



Faculty of Cognitive Sciences and Human Development

**THE RELATIONSHIP BETWEEN SELECTED COMPENSATION
FACTORS AFFECTING EMPLOYEE RETENTION IN THE OIL AND
GAS INDUSTRY**

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**THE RELATIONSHIP BETWEEN SELECTED COMPENSATION FACTORS
AFFECTING EMPLOYEE RETENTION IN THE OIL AND GAS INDUSTRY**

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ABSTRACT

Industries globally face challenges in attracting and retaining talent due to economic shifts and rapid technological change. In the oil and gas industry, employee retention remains a major concern. To stay competitive, companies are redesigning compensation strategies to support employee retention effort. This study aims to analyse the relationship between selected compensation factors which is salary, performance-based bonus, HR policies, and training and development and their effect on employee retention in the oil and gas sector. This study reinforces Herzberg's Two-Factor Theory and the Total Rewards Model by WorldatWork, which together provide a framework for understanding how both monetary and non-monetary compensation influence employee retention. A quantitative method was employed using a structured questionnaire distributed to employees in one oil and gas organization located in Miri, Sarawak. A total of 80 responses were analysed using Spearman's Rank Correlation and Multiple Regression to identify the strength and direction of the relationships, as well as the most dominant factor. The findings revealed that all compensation factors have a positive relationship with employee retention, with HR policies identified as the most dominant factor. Based on these findings, the researcher recommends that organizations should focus not only on monetary compensation but also on non-monetary strategies to improve employee retention effectively.

Keywords: Employee retention, compensation factors, oil and gas, monetary, non-monetary, retention strategies, Herzberg's two-factor theory, Total Rewards Model, dominant compensation factor

ABSTRAK

Industri di seluruh dunia berhadapan dengan cabaran dalam menarik dan mengekalkan pekerja akibat perubahan ekonomi dan kemajuan teknologi yang pesat. Dalam industri minyak dan gas, isu pengekalan pekerja menjadi kebimbangan utama. Bagi kekal berdaya saing, syarikat mula mereka bentuk semula strategi pampasan untuk menyokong usaha pengekalan pekerja. Kajian ini bertujuan untuk mengkaji hubungan antara faktor pampasan terpilih iaitu gaji, bonus berdasarkan prestasi, dasar sumber manusia, serta latihan dan pembangunan terhadap pengekalan pekerja dalam sektor minyak dan gas. Kajian ini disokong oleh Teori Dua Faktor Herzberg dan Total Rewards Model oleh WorldatWork yang bersama-sama membentuk kerangka dalam memahami bagaimana ganjaran bersifat kewangan dan bukan kewangan mempengaruhi pengekalan pekerja. Kaedah kuantitatif telah digunakan dalam kajian ini dengan mengedarkan borang soal selidik berstruktur kepada pekerja di sebuah organisasi minyak dan gas yang terletak di Miri, Sarawak. Sebanyak 80 respons telah dianalisis menggunakan Spearman's Rank Correlation dan Multiple Regression untuk mengenal pasti kekuatan dan arah hubungan, serta faktor yang paling dominan. Dapatan kajian menunjukkan bahawa semua faktor pampasan mempunyai hubungan positif dengan pengekalan pekerja, dan dasar pembangunan sumber manusia dikenal pasti sebagai faktor paling dominan. Berdasarkan dapatan ini, penyelidik mencadangkan agar organisasi menumpukan perhatian bukan sahaja kepada ganjaran kewangan, tetapi juga kepada strategi bukan kewangan untuk meningkatkan pengekalan pekerja secara berkesan.

