remain in the company secretary profession compared to Gen X as 12% more respondents in their group are already pursuing or have secured professional qualification and it would be wasteful and time-inefficient to switch their career path; however it should be

noted that committing to the same profession does not mean they are committed to the same organization as other organizational behavioral factors can have huge influence. Secondly, any respondents from Gen X with higher organizational commitment (OC) are likely to be having more affection (affective commitment to the profession) to the profession or they simply feel they should stay loyal and committed to a profession (normative commitment to the profession), rather than there is a need to stay within the same profession since many of them have not to pursue professional qualification despite longer years of working experience. Again, it should be noted that as age increases there is a higher need to stay within the same organization due to diminishing work and remuneration alternatives thus Gen X respondents can still have a high need (continuance commitment to an organization) to stay with an organization, regardless of which profession they are in.

In short, this means that characteristic possessed by respondents with high commitment to the profession is expected to be observed more strongly among Gen Y respondents group.

Figure 4.6: Commitment to the Profession (based on gender)



Similar deviation on commitment to the profession is found in different gender group. As shown in *Figure 4.4*, 64% of the respondents are either still in the stage of pursuing professional qualification of company secretary or already obtained full qualification to practice as a professional where this group, as discussed above, is referred to as the respondents having “high commitment” to the profession. Analysis by gender as shown in *Figure 4.6* above indicates that male respondents in the sample group are relatively more commitment to the profession with 69% of them (vs. 61% for female) belong to the “high commitment” category. This means that characteristic possessed by respondents with high commitment to the profession is expected to be observed more strongly among male respondents.

## 4.2 Diagnostic Tests

A series of diagnostic tests are run on the sample collected to ensure that the variables generated from data sample are reliable, before using these variables to estimate a multiple-linear regression model. Furthermore, based on regressed multiple-linear model the important assumptions on linearity including multivariate normality, autocorrelation and homoscedasticity of residuals and absence of multi-collinearity among independent variables are checked before interpreting the multiple-linear regression model.

Table 4.1: Variables

Variable	Items (18 questions)	No. of Items	Type of Variable	Description
POS_avg	POS1, POS2, POS3, POS4, POS5_INV	5	Independent variable	Perceived organizational support (POS)
OC_avg	OC1, OC2, OC3, OC4, OC5	5	Independent variable	Organizational commitment (OC)
JS_avg	JS1, JS2, JS3, JS4, JS5	5	Independent variable	Job satisfaction (JS)
TI_avg	TI1, TI2, TI3	3	Dependent variable	Turnover intention (TI)

Firstly, questionnaire item asked in reverse form is inverted into positive form *i.e.* POS5\_INV. Then, as shown in *Table 4.1* above, 4 data-items POS\_avg, OC\_avg, JS\_avg and TI\_avg are generated through simple average of respective items to represent variables perceived organizational support (POS), organizational commitment (OC), job satisfaction (JS) and turnover intention (TI) in research questionnaire. Reliability and linearity assumptions are then checked for through several methods explained below.

### *Reliability Test*

Cronbach's Alpha ( $\alpha$ ) test was run on 18 questionnaire items representing 4 variables namely; perceived organizational support (POS), organizational commitment (OC), job satisfaction (JS) and turnover intention (TI) to check the reliability of these items respective to the variables they represent. A higher  $\alpha$  indicates a higher internal consistency among these items thus higher reliability to use of these items as variables for this research. Results of Cronbach's Alpha ( $\alpha$ ) coefficients as shown in *Table 4.2* indicate that, except organizational commitment (OC), all variables are tested to have at least fair reliability which shows that there is strong interrelatedness between the test questions for respective variables

representing perceived organizational support (POS), job satisfaction (JS) and turnover intention (TI). None of these  $\alpha$  values are in the extreme top range ( $>0.95$ ) which eradicates the risk that the items may be redundant or repetitive.

Table 4.2: Cronbach's Alpha ( $\alpha$ ) Coefficients

Variable	Items Tested	No. of Items	Cronbach's Alpha ( $\alpha$ )	Explanation
Perceived organizational support (POS)	POS1, POS2, POS3, POS4, POS5_INV	5	<b>0.659</b>	Fair reliability
Organizational commitment (OC)	OC1, OC2, OC3, OC4, OC5	5	<b>0.468</b>	Poor reliability
Job satisfaction (JS)	JS1, JS2, JS3, JS4, JS5	5	<b>0.798</b>	Good reliability
Turnover intention (TI)	TI1, TI2, TI3	3	<b>0.836</b>	Very good reliability

There could be several reasons why  $\alpha$  is poor for organizational commitment (OC), other than the mere suggestion that the items may not be significantly interrelated. Firstly, the formula of Cronbach's Alpha ( $\alpha$ ) calculation inherits that higher number of items tested can increase the coefficient value and vice versa in which case, this suggests that there are not enough relevant items to the test to give rise to good reliability.

