

 <p>INTERNATIONAL ACADEMIC RESEARCH JOURNAL of <b>BUSINESS AND TECHNOLOGY</b>  WWW.IARJOURNAL.COM  IARJ - BT</p>	 <p>INTERNATIONAL ACADEMIC RESEARCH JOURNAL</p>
	<p>ISSN :2289-8433</p> <hr/> <p><b>International Academic Research Journal of Business and Technology</b></p> <hr/> <p>Journal homepage : <a href="http://www.iarjournal.com">www.iarjournal.com</a></p>

## Exploring Employee Retention among Gen Y in Oil and Gas Industry in Malaysia

Nurul Aqilah Mohd Jefri<sup>1</sup> and Normala Daud<sup>2</sup>

<sup>1,2</sup>Centre for Postgraduate and Professional Studies, Faculty of Business and Management,  
Universiti Teknologi MARA, Shah Alam, Selangor, Malaysia

\*Corresponding email: [qilaproperty@gmail.com](mailto:qilaproperty@gmail.com)<sup>1</sup>, [normala648@salam.uitm.edu.my](mailto:normala648@salam.uitm.edu.my)<sup>2</sup>

---

### Article Information

#### Keywords

Employee retention,  
Generation Y, job satisfaction,  
retaining Gen Y talent.

---

### Abstract

Gen Y workforce is future and current labor force in the working world. Retaining phenomenal talent especially Gen Y, has always been difficult and poses new challenges. Increasing the number of turnover among gen y employees are really frightening the labor supply among young professional. Turnover intention among Gen Y in Oil and Gas Industry has been found increasingly over the change of time. This research focuses on the independent variables that influence the Gen Y retention which consist of work-life balance, work environment, compensation and benefit, career advancement and opportunities. This research is going to be carried out among Gen Y employees who are working in Oil and Gas industry and the data is going to be collected and gathered through structured questionnaire. This paper explores this young generation of employees at work with other generations and attraction and retention strategies and tactics that can be undertaken by organizations to engage and motivate a high-performance of Gen Y workforce.

---

### INTRODUCTION

In the workplace today, organizations are constantly looking for employment prospect and maintaining high quality employees because without a talented and motivated workforce, a company will struggle to succeed (Deeter, 2012). By the year 2020, Malaysia aims to become a fully developed country and aims to become a high-income status nation. In order to support these aims, Malaysia requires a substantial rate of high-skilled workers. This is supported by pervious study done by Agrawal & Aggrawal (2015) highlighted that manpower projection or the oil and gas industry predict a substantial demand for oil and gas professional over next five year thus this sector need to tie over the challenge of attraction retention effectively to support the current operation and execute growth. In order to achieve the aims Malaysia should produce more high skilled workers that are able to compete with others nation at least in the Asian regions. As global competition intensifies, attraction and retention of talent employees can provide sustainable competitive advantage to the organizations as a whole.

As indicated by the Malaysian Statistical Department, the generation Y workforce currently constitute over 50% of total workforce, in which the percentage or half from aggregate workforce. By 2025, Gen Y is going to make up 75% of the global workforce and these millennials independent-thinking and entrepreneurial mind set is going to change everything about the way companies are run (Giang, 2013). Gen Y currently form the largest new job entrance to the workforce market but were found that it's hard to retain them and this phenomena has been creating frustration for employers in retaining and recruiting talented and highly qualified workers (Islam, Cheong, Muhd Yusuf, & Desa, 2011).

Employee retention issue are emerging as the most critical workforce management challenges to the future supply of labor force (Sinha & Sinha, 2012), thus employers are seeking and looking for a better approach to recruit and retain these young employees instead of offering high salary and benefit in term of monetary, because at certain point even after the company offer them high salary, the probability and tendency for these employees to leave the company and there have some employers might consider that by offering the high salary, it will reduce the turnover and intention to go away. Shockingly, high pay doesn't promise and guarantee that employees will stick around for a long period of time. Even though compensation is a major motivator and instrument of motivation of Gen Y to perform the work, monetary benefit in term of compensation alone only able to attract employees at the early stage which is the stage of attracting and motivating but unable to retain employees. At certain point, money can't buy Gen Y loyalty because at certain period they will have intention to leave the company. Thus organizations nowadays need to be more creative in handling Gen Y retention issue.