Kata kunci: Pengekalan pekerja, faktor pampasan, industri minyak dan gas, ganjaran kewangan, ganjaran bukan kewangan, strategi pengekalan, Teori Dua Faktor Herzberg, Total Rewards Model, faktor pampasan dominan

CHAPTER ONE

INTRODUCTION

1.1 Background of Study

In today's competitive global market, industries face significant challenges in attracting and retaining talent. This situation is influenced by changing economic conditions and rapid technological advancements, which produce new trends and demands, leading to increasingly competitive labour markets across the globe. This statement supported by Sudirjo (2023), indicated the global market is becoming more competitive and dynamic. These pressures drive organizations to design competitive compensation packages that appeal to top talent and promote employee retention, as supported by Sorn et al. (2023). Consequently, this dynamic landscape has created a need for innovative approaches to restructuring compensation strategies that effectively support retention efforts.

From a micro perspective, Malaysia is recognized as an emerging developing country. The Department of Statistics Malaysia (2024) reported that the economy grew by 5.9% in the second quarter of 2024, marking the highest rate of growth so far this year. This expansion was driven by strong domestic demand, a rise in exports, and active investment (Bank Negara Malaysia, 2024). However, despite the rise in economy growth, past studies found the challenges in retaining talents. For instance, according to Mokhtar and Ibrahim (2020), compensation problems in Malaysia have garnered attention from academics and organizations. This finding urges the needs to focus on addressing this issue as compensation problems closely linked to the employee retention. The demand for skilled professionals and the need to retain top talent are essential to sustaining this economic growth. As a result, industries have become more competitive, adding pressure on Malaysian companies to offer appealing compensation packages to attract and retain current employees.

The oil and gas (O&G) industry is one of the major contributors to Malaysia's economy, playing a significant role in providing employment and generating national revenue. Onn (2022) highlights that Malaysia is the second-largest oil producer in Southeast Asia and one of the top exporters of liquefied natural gas (LNG) globally.

As reported by Siddharta (2024), the O&G sector contributed for approximately 9.3% of Malaysia's gross domestic product (GDP). Despite its importance in Malaysian economy, the industry faces significant challenges, particularly during economic downturns (Aziz et al., 2024). Majuca (2020) notes that petroleum-related revenues surged during periods of high oil prices, such as between 2011 and 2013, but declined sharply during low-price periods, such as from 2015 to 2017. Although Malaysia's economy has shown resilience and recovery, leading to improved career stability in the O&G sector, this progress has brought increased pressure on the industry to maintain its stability which resulting in the increase of turnover rate as mentioned in Salleh et al. (2024). In response, organizations have implemented strategies such as restructuring compensation packages to retain employees.

1.2 Problem Statement

The oil and gas industry's complex and unpredictable nature presents unique challenges, sparking scientific interest in how research within this sector has evolved over the past decade (Oliveira & Spers, 2024). Given Malaysia's reliance on oil and gas as a major contributor to its economy, addressing employee retention is crucial for ensuring the industry's stability and sustainability. Despite extensive studies on employee retention and compensation in general, the oil and gas industry remain underexplored, particularly regarding how specific compensation factors such as salary, performance-based bonus, HR policies, and training and development impact retention. These compensation factors and their relationship with employee retention in the oil and gas sector require more focused research. Addressing this gap

is essential to gain deeper insights into how compensation influences retention in this high-pressure industry.

1.2.1 Empirical Gap

While existing research (Hanai & Pallangyo, 2020; Kanapathipillai et al., 2024; Sorn et al., 2023) has explored the relationship between compensation and employee retention, many focus on broad industries and lack specificity in compensation factors related to the oil and gas industry. For instance, Hanai & Pallangyo (2020) focus on banking institutions, and Kanapathipillai et al. (2024) only look at broad factors that influence retention, overlooking specific aspects of compensation that relevant are to oil and gas industry.

Furthermore, Asikhia (2022) examined employee retention strategies and policies in the oil and gas sector in Nigeria, focusing specifically on employee mobility as a key variable. However, this narrow focus may overlook other critical compensation-related factors that could influence retention, particularly in the Malaysian context. In Malaysia, research has concentrated on non-monetary compensation in the service industry (Zainal et al., 2022), leaving the oil and gas sector underexplored. Additionally, a study by Mustafa et al. (2024) only focused on compensation factors and employee retention in financial institutions, further underscoring the limited research available for this industry.