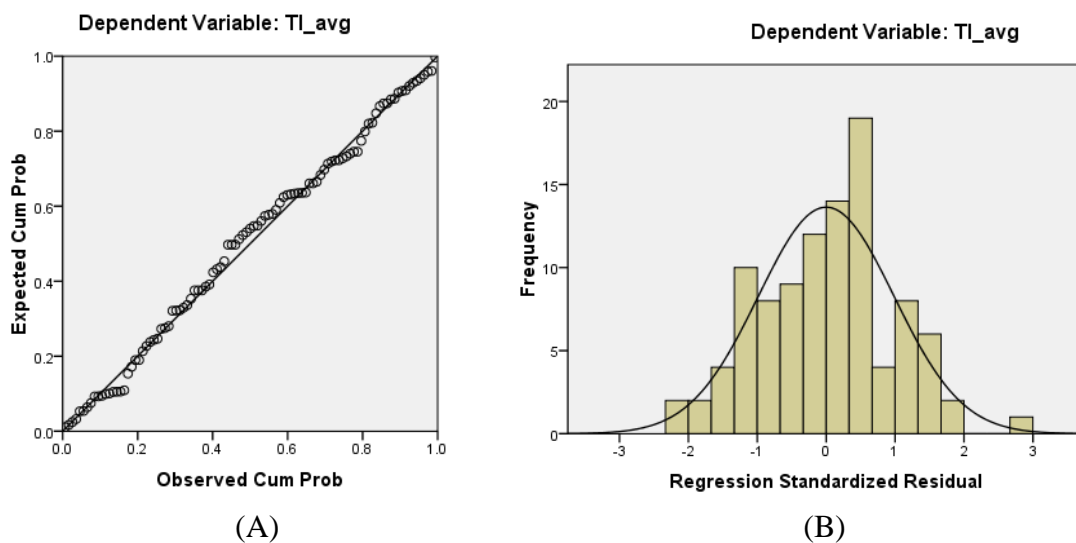
Secondly, Cronbach's Alpha method assumes unidimensionality. As discussed in the literature review organizational commitment (OC) has often been studied as multidimensional construct consisting of affective, continuance, and normative commitment (Allen & Meyer, 1990) thus 5 items may not be sufficient to yield high internal consistency in a unidimensional test. Moreover, the complexity of demographic as discussed and illustrated in *Figure 4.5* and *Figure 4.6* also shows that respondents from the data sample can be complicated due to diverse working experience, commitment level to the profession based on status of academic background and age factor.

In short, since the  $\alpha$  for organizational commitment (0.468) is not in the extreme low range ( $< 0.3$ ) and due to in-depth analysis on organizational commitment is not part of the research pursuing and it is important to avoid the result being incorrectly labeled as untrustworthy due to unidimensional concern, reliability of items representing organizational commitment (OC) is considered acceptable for the purpose of this research.

## Linearity Assumptions

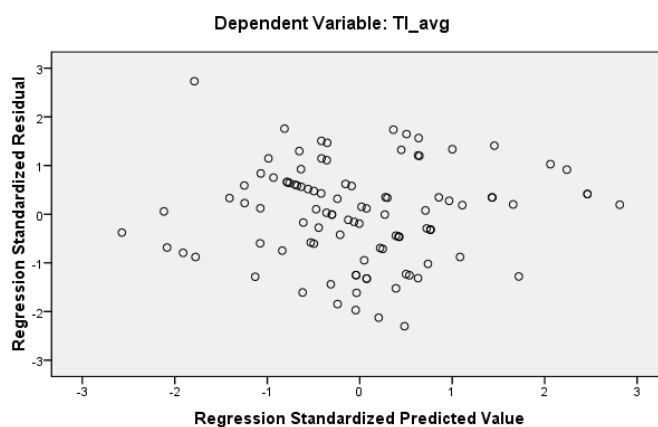
As shown in *Figure 4.7* below, P-P plot (A) follows along the normality line and histogram (B) shows a clear bell shape, which indicates that the residuals or error terms of the regression fit *i.e.* the difference between the observed values and the predicted values of the dependent variable turnover intention (TI) are multivariate normal.