Like other industries, oil and gas industry is no exception from confronting with the employee retention issue. The global demand for energy continues to rise with over half of experienced engineer are eligible to retire in the next five to ten years, and too few skilled professionals coming through the rank to replace them, the oil and gas industry nowadays is in the midst of talent crisis among young professional (Halle, 2013). Recently a number of oil and gas companies have lost many of their employees, a shortage of labor skills has emerged in the oil and gas industry, as a consequence of this shortage retaining the top performance employees is becoming the major concerns for many oils and gas companies (Al-Harthy, 2007).

Thus, it is essential for organization and leaders nowadays to learn more about the behind reason why young employees resign. The reasons might be more attractive jobs or changes in lifestyle reshape, in which case it might be out of employers control to retain those employees, however many employees leave their jobs because of they are dissatisfied with current situation that lead them to resignation. In this condition, it is essential for managers nowadays to comprehend the key in retaining Gen Y in order to ensure the continuity of labor supply among Gen Y in the future or else it will give harm the oil and gas industry due to failing to retain young labor skills that will lead to the shortage of labor skills. Managers need to identify and apply the appropriate retention strategies that will help in finding the solution in reducing the frequent turnover among young professional employees.

## **RETENTION FACTORS**

Study done by Sinha & Sinha, highlighted that Work Environment, Work Life Balance, Career advancement and opportunities, Compensation and Benefit are the most major factor or also known as factor that prolonged stay of the employee in the organization. This statement is supported by Rao (2012), stated that employee retention is a systematic effort by the organization to create an environment that addresses diverse needs so that employees will stay with the company which can prolonged the individual employment. In globalized environment, retention and engagement of high prospective employees are huge challenge to organizations especially in times of turnover rates (Agueza & Mat Som, 2012). In addition, skills shortage is dominating the market and many organizations are struggling with the challenge of identifying and hiring the best talent.

The oil and gas industry is in the midst of period of rapid global expansion, however does it have the qualified people to support the growth and bolster the development? Employees are the backbones of an organization hence the retention of the employees is important in keeping the organization on track (Hong, Hao, Kumar, Remendran, & Kadiresan, 2012). Nearly 90% of senior human resources executives at 22 top international oil and gas companies claim that this industry faces a talent shortage crisis in retaining existing employees for a long period of time (Corporation). The failure of company in retaining the talent might lead the company to

struggle with uncontrolled turnover among young employees in oil and gas industry. In a survey done by MEF (2010), the oil and gas industry reported that high turnover which implies the commitment among its employees. Whenever the talented employee expresses his willingness to move on, it is the responsibility of management and human resources team to intervene immediately and discover the exact reason leading to the decision.

This study focuses on oil and gas industries because the oil and gas industry in Malaysia contributes about 40% of nation total revenues and has been identified as a key sector to fuel national growth under Malaysia's Economic Transformation Programme and it is also a major contributor to various subsidy programmes (Lee, 2013). Moreover global oil and gas price is a dynamic subject to many factors, principally the balance of supply and demands, the macroeconomic and the condition of global financial market are the challenges that oil and gas industry face nowadays (LUKOIL, 2013).

### ***Work environment***

In general it refers to the environment wherein employees learn and work by getting experience and knowledge (Sinha & Sinha, 2012). Previous research done by Ng'ethe, Iravo, & Namusonge (2012) stated that work environment is one of the factors that affect employee's decision to stay with the organization. Establishing flexible work hours with safe and good working environment must be there because of hazardous chemical used in oil and gas sector (Hassan, Hassan, Khan, & Naseem, 2011). With the challenging work environment and the nature of work environment in oil and gas industry, offshore jobs may not be a preferred option to many people as career (Harun, Salleh, Memon, Bahroom, & Abdullah, 2014).

