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Malaysia, 22 – 23 September, 2013**The Impact of Learning and Development Initiatives on
the Retention of Engineers in Malaysian Firms**Roya Anvari^{a*}, Nur Naha Abu Mansor^b, Siti Aisyah Panatik Abdul Rahman^c,
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Abstract

The study sets out to explore the role of L&D (organizational and individual) factors within engineering firms, based on the social exchange theory, a popular framework about psychological contract and maintenance of the employee-employer relationship. Testing these concepts with Malaysian engineers and managers, the current research will explore the extent to which organizations provide effective learning and development initiatives that counter commitment by creating a sense of obligation through professional growth. The notion of psychological contract will be used to conceptualize engineers' intention to stay and is seen as mediating the relationship between learning and development opportunities and engineers' intention to stay. Ten (10) manufacturing companies will be invited to fill up the questionnaire. These questions offer the possibility for identifying L&D factors which will influence the retention of Malaysian's engineers, as well as the influence of psychological contract on this relationship. Based on these results, it would be possible to identify the challenges of employee retention and the mismatch between L&D professionals and retention strategies, with engineer's needs, wants, and expectations (psychological contract) in relation to their retention.

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1. Introduction

Dato Sri Mohd Najib bin Tun Abdul Razak (2010) in his speech titled *Introducing the motion to table the Tenth Malaysia Plan* quoted that the goal of achieving developed nation status by 2020 has increasingly been linked to the fostering of knowledgeable human resources. The Prime Minister said the delivery and effective government service is closely linked to the quality of human resource. He also stated that the employer should be responsible on providing meticulous effort within the business community to upscale all aspects of operations and management, including the development of a value-added workforce. It is argued that by creating a group of highly knowledgeable human resource as a catalyst for development and innovation, this would help the nation to become a high income nation. The notion of psychological contract in aligning employees with the organization's culture and motivating them and gaining their commitment, is important to develop employees and upgrade their skills, knowledge and abilities.

Under the Tenth Malaysia plan 2011-2015, both the private and public sector have encouraged to invest in non-physical infrastructure and provide services such as skills training. In the current plan, 40 per cent of total funding is being allocated to this purpose. Focus is given to skill development programmes, research & development activities and venture capital funding geared towards promoting a higher level of innovation in the country. The issue here is: despite numerous training budgets have been released to both public and private sector since the Ninth Malaysia Plan (Dato Seri Abdullah bin Haji Ahmad Badawi, 2006), organizations still face a crucial shortage of engineers as a result of high employee turnover. These organizations are not aware of their own strengths and weaknesses in terms of deploying Learning and Development (L&D) initiatives (Harrison, 2005). The training and development activities have increased since the budget allocation of these activities, but the retention of knowledge workers is not in line with the Learning and development initiative. This issue was highlighted again in the First Strategic Thrusts in the 10th Malaysia Plan consists of improving efforts for human capital in various sectors and this has opened up big opportunities for these workers to continually learn and develop themselves.

According to Lim (2001) Malaysians are only willing to stay with their current organizations for less than three years. Thus, retention of skill workers is seen as vital to the national policy approach to developing human capital. According to Hay (2002), the main rationale employees' turnover is due to discontent on how their competences are developed. Therefore, even if training and development activities were believed to be effective, organization might still not be effective because managers do not know how to implement these activities successfully on the organization. So, human resource managers' roles in effective implementation of L&D achieved through intensive training and supportive environment that promotes personal competence, adoptability, and retention.