Figure 4.7: Normal Predicted Probability (P-P) Plot & Histogram



Furthermore, random pattern in scatterplot as shown in *Figure 4.8* below indicates presence of homoscedasticity where these residuals are equally distributed rather than concentrated at some values, and at other values, spread far apart. As the residuals are normally distributed and homoscedastic, we may assume linearity holds where predictor variables in the regression have a straight-line relationship with the outcome variable.

Figure 4.8: Scatterplot of Residuals



Lastly, absence of multi-collinearity in the model is checked via variance inflation factor (VIF < 10) to ensure that the independent variables are not too highly correlated with each other otherwise redundancy may be present. VIF values of *POS\_avg*, *OC\_avg* and *JS\_avg* are 2.231, 1.208 and 2.203 respectively thus there is no concern on multi-collinearity. It is also checked that there is insignificant autocorrelation in the data, as required for linear regression. Durbin-Watson's *d* test gives 1.539 (refer *Table 4.3*) which is in the range of  $1.5 < d < 2.5$  hence this indicates that there is no first order correlation between consecutive residuals.

### 4.3 Interpretation: Multiple-linear Regression

This subsection is organized into four parts. First part interprets the overall model fit to give an idea of how well the model represents the data. Second part validates the correlation between independent variables and dependent variables and compares the findings against hypotheses in question. Third part interprets the significance of coefficients where, combined with findings in previous part, conclusion on whether the hypotheses are supported is discussed in detail. Final part presents results from additional effort on further exploration and how they enhance overall findings from the regression model.

#### *Variance Explained and Significance of Overall Model*

Table 4.3: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.539	.290	<b>.268</b>	.92524	1.539

Table 4.4: Analysis of Variance (ANOVA)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	33.966	3	11.322	13.225	<b>.000</b>
Residual	83.040	97	.856		
Total	117.006	100			

Table 4.3 and Table 4.4 present the model summary and analysis of variance (ANOVA) of the model using 4 predictors to the independent variable *TI\_avg*, including a *constant* and 3 independent variables *JS\_avg*, *OC\_avg* and *POS\_avg*. It is found that the amount of variance explained in the model is approximately 27% which is considerably low (adjusted  $R^2 = 0.268$ ) however this does not mean that the model is inherently poor.

Since this model attempts to predict human behavior in an organization it is expected that the variance would be larger compared to prediction of physical or numerical process thus as long as the model has statistically significant predictors it would be sufficient. Overall, F-statistics in ANOVA supports a significant ( $\sigma < 0.05$ ) model thus it is concluded that there is a real relationship between the predictors (collectively) and the independent variable.

*Multi-linear Regression: Negative Correlation for All Three Independent Variables*

Multi-linear regression suggests the model equation “ $TI = 6.305 - 0.420POS - 0.078OC - 0.505JS$ ” with all three independent variables *i.e.* perceived organizational support (POS), organizational commitment (OC) and job satisfaction (JS) showing a negative relationship with dependent variable turnover intention (TI). To ascertain these negative relationships one sample *t*-test is performed on each independent variable using test value of 3 (the indifferent value in likert scale questionnaire) as additional reference.

Table 4.5: One Sample *t*-Test

Independent Variable			Dependent Variable	
Perceived Organizational Support (POS)	Sig. (2-tailed)	Mean Difference	Turnover Intention (TI)	Mean Difference
POS1	.000	<b>.614</b>	TI1	<b>-.180</b>
POS2	.000	<b>.386</b>	TI2	<b>-.270</b>
POS3	.004	<b>.277</b>	TI3	<b>-.030</b>
POS4	.000	<b>.455</b>		
POS5_inv	.559	<b>.059</b>		
Organizational Commitment (OC)	Sig. (2-tailed)	Mean Difference		
OC1	.000	<b>.703</b>		
OC2	.001	<b>.396</b>		
OC3	.000	<b>.495</b>		
OC4	.000	<b>.733</b>		
OC5	.170	<b>.149</b>		