### ***Work-life balance***

According to Rao(2012) work-life balance are important policies would have a positive impact on retaining skilled employees, as well as on attracting high-caliber recruits. The perks of an enhanced work-life balance may help to create a friendly environment and overall workplace culture because fostering a positive culture leads to higher retention rates with higher performers (Wright, 2014). In the light of that fact, study done by Banu& Duraipandian (2014), revealed that a good work life balance is defined as the condition in which the employee are capable to balance between their work and non-work comitment. Study done by (Sinha & Sinha, 2012), say that employee who having job flexibility report having higher level of individual commitment, satisfaction, loyalty to stay in the organization.

### ***Career Development and Opportunities***

According to previous study done by Mehta, Kurbetti, & Dhankhar, ( 2014) describe Career advancement and opportunities are the integral part throughout every individual career journey which can be considered as the process of adding value and enriching some skills and knowledge during the process of creating career path. Research done by Sinha & Sinha ( 2012), indicates that career development that engage worker with career challenge, advancement opportunities are effective work retention strategies. This fact is supported by the study done by In the recent study by Rahman (2012) express investment on employee training and career development is considered important factor in employee retention.

### ***Compensation and benefit***

Factors that help to keep a person loyal and committed to the organization is competitive salary and benefits package that suit with the individual because salary is significant factor that affect a person's decision to stay or leave the company (Mehta, Kurbetti, & Dhankhar, 2014). To attract and retain quality employees, employers need to balance salaries, pension and other benefits (Montosa, Bolin, Mitchell , & Walker, 2014). According to Kumar & Sandhya (2011) money is most powerful source of motivation because compensatiuon acts as good motivator to attract and retain talented people.

## **PROPOSED RESEARCH METHODOLOGY**

Using Statistical Package for the Social Science (SPSS), the data were analysed to investigate the relationship between independent variable and dependent variable using methods such as Pearson Correlation analysis and Multiple Regression analysis.

### **Population**

The unit analysis of this study comprised of individuals that have been categorized as Gen Y (ages between 18 to 36 years old) or employee who born on 1980 onwards in local oil and gas industry in Malaysia. The sampling frame of for this study is local oil and gas companies. The target population in this study is Generation Y employees of oil and gas industry in Malaysia. The reasons for choosing this target population because there is a high turnover rate of oil and gas industry among young workers in Malaysia. The population for this study referred to the Gen Y employees that have been working in headquarters of the local oil and gas companies in Malaysia. For this study the population of Gen Y employees is approximately 1800. The figure of 1800 has been sum up from all the headquarters of the local oil and gas companies. This figure has been retrieved from human resource department from each local oil and gas companies.

### **Measurement and Instrument**

A set of four measures were selected for the study after going through the literature. A structured questionnaire was constructed utilizing these four measures of work environment, work life-balance, career development and opportunities, compensation and benefit with appropriate instruction for each section of the questionnaire for the collection of data on the study. The questionnaire is specially designed to accomplish the objectives of the study. The questionnaire consisted of 30 items and it's measure the participants' perception and attitudes towards retention strategies and factors in their organization. Instrumentation and questionnaires constructs will develop from validated source with verify scales for the measurement of the individual constructs. Each construct contains a number of dimension or measurement and items to support relating variables. This is the measurement scale with five categories ranging from "strongly disagree" to strongly agree". This question requires the respondents to indicate the degree of agreement or disagreement with each of series of statement related to the stimulus object.

### **Validity of Instrument**

To ensure the validity of the questionnaire, the validity of instrument was tested for both face and content validity. The reliability of scale is stated by Cronbach's Alpha coefficient and can be measure through the internal consistency from 0.1 to 1.0 which is from poor to excellent. The questionnaire was filled out by research community belonging to all Gen y employees who work in this industry. After the questionnaire is filled out, the reliability of the questionnaire is determined using the Cronbach's Alpha and Pearson Correlation.