The evidence from these past studies speaks volumes about how rare empirical research for compensation factors and employee retention has been conducted in the oil and gas industry. Lastly, future studies should focus on examining how specific compensation strategies including both monetary and non-monetary components such as salary, performance-based bonus, and HR policies that influence employee retention in the oil and gas industry (Iqbal et al., 2019; Sorn et al., 2023, Ahmed et al., 2021). Thus, these findings underscore the necessity

for targeted research into how comprehensive compensation strategies including both monetary and non-monetary factors influence employee retention in Malaysia's oil and gas sector.

1.2.2 Practical Gap

The oil and gas industry continues to face significant challenges in reducing employee turnover, particularly in aligning workforce strategies with evolving employee expectations. While compensation strategies, including monetary and non-monetary benefits, have been widely implemented, Han (2022) highlights that individual factors often mediate their impact, suggesting that organizational interventions alone may not fully address turnover issues.

Recent research has begun to explore other critical factors, such as training and development (T&D), which greatly contribute to improving employee engagement and retention. For instance, Alsuwaidi and Akmal (2024) investigated the impact of targeted T&D initiatives on lowering turnover rates and improving employee retention in the UAE's oil and gas sector. However, their findings reveal a practical gap, as it remains unclear how these initiatives might differ when applied to the Malaysian context.

Similarly, Mun et al. (2024) emphasize the significance of aligning talent management approaches with employee expectations, yet there is limited research focusing on T&D practices specific to Malaysia's oil and gas sector. This gap underscores the need for practical and contextual insights into how T&D initiatives can be tailored to suit the sector's unique conditions in Malaysia context.

1.2.3 Theoretical Gap

Herzberg's Two-Factor Theory, which emphasizes hygiene and motivator factors, has been widely utilized in motivation-related research. While the theory offers valuable insights into employee retention, its application does not fully address the unique demands and complexities of specific industries, such as oil and gas. Herzberg's categorization struggles to capture the high-risk, high-pressure, and demanding nature of roles within this sector. For instance, the oil and gas industry face significant sustainability challenges.

Alagoz (2023) highlighted that the oil and gas industry encounters persistent difficulties in implementing sustainable practices, which is further supported by Sarraikh et al. (2022), who emphasized the substantial sustainability challenges faced by Qatar's oil and gas sector. Similarly, Zhang et al. (2023) identified critical obstacles in China's oil and gas market, including incomplete pricing systems, ambiguous ownership rights, and the absence of recognition and trading mechanisms for carbon assets. Meanwhile, Abd Aziz et al. (2024) noting that Malaysia's oil and gas reserves may be depleted within 14 years due to the country's heavy reliance on petroleum for energy consumption.

These diverse challenges not only underscore the complexity of the industry but also reveal limitations in Herzberg's theory. For instance, the theory assumes that hygiene factors, such as salary and benefits, primarily serve to prevent dissatisfaction. However, in the oil and gas industry, these factors often play a more dynamic and significant role in influencing employees' decisions to stay, given the industry's high-risk environment. This highlights a theoretical gap, as Herzberg's framework requires adaptation to address the unique challenges and characteristics of industries like oil and gas.

1.3 Research Objective

1.3.1 General Objective

The general objective of this study is to determine the relationship of selection compensation factors and employee retention in the oil and gas industry.

1.3.2 Specific Objectives

- 1) To examine the relationship between salary and employee retention.
- 2) To identify the relationship between performance-based bonus and employee retention.
- 3) To investigate the relationship between the HR policies and employee retention.
- 4) To analyse the relationship between training and development and employee retention.
- 5) To determine the most dominant compensation factor that affecting employee retention.

1.4 Research Hypothesis

Ha₁: There is a significant relationship between salary and employee retention.

Ha₂: There is a significant relationship between performance-based bonus and employee retention.

Ha₃: There is a significant relationship between HR policies and employee retention.

Ha₄: There is a significant relationship between training and development and employee retention.

Ha₅: There is a dominant compensation factor affecting employee retention.