*Table 4.5: One Sample t-Test (continued)*

Independent Variable		
Job Satisfaction (JS)	Sig. (2-tailed)	Mean Difference
JS1	.000	<b>.703</b>
JS2	.000	<b>.396</b>
JS3	.000	<b>.495</b>
JS4	.000	<b>.733</b>
JS5	.170	<b>.149</b>

The mean of each variable presented in *Table 4.5* supports the suggested negative correlations for all three of the independent variables. As shown, each of the items (*POS1, POS2, POS3, POS4, POS5\_inv, OC1, OC2, OC3, OC4, OC5, JS1, JS2, JS3, JS4 and JS5*) for independent variables has a positive mean while the mean of dependent variable items *TI1, TI2 and TI3* are all in the opposite axis (negative values), which is consistent with the opposite correlation suggested by multiple-linear equation. Negative correlation between each independent variable *i.e.* perceived organizational support (POS), organizational commitment (OC) and job satisfaction (JS); and dependent variable turnover intention (TI) means that changes in satisfaction level of any of the three independent variables would inversely impact turnover intention of an employee hence these findings support the negative correlation hypothesized in the research framework.

The following section discusses whether these negative correlations are significant, in order to conclude whether there is enough evidence to support *Hypothesis 1, Hypothesis 2 and Hypothesis 3*, which then gives answer to the research objectives namely, what are the factors influencing employees' turnover intention among secretary firms in Malaysia and the impact of these influencing factors to the turnover behavior.



*Multi-linear Regression: Significance and Interpretation of Coefficients*

**Table 4.6: Multi-linear Regression Model**

Predictors	Coefficient	Sig. ( $\sigma$ )	Remark
Constant	6.305	.000	***
Perceived organizational support (POS)	-.420	.068	*
Organizational commitment (OC)	-.078	.656	x
Job satisfaction (JS)	-.505	.013	**
Linear equation: $TI = 6.305 - 0.420POS - 0.078OC - 0.505JS$ Note: x insignificant * significant at 10% confidence interval ** significant at 5% confidence interval *** significant at 1% confidence interval			

Multi-linear regression suggests that among the independent variable predictors, perceived organizational support (POS) and job satisfaction (JS) are significant predictors for turnover behavior based on 10% and 5% confidence level respectively. This means that job satisfaction level is the most important variable for predicting employee turnover behavior in secretary firms, followed by perceived organizational support by an employee. Furthermore, the model suggests that there is insufficient evidence to support that organizational commitment level of an employee can be utilized to anticipate turnover behavior among secretary firms in Malaysia. Thus, findings suggest rejecting  $H_0$  for Hypothesis 1 and Hypothesis 2; and do not reject  $H_0$  for Hypothesis 3.

**Recapitulation: Hypotheses**

Hypothesis 1	Perceived organizational support (POS) negatively influences turnover intention (TI).
Hypothesis 2	Job satisfaction (JS) negatively influences turnover intention (TI).
Hypothesis 3	Organizational commitment (OC) negatively influences turnover intention (TI).

While the regression model suggests that job satisfaction (JS) is the most important variable predictor, increasing ten (10) units of satisfaction level on job satisfaction (JS) to an employee is expected to be able to reduce turnover intention of that employee by

approximately five (5) tendency levels. The second most important variable predictor is perceived organizational support (POS) where it also has a smaller impact on turnover intention. The model suggests that increasing ten (10) units of satisfaction level on perceived organizational support (POS) by an employee is expected to be able to reduce turnover intention of that employee by approximately four (4) tendency levels. Both findings are consistent with existing literature as reviewed.

While the model suggests that organizational commitment (OC) is not an important variable predictor it also shows that when organizational commitment is relevant it can only have small impact where ten (10) units increase in organizational commitment level of an employee can only reduce turnover intention tendency by approximately one (1) level. This finding is not consistent with existing literature reviewed and is against Hypothesis 3 proposed for this research. One plausible explanation is that significant proportion (78.2%) of data sample is formed by Gen Y respondents where many existing literature and social reports in Malaysia's workforce has shown that millennials do not regard organizational commitment as relevant factor for job choice. For example, a Gen Y employee can have high emotional attachment (affective organizational commitment) to an organization but it will not have significant influence on his decision to quit a job. Job hopping has become such a common trend among Gen Y as their job choices are driven by motivation factors that can bring a lot of short to middle-term fulfillment and results, rather than loyalty to an organization. A driven Gen Y with big dreams will likely be the ones moving from one job to another when the "price is right" while a learning-type Gen Y looks forward to continuous learning opportunities as well as new challenges to their job so that the job does not become monotonous. Otherwise, they will move on if the learning curve has become limited (Talking HR with Elisa Dass, 2013).