## **CONCLUSION**

As a conclusion, this research propose is to provide guidance and information that would enable companies to retain the skilled employees among Gen Y in Oil and Gas Industries in Malaysia and will provide useful and valuable information to employers and young employees to overcome phenomena of Job Hopping in Malaysia since the number of employee's intent to quit has increased recently. Thus, it is believed that proper understanding of the needs of Gen Y can help to assist managers in retaining employees by implementing specific retention strategies that would also beneficial for management in terms of decision making to diminish the turnover cost. On the other hand, it can help organizations to retain the talented and qualified employees to improve efficiency and effectiveness in the working environment. The outputs from this study contribute significantly to the new knowledge in the context of offshore oil and gas industries.

## **REFERENCES**

- Ageza, B. B., & Mat Som, A. P. (2012, December). Motivational Factor of Employees Retention and Engagement in Organization. *International Journal of Advance in Management and Economics*, 1(6), 8.
- Al-Harthy, M. H. (2007). A Challenge for Oil and Gas Companies. *Oil and Gas Business*, 14.
- Corporation, N. (n.d.). *Noria*. Retrieved May 14, 2015, from Reliable Plant .
- Deeter, D. (2012, Dec 7). *Kansas State University* . Retrieved June 21, 2015, from <https://blogs.k-state.edu/nssi/2012/12/07/the-importance-of-employee-retention/#.VYZYxfmqkqo>
- Giang, V. (2013, June 22). *Business Insider* . Retrieved June 21, 2015, from <http://business.financialpost.com/business-insider/three-ways-employers-can-retain-gen-y-talent>

- Halle, M. (2013, April 7). *Oil Online*. Retrieved May 13, 2015, from • <https://www.oilonline.com/industry-news/workforce-trends/recruiting-and-retaining-oil-and-gas-talent-skills-shortage>
- Harun, H., Salleh, R., Memon, M. A., Bahroom, M. R., & Abdullah, A. (2014). Job Satisfaction, Organizational Comittment and Stress a,ong Offshore Oil and Gas Platform Employees. *Asean Social Science*, 10(11), 5.
- Hassan, M., Hassan, S., Khan, K. U., & Naseem, M. A. (2011, March). Employee Retention as Challenge in Leather Industry. *Global Journal of HUMAN Social Science*, 11(2), 7.
- Hong, E. N., Hao, L. Z., Kumar, R., Remendran, C., & Kadiresan, V. (2012). An effectiveness of Human Resources aAnagement Practices on Employee Retention. *International Journal of Busienns Research and Management*, 3(2), 20.
- Islam, M. A., Cheong, T. W., Muhd Yusuf, D. H., & Desa, H. (2011). A Study on Generation Y Behaviours at Workplace in Penang. *Australian Journal of Basic and Applied Sciences*, 11.
- LUKOIL. (2013). Global Trends in Oil and Gas MArket to 2025. *Oil and aAs Journal*, 64. Retrieved June 22, 2015, from [http://www.lukoil.com/materials/doc/documents/Global\\_trends\\_to\\_2025.pdf](http://www.lukoil.com/materials/doc/documents/Global_trends_to_2025.pdf)
- Mehta, M., Kurbetti, A., & Dhankhar, R. (2014, February). Study on Employee Retention and Commitment. *International Journal of Advance Research in Computer Science and Management Studies*, 2(2), 11.
- Montosa, V., Bolin, S., Mitchell , M., & Walker, S. (2014). Assessing Compensation Changes. *Retirement Research & Planning Division*, 8.
- Rao, D. K. (2012). Employee retention -A real time challenges in global work environment . *National monthly refereed journal of reasearch in commerce & management*, 1(11).
- Sinha, C., & Sinha, R. (2012). Factors Affecting Employee retention : A Comparative Analysis of two Organization from Heavy Engineering Industry. *European Journal of Business and Management*, 4(3), 147.
- Wright, J. (2014). Recruiting & Retention Opportunities for the Energy Industry in a Chaming Environment. *Energy Practice*, 5.