1.5 Conceptual Framework

This study aims to identify the relationship between compensation factors (salary, performance-based bonus, HR policies, and training and development) and employee retention.

The conceptual framework represents compensation factors as the independent variables that influence employee retention, which serves as the dependent variable.

Independent Variables

Dependent Variable

Compensation Factors:

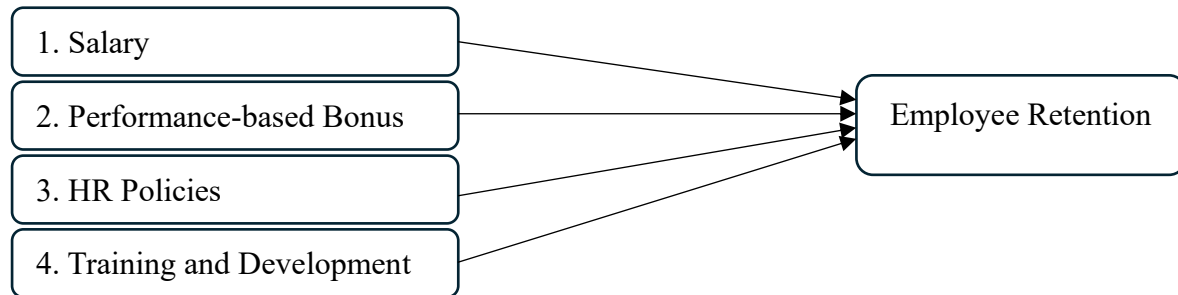


Figure 1: Conceptual Framework

(Source: Iqbal et al., 2019; Sorn et al., 2023; Ahmed et al., 2021; Alsuwaidi & Akmal, 2024)

1.6 Definitions of Key Terms

1.6.1 Employee Retention

Conceptual Definition

Employee retention refers to the organization effort to retain staff for as long as possible, ideally throughout their careers (Aburub, 2020).

Operational Definition

Employee retention is measured by the length of time employees stay with their present organization and their willingness to remain employed at their current workplace.

1.6.2 Compensation

Conceptual Definition

Compensation refers to a structured system of providing both monetary and non-monetary benefits to employees as recognition for their work and the value derived from task completion (Patnaik, 2014; Frey, 1989).

Operational Definition

Compensation is measured as the total package of both monetary and non-monetary benefits provided to employees, including salary, performance-based bonus, HR policies, and training and development.

1.6.3 Salary

Conceptual Definition

Salary is the fixed payment given to an employee by their employer in exchange for the work they perform (Hofmann, 2015). Base-pay rates remain constant as long as individual employment contracts or collective agreements are valid (Thierry, 2001).

Operational Definition

Salary is the predetermined amount paid to an employee on a monthly or yearly basis, not including bonuses, benefits, other variable compensation, and statutory deductions (such as taxes, insurance, and retirement contributions), which is outlined in the individual's employment contract or company policy.

1.6.4 Performance-based Bonus

Conceptual Definition

Performance-based bonus (PBB) is a type of compensation system that ties an employee's earnings to their performance, providing a monetary incentive to acknowledge

tangible achievements and emphasize that exceptional work is rewarded (Ganster et al., 2011; Wagan & Pastrana, 2021).

Operational Definition

Performance-based bonus is the monetary incentive that is linked to the employee's performance and measured using items that assess the frequency, transparency, and fairness of performance-based bonus system in their organization.

1.6.5 Human Resource (HR) Policies

Conceptual Definition

Human resource policies are ongoing directives that outline an organization's approach to workforce management, providing HR managers with guidance on employment-related matters while aiming to improve labor productivity and reduce organizational turnover (Gowsalya & Soundarya, 2017; Lev, 2005).

Operational Definition

HR Policies in this study refer to the formal guidelines and practices related to remuneration, including policies and procedures on salary, benefits, and rewards. These are measured through survey questions that assess employees' perceptions of the effectiveness of these policies in promoting retention.