The same observation on Gen Y demographic (78.2%) in the data sample also helps explain why job satisfaction (JS) and perceive organizational support (POS) are important factors to turnover intention as suggested by the regression model. Gen Y were born in a thriving technology era where information is so easily accessible (Stollen & Wolf, 2017). Moreover, virtual platforms have allowed them to freely share their opinions and thoughts and they are able to get instant responses such as "likes, comments, shares and followers". This in turn has made them feel valued and accepted and increases their social awareness. With all this instant satisfaction and endless information accessible at the tips of their fingers,

millennials have more self-beliefs and are confident in their abilities. For example, millennials have expressed their need to be sufficiently trained with good levels of mentoring, as well as frequent and constructive feedback as they are on a quest for constant self-development (Overfelt, 2017) and according to Blackhawk Engagement Solutions (2015), about 85 percent of employees want to be rewarded for exceeding expectations, followed by receiving a promotion.

Another predictor for turnover intention is the constant coefficient suggested in the regression model. For the purpose of this research “natural turnover intention” is defined for turnover intention when all independent variables are at normal satisfaction level. Taking 3 as the score for being “indifferent” or “normal satisfaction level” for all independent variables, a constant coefficient of 6.305 means that an employee’s turnover intention score is 3.296 ( $TI = 6.305 - 0.420(3) - 0.078(3) - 0.505(3)$ ) or approximately 10% more inclined to a turnover compared to indifferent level of 3. A positive score for natural turnover intention can be attributed to 2 factors. Firstly, people would rather not work for another if they are given an alternative that provides at least the same financial gain, such as running their own business. Of course, such mentality is only reflective in the intention stage where an actual act of quitting would take into account other practical consideration such as ability to manage specific business risk or to handle different type of stress level, and capital readiness for setting up a business. Secondly, it is human nature to desire more or be constantly dissatisfied with current working life. According to research, 60% of millennials are constantly seeking another job even if they are already employed and these job hoppers tend to have the low job satisfaction (Bessima, 2018).

#### **4.4 Further Exploration: Multiple-linear Regression**

The same multiple-linear regression model was run using only data from respondents with high commitment to the profession (refer *Figure 4.5* and *4.6*). *Table 4.7(A)* below presents the comparison between the primary model (baseline model) and model using only data from respondents with high commitment to the profession. It is found that organization commitment (OC) has become the most important variable predictor to turnover intention, followed by job satisfaction (JS) and perceived organizational support (POS). Moreover,

based on the coefficient values, the impact of organization commitment (OC) has increased 6 times (0.078 → 0.456) compared to primary model. This finding proposes an implication that an employee may actually develop organizational commitment behavior that will be influential to reducing turnover intention when they have committed resources into pursuing professional qualification.

**Table 4.7: Regression Model for Professionals, Male and Gen Y Respondents Groups**

Table A	Coefficients		Sig. (σ) Level	
	Primary	Professionals	Primary	Professionals
Constant	6.305	7.350	.000	.000
Perceived organizational support (POS)	-.420	-.426	.068	.158
Organizational commitment (OC)	<b>-.078</b>	<b>-.456</b> ↑	<b>.656</b>	<b>.034</b> ▲
Job satisfaction (JS)	-.505	-.430	.013	.099

Table B	Coefficients		Sig. (σ) Level	
	Male	Gen Y	Male	Gen Y
Constant	7.614	6.626	.000	.000
Perceived organizational support (POS)	-.467	-.415	.282	.113
Organizational commitment (OC)	<b>-.442</b> ↑	<b>-.212</b> ↑	<b>.129</b> ▲	<b>.275</b> ▲
Job satisfaction (JS)	-.478	-.468	.194	.051

▲ Increasing significance (importance) of organizational commitment (OC) predictor.

↑ Increasing influence of organizational commitment (OC) predictor.