In studies of the employee retention problem, there has been a rather heavy emphasis on management responses. The central problematic of the human resource literature tends to be defined as that of attracting, retaining, and developing staff (see for example Schulder and Jakson, 2007). The generalized solutions offered tend to be couched in terms of intention to stay with the organization, through the provision of long-term rewards such as those based on career planning and management (Baruch, 2004). There is lower, limited evidence as to which human resource practice influence employees' long term retention, as empirical studies have focused mainly on antecedents for quitting rather than on explanations of employees' intention to stay with an organization. In the case of Malaysian employees, it has been suggested that retention strategies based on intrinsic rewards may have limited success. Malaysians are reported to be money oriented (Abdull Rahman, 2012); hence more inclined to job hope and change employers with little hesitation in pursuit for higher wages (Chew, 2005). Nevertheless, in studies based on the Malaysian context, a range of organizational strategies has been found to foster employee retention

(Samad and Hassan, 2007; Chew and Wong, 2008). These studies found that creation training, career mentoring, competitive salary, and promotion opportunities may indeed influence employees' commitment or turnover intention. Other studies outside of Malaysia also found that training (Lee and Maurer, 1997) and career management (Inkson, 2007) are all linked to reducing turnover, enhancing commitment and retention of employees. These findings suggest that organizations can improve retention of their key employees by effectively implementing certain training and learning strategies. It is reasonable to argue that the benefits of long term retention of knowledge workers outweigh the cost of losing and replacing them. The cost of replacing leavers can be high as companies not only suffer the loss of training investment, but also the turnover can affect employment relationship.

According to Streumer (2006) many organizations are afraid to roll the dice and invest in something of which the effectiveness they are unsure of. Therefore, determining the best L&D initiatives, methods or practices need to be investigated, now more than ever because of the growing interest of HRMs in retaining has been discussed theoretically and rhetorically (Abdull Rahman, 2012) but there are not many researches that captured the relationship in actual work-setting. Not only that, the role of psychological contract as a linking pin may be a logical reason on why currently, only 23 per cent of Malaysian workforce is highly skilled.

The Prime Minister, Dato Sri Mohd Najib bin Tun Abdul Razak has stated that this percentage is much lower compared with other developed countries. Thus, this shows that allocating budget for training, developing strategies for training and implementing the training it-self are not sufficient. This is because employer is in the most suitable person to provide learning and development opportunities, as well as investment in employability, what training is needed, and to develop a sense of obligation that encourage retention of employees in the organization (Baruch, 2004). Five research questions that can be derived from the reviews are: a) can Malaysian engineers' turnover behavior be modified by L&D professionals and organizational and individual factors? b) to what extent do Malaysian engineers value learning and development opportunities and psychological contract, and to what extent are they experiencing a need for learning and developing opportunities and psychological contract? c) can social exchange theory, particularly theories of the effects of perceptions of psychological contract, provide an insight into L&D (organizational and individual) factors that would influence engineers' intention to stay with an organization? d) what case can be made for Malaysian organizations to adopt learning and development initiatives designed to foster engineers' skill development and retention?

2. Literature Review

To identify best practices which can lead to effectiveness of L&D initiatives, it is important to understand the middle-range learning models at the individual and organizational level. As Figure 1 illustrates six crucial assumption of core adult learning principles must be established in order to understand how employee learn, why employees need to learn, and how it will benefit them (Knowles, 1998). Kolb's experiential learning is another model consists of four different learning styles such as converger, diverger, assimilator, and accommodator (1984) (refer Figure 2). All of these styles are important in determining individual preferred learning styles, thus influencing the effectiveness of learning transfer. At organizational level, the learning organization strategy model (Illeris, 2003) emphasizes more on how employee best learn in the working environment. So, all of these theories argue about different approaches in implementing L&D initiatives effectively.