1.6.6 Training and Development

Conceptual Definition

Training and development refer to a structured approach aimed at improving employees' knowledge, skills, attitudes, and expertise, allowing them to carry out their responsibilities effectively and contribute to the successful achievement of organizational objectives (Arefin et al., 2020).

Operational Definition

Training and development are assessed through employees' perceptions of the frequency, relevance, and impact of these programs on their job performance and their intention to remain with the organization.

1.7 Significance of Research

1.7.1 Significance to Organization and Industry

This research provides meaningful insights into how compensation strategies influence employee retention challenges in the oil and gas industry. By identifying dominant compensation factors, it serves as a starting point for organizations and the industry as a whole, offering a guideline for designing more effective retention strategies in the future. This is particularly important in a high-risk and competitive environment, enabling organizations to retain their workforce, improve employee satisfaction, and enhance their market resilience.

1.7.2 Significance to Body of Literature

This research addresses important three gaps which is empirical, practical, and theoretical gap. For instance, to bridge the empirical gap, this study explores both monetary and non-monetary compensation factors specific to the oil and gas context. By doing so, it provides a more comprehensive understanding of compensation strategies tailored to the needs of industry which still underexplored from previous research. From a practical perspective, this study contributes to the body of literature by addressing the practical gap in understanding how training and development (T&D) initiatives can be effectively tailored to the Malaysian oil and gas sector to enhance employee retention. It extends previous research by offering insights on how T&D in Malaysia differs from other regions, thereby improving retention strategies and ensuring organizational resilience and relevance in a rapidly changing market. Additionally,

from a theoretical perspective, the study leverages Herzberg's Two-Factor Theory by examining its relevance to the oil and gas industry.

1.7.3 Significance to HR Practitioners

This study provides HR practitioners with a deeper understanding of how specific compensation policies influence employee retention, particularly in the oil and gas industry. The findings from this study serve as valuable input for HR practitioners to address employee needs and expectations. Furthermore, the study highlights the effectiveness of both monetary and non-monetary compensation strategies, serving as a guide for HR professionals to align compensation strategies with organizational goals.

1.8 Limitations of The Study

Three main limitations which is methodological, measurement, and practical were identified in this study. Firstly, regarding the methodological limitation, this study employed a quantitative, cross-sectional design and was limited to a single oil and gas company. As a result, the generalizability of the findings to the broader population is limited. Secondly, in terms of measurement limitation, the study focused on four selected compensation factors, potentially excluding other significant variables that may influence employee retention. Thirdly, as a practical limitation, the research is confined to the oil and gas industry, which means the findings may not be applicable to other industries.

1.9 Summary

This chapter discusses the background of the study, problem statement, research objectives and hypothesis, as well as conceptual frameworks, definition of terms, significance

of research and limitations of the study. The next chapter will be explaining thoroughly about the literature review.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides an in-depth review of the independent variables (salary, performance-based bonus, HR policies, and training and development) and the dependent variable (employee retention), supported by existing research. Additionally, this chapter will discuss the appropriate theories and model for this study. Herzberg's Two-Factor Theory and the Total Rewards Model are applied to offer deeper insights into these variables and their relationship to employee retention. This chapter will be concluded by the chapter summary.

2.2 Discussion on Variables of The Study

2.2.1 Compensation

Compensation refers to a structured system of providing both monetary and non-monetary benefits to employees as recognition for their work and the value derived from task completion (Patnaik, 2014; Frey, 1989). It plays a significant role in employee retention, as highlighted in a study by Shtembari et al. (2022), which emphasizes its influence on employee motivation, the hiring process, and turnover rates. Statistics by Aman-Ullah et al. (2022) show that compensation alone accounts for a 51.8% improvement in employee retention, suggesting that this factor should be included in studies measuring employee retention. Compensation can be categorized into two main types, monetary and non-monetary factors. Both of these factors significantly influence employees' perceptions of an organization's value.