Primary Baseline regression model

The same result was also found from multiple-linear model run on male respondents only (see *Table 4.7(B)*). This confirms the proposed implication since male respondents group has a much higher composition of respondents with high commitment to the profession (as illustrated in *Figure 4.6*). Based on male respondent regression model, it is also found that organization commitment (OC) has become the most important variable predictor to turnover intention, followed by job satisfaction (JS) and perceived organizational support (POS). On the other hand, multiple-linear model run on Gen Y respondents has a similar result in that organization commitment (OC) has become a significant variable predictor (at 30% confidence interval) although job satisfaction (JS) remains the most important predictor, and the coefficient values suggest three times higher impact (0.078 → 0.212) compared to primary model. Again, this supports the inference made on impact from commitment to the profession as Gen Y also has much higher composition of respondents with high commitment to the profession (refer to *Figure 4.5*).

## **CHAPTER 5**

### **CONCLUSION**

#### **5.1 Summary of Study**

This research study adopted quantitative method on data collected through 5 point Likert-scale questionnaires with 18 items representing independent variables perceived organizational support (POS), organizational commitment (OC) and job satisfaction (JS); and dependent variable turnover intention (TI). Questionnaire is distributed based on convenience sampling and snowball sampling through distributing hard copies of questionnaire as well as means of e-survey form i.e google forms where 101 samples were managed to be collected from designated collection timeframe.

Multiple linear regression was selected as the quantitative model to examine the conceptual framework where, using SPSS tool, data sample are analyzed after conducting necessary diagnostic tests to justify use of linear regression. Based on empirical review on existing literature, all three independent variables are hypothesized to be correlating negatively with turnover intention, which was found to be true except that the regression model is not able to support significance of organizational commitment (OC) as predictor to turnover behavior. Further exploration was conducted on data segments based on gender, commitment to the profession as well as age generation to enhance research findings.

#### **5.2 Research Conclusion**

Based on multiple-linear regression model run on data sample that are collected from secretary firms in states of Kuala Lumpur and Selangor, the factors influencing turnover behavior among secretary firms in Malaysia are perceived organizational support (POS) and job satisfaction (JS), while organizational commitment is found to be an insignificant factor to turnover behavior. Descriptive statistics show that data sample consists of 78.2% respondents below age of 35 years old where results are highly influenced by characteristics

attributed to Gen Y age generation group, thus the findings are more applicable to Gen Y population.

There is adverse impact from both perceived organizational support (POS) and job satisfaction (JS) to an employee's turnover behavior, in which employee who perceives lower support from the organization is more likely to leave the organization while employee with lower job satisfaction is also more likely to leave an organization. Furthermore, job satisfaction is the more important predictor for turnover behavior compared to perceived organizational support, and it has 20% more influence to the turnover intention comparatively.

It is also consistently found in all genders, high profession commitment level and Gen Y regression models that there is a range of 8-15% tendency for natural turnover intention given that all perceived organizational support (POS), job satisfaction (JS) and organizational commitment level (OC) are at the normal satisfaction level (see *Table 5.1*). These are attributed to human nature to constantly seek for higher life satisfaction and their unwillingness to work for another and be abide to rules and regulations set by another. Based on data sample the average response to turnover intention likert scale is 2.91 which translates to approximately 10% tendency to retain in the organization. Combining these two results it is concluded that there is satisfactory level of awareness among employers nowadays on providing basic level of organizational support, job satisfaction and promoting organizational commitment level in order to overcome natural turnover intention and to retain an employee. Recommendation on how to better manage turnover intention is discussed in next section.

### **5.3 Implication**

Findings from regression models can have a few managerial implications. Firstly, it should be noted that when dealing with an organization formed by majority of Gen Y employees, policies that encourages job satisfaction such as investing in people skills and potential, promoting culture that engages and involves people participation, providing positive working environment and reasonable reward and recognition are most effective measures. Secondly, it is also important to improve perceived organizational support by

promoting workplace policies like beginning organization support even prior to the start of employment, promote strong social networks that may be utilized by employees, and training supervisors or subordinates to be supportive to other employees.

Organizational commitment has been found to be insignificant factor to turnover behavior among secretary firms that are formed by majority of Gen Y employees. Further exploration has found that employee who have pursued professional qualification as company secretary may have high organizational commitment and such commitment would be able to reduce the employee’s turnover intention. Such observation is consistent even among Gen Y employees, although job satisfaction remains as the most important factor to turnover behavior. The managerial implication is that changing status of commitment level to company secretary profession can improve organizational commitment awareness among employees (including Gen Y employees) where such awareness can be used to predict turnover behavior of an employee. This is consistent with industry practice that a recommendation letter is normally required from a long term employer (at least 3 years) in order for an applicant to be considered for professional qualification thus it is in the best interest of an employee who is currently pursuing professional qualification to remain in the organization. The only drawback is that once they qualify as professional there will be 4% more natural turnover intention due to change in their satisfactory value system.