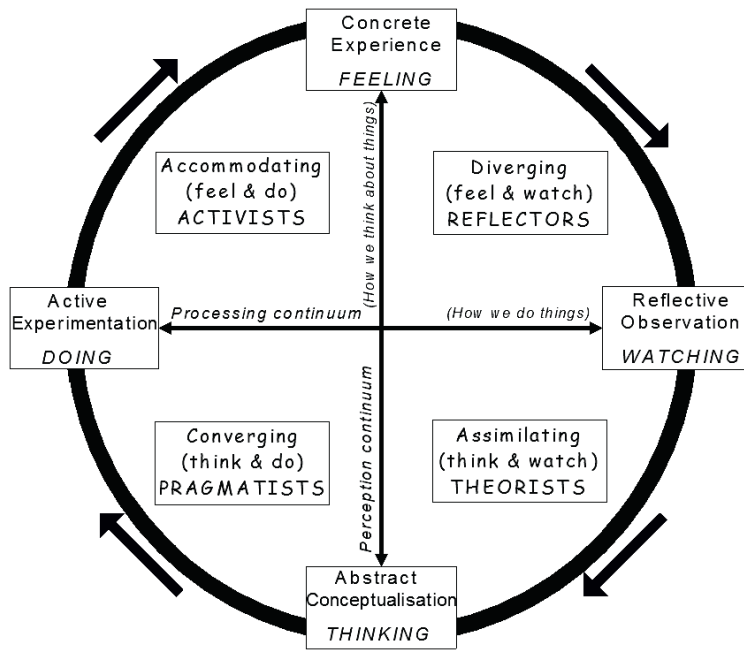


Figure 1. Kolb's learning style (Kolb, 1984)

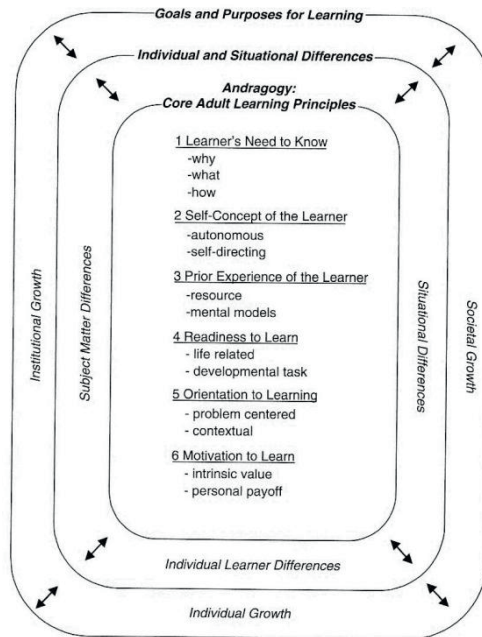


Figure 2. Andragogy in practice (Knowles, 1998)

3. Methodology

Through a mixed-method design based on survey of engineers as well as interviews with managers, the study will combine L&D perspectives on the factors shaping engineers' turnover intentions and their causes. The survey will indicate a link between L&D (organizational and individual) factors, psychological contract, and engineers' turnover intentions and their causes. Interviews with engineers will reflect the influence of determinant of L&D initiatives in some cases little sense of reciprocity. Combining these methods will enable the researcher to generate a huge amount of data which increase the robustness of this study. First, human resource managers from 10 Johor manufacturing companies will be chosen to fill up the questionnaire. A subsample of engineers will be interviewed. The manufacturing industry will be chosen because it is identified as the main employer for engineers (DOS, 2010). The questionnaire is based on the developed L&D initiatives model, psychological contract, and turnover intention (Coyle-Shapiro and Shore, 2007). SPSS package (Version 18) for quantitative data will be used, while the qualitative data will employ the use of Nvivo. The outcomes of the interview sessions will provide evidence regarding type and responsibility to L&D initiatives, turnover and retention problem and strategies in participant's company. It will provide a description of L&D initiatives in Malaysian organization, specially engineering firms.

4. Expected Findings

The exploration of current L&D (individual and organizational) initiatives will contribute theoretically as well as empirically towards an understanding of how to retain workers by examining a range of variables, from personal and organizational factors. Besides that, it contributes to the modeling of the relationship between L&D initiatives and employee retention, by examining the mediating effect of psychological contract on this relationship.

5. Conclusions

In this paper, the authors have presented a proposition to study on to what extent do Malaysian engineers value learning and development opportunities and psychological contract, and to what extent are they experiencing a need for learning and developing opportunities and psychological contract. Through an investigation of the different types of firms, it would be possible to identify the challenges of employee retention and the mismatch between L&D professionals and retention strategies, with engineer's needs, wants, and expectations (psychological contract) in relation to their retention. Implementation of this program will be able to develop a first world talent base that will be one of the initiatives to drive Malaysia into a high income nation.

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