Monetary compensation is the financial rewards provided to employees, including salaries, bonuses, allowances and so on. According to Herzberg et al. (1959), monetary compensation acts as a hygiene factor, reducing dissatisfaction and maintaining baseline satisfaction. This is further supported by Darmawan (2021), who found a relationship between salary and employee performance, which aligned with Herzberg's theory. According to Manzoor et al. (2021), employees tend to prioritize receiving immediate monetary rewards over being recognized for their efforts. This aligns with the findings by Alhmoud and Rjoub (2020) revealed that extrinsic rewards, significantly impact retention among Generation X and Y employees in Jordan. Satisfied employees with their monetary benefits are more likely to remain committed to their organizations, reducing turnover rates as mentioned in Chiaburu et al. (2022).

Employee motivation and their likelihood of staying with the organization are strongly influenced by the extrinsic rewards they receive. Well-designed extrinsic motivators not only enhance productivity in the short term but also encourage employees to achieve specific objectives (Pandya, 2024). According to Herzberg, monetary or extrinsic rewards are among the most significant hygiene factors that help minimize dissatisfaction. Satisfied employees tend to perform better, delivering high-quality results that positively impact the organization's overall performance (Dziuba et al., 2020). This research is consistent with findings by Aldabbas et al. (2023), which highlight how extrinsic rewards influence employee creativity by enhancing perceived organizational support and fostering work engagement. These insights suggest that organizations should prioritize extrinsic rewards to create a work environment that satisfies both employee needs and organizational goals. Employees who feel valued are more likely to remain with the organization, while employers benefit from retaining high-quality talent. Therefore, aligning monetary rewards with employee expectations should be a strategic priority for organizations aiming to retain top talent.

Non-monetary compensation, on the other hand, refers to the intangible rewards that increase employees' job satisfaction and motivate them to perform at a higher level. This includes recognition, flexible work arrangements, training and development, career advancement programs, benefits, and opportunities for growth. A survey on non-monetary incentives by Sivasankar and B (2024) for remote employees have revealed approximately 65% of employees favour non-monetary incentives over monetary rewards. According to Herzberg's Two-Factor Theory, non-monetary compensation serves as a "motivator," which leads to greater job satisfaction and higher performance. These rewards help foster a positive work environment where employees feel valued and appreciated.

A study by Alves and Lourenço (2023) highlights the relevance of non-monetary compensation, such as autonomy, development opportunities, and recognition, in driving high managerial performance. These non-monetary rewards aim to support employees' overall well-being and job satisfaction. According to Sittenthaler and Mohnen (2020) female employees likely to prefer non-monetary benefits whereas male employees are drawn to monetary benefits. Similarly, Ranta and Ylinen (2023) observed that less commonly provided benefits, such as family-related benefits, are strongly associated with high-performing companies and significantly contribute to the employee retention. This finding is consistent with research by Aik (2022) who found that childcare benefits are favoured among academicians in private higher education institutions in Malaysia and negatively associated with turnover intentions. These findings highlight the importance of non-monetary compensation in fostering organizational commitment.

However, while many studies have demonstrated a positive correlation between non-monetary benefits and employee retention, Ayari AlHamaqi (2021) reported an increase in turnover due to the appeal of early retirement programs at Bahrain Petroleum Company. These contrasting findings suggest that organizations must carefully design benefits packages to align

with both employee preferences and organizational objectives, ensuring that they effectively enhance retention. Thus, incorporating both monetary and non-monetary compensation strategies is crucial for addressing both the extrinsic and intrinsic needs of employees.

2.2.2 Employee Retention

Employee retention refers to the strategies and practices implemented by companies to retain their valuable employees and reduce turnover (Krishnamoorthy & Aisha, 2022). In today's competitive market trend, organizations face a significant challenge in retaining high-skilled employees. Retaining employees is essential for ensuring operational continuity and maintaining organizational operation. For example, high level turnover rate in the organization can disrupts the overall operation, leading to the costly recruitment and on boarding process. This aligns with finding by Khan (2021), highlighted that retaining employees poses a significant challenge for organizations, as losing skilled talent results in substantial costs, along with the time, money, and effort required to recruit and train new hires.