Table 5.1: Natural Turnover Intention

Regression Model	Linear Equation	Turnover Intention (OC, JS, POS = 3)	Natural Turnover Intention
Primary	$TI = 6.305 - 0.420POS - 0.078OC - 0.505JS$	3.296	9.9%
Professionals	$TI = 7.350 - 0.426POS - 0.456OC - 0.430JS$	3.414	13.8%
Gen Y	$TI = 6.626 - 0.415POS - 0.212OC - 0.468JS$	3.341	11.4%
Male	$TI = 7.614 - 0.467POS - 0.442OC - 0.478JS$	3.451	15.0%
Female	$TI = 5.617 - 0.387POS + 0.212OC - 0.619JS$	3.235	7.8%

Furthermore, according to findings, male employees (15% natural turnover intention) are amongst the hardest to please in the sense that more organizational support, job satisfaction and commitment level are required to be able to retain them as employee. This is followed by those who have already secured professional qualification or are known to be on track to pursue for one, Gen Y employees and subsequently female employees at 13.8%,

11.4% and 7.8% natural turnover intention respectively. The managerial implication is that a diverse workforce is recommended to have better control of turnover behavior.

This research also provides theoretical implication to existing literature in organizational behavior concerning professional service based industry in Malaysia. Most research has found organizational commitment to be an important antecedent of turnover intention however this research will provide an argument on this matter. In particular, organizational commitment can become insignificant when study concerns targeted respondents in company secretary firms in Malaysia that are formed by Gen Y age generation group. Such implication may also extend to other professional service based industry such as accountants and tax agents due to similar nature in service provided. Furthermore, it can also be used as a reference to neighboring countries in South East Asia due to similarity in external environment such as employment rate, workforce competitiveness, culture and economic growth.

#### **5.4 Limitation of the Study**

There are three notable limitations to this research study. Firstly, findings that organizational commitment is not a significant predictor to turnover intention raises a question on whether 5 items Likert scale questions are sufficient to capture all elements of organizational commitment behavior. Due to design of this study it is impossible to investigate further on this matter in order to understand the reason behind this finding, although the demographic of 78.2% Gen Y respondents provides brief explanation from common attributes of millenials including lack loyalty and continuous desire for change and satisfaction.

Secondly, sample size of 101 may not be able to represent the population of secretarial firm employees in the states of Kuala Lumpur and Selangor thus not only this could have impacted significance of the study it may also be an important factor that influences findings on organizational commitment as discussed above. Lastly, low R-squared value and presence of large constant coefficient may serve as a signal that there are still errors to the prediction on turnover intention thus either design of the three independent variables



could be refined, or there may be other independent variables not captured in the conceptual model.

## **5.5 Recommendation**

An in-depth study on organizational commitment is recommended to include wider literature coverage such as to investigate impact on affective commitment, normative commitment and continuous commitment specifically. This is particularly important to ensure organizational behavior is studied and interpreted correctly by taking into consideration demographics of the population. For example, affective commitment may be relevant to Gen Y female employee but not relevant to male respondents regardless of age and working experience. Thus, a larger sample size could be targeted and segmentation could be applied e.g. 300 samples for Gen Y respondents only, in order to be more focused on the study and to yield direct managerial implication tailored to certain group of employees.

Furthermore, low R-squared value (~30%) suggests a huge potential for improvement in order to explain more variance in the model. One recommendation is to split organizational commitment variable into three independent variables namely, affective commitment, normative commitment and continuous commitment consistent with existing literature (Meyer and Allen, 1990). A moderating factor such as professional commitment can be added to the model to improve the variance explained since further exploration on regression models in this study showed significant impact from this demographic information.

Lastly, other variable that may be dominant could be introduced to the model. For example, “income satisfaction” variable can be generated from information such as current income level, years of working experience and age of respondents to measure satisfaction level purely based on financial need therefore separating itself from general job satisfaction level that focuses mainly on traditional concepts such as job stress, job involvement, person-organization fit, learning opportunity, etc. This recommendation is inspired by the fact that many reports have showed that generation nowadays are “loyal to the money” rather than “loyal to the job” and it has been shown that income is the first and most important deciding factor in the final stage of job-hopping.

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