According to Jian et al. (2022) financial impact of employee turnover is huge, amounting to 90% to 200% of the departing employee's salary. Another study by Hadj (2019) has proved the negative impact of high employee turnover, which reduces employee commitment and fosters a negative image of organizations. Thus, this highlights the need for organizations to take precautionary measures to address this issue.

To tackle the problem, another study by Sorn et al. (2023) emphasized that offering competitive compensation packages can enhance employee retention. Satisfied employees tend to remain with their organisation, positively impacting productivity and workplace morale. This is supported by another study by Sitorus and Hidayat (2023), who found that compensation significantly boosts employee productivity, while job satisfaction also contributes to improved performance.

These findings highlight the close relationship between compensation and employee retention. Employees who stay with the company tend to develop a stronger connection to it, as demonstrated by Moreira et al. (2020), who identified a negative relationship between affective commitment and turnover intentions. Therefore, recognizing which aspects of the compensation impact employee retention is crucial for developing effective retention strategies.

2.3 Related Theory and Model

2.3.1 Herzberg's Two-Factor Theory

Herzberg's Two Factor Theory (1959), also known as the dual factor theory, highlights that two distinct sets of factors, hygiene and motivation, independently influence whether employees experience job satisfaction or dissatisfaction. In this theory, hygiene factors are related to primary and social needs that prevent dissatisfaction, such as salary and job security. Motivation factors, on the other hand, address secondary needs that drive employees by boosting productivity, such as recognition and achievement. Herzberg suggested that motivators lead to job satisfaction, whereas the absence of hygiene factors results in job dissatisfaction. In the context of this study, salary, performance-based bonus, HR policies and training and development are analysed as key compensation factors.

Salary and HR policies act as hygiene factors, helping to reduce dissatisfaction and foster a sense of security within the organization. Herzberg explained that hygiene factors can only affect the level of dissatisfaction, not necessarily increase or decrease satisfaction. For instance, salary is merely a fixed monthly or annual amount paid to an employee, which functions as an anticipated reward each month and affects only the level of dissatisfaction. A low salary leaves employees dissatisfied; however, a high salary does not directly influence their motivation towards work either.

HR policies, on the other hand, as stated by Herzberg (1959), can belong both directly and indirectly to hygiene factors or motivators. However, since the HR policies in this study focus on remuneration, they fall under the hygiene factor category. These policies ensure that all of the needs of the employees are met, and most importantly to prevent dissatisfaction among the employees. Herzberg emphasize that while hygiene factor does not necessarily lead to satisfaction, but their absence could lead to dissatisfaction. For instance, the trend of employee seeking employment elsewhere due to dissatisfied with the policy has shown outgrowing number (Hung & Huy, 2023). Therefore, it is important to address the hygiene factors to retain talents in the organization.

Furthermore, performance-based bonus (PBB) as well as training and development opportunities, act as key motivational factors, fostering employee engagement and productivity by addressing their needs for growth and achievement. Herzberg et al. (1959) emphasized the impact of rewards on employee productivity. Although PBB is related to monetary benefits, they are classified as motivators under Herzberg's theory. This is because positive reinforcement, such as bonuses, motivates employees to excel in their work. PBB is a compensation system that links an employee's earnings to their performance, offering monetary incentives to recognize tangible achievements and reinforce the principle that exceptional work is rewarded (Ganster et al., 2011; Wagan & Pastrana, 2021). This system encourages employees to stay engaged in their work, knowing their efforts will be acknowledged and rewarded. This further supported by Andang et al. (2023) revealed that PBB is the effective motivator.

Training and development (T&D) is part of non-monetary compensation factors, more likely to influence employee motivation. For instance, previous research conducted by Yusuf et al. (2022) reported an increase in productivity when T&D programs are implemented as part of an organization's HR policy. Employees tend to appreciate organizational investments in T&D for their career growth, as these programs address their intrinsic needs for personal

growth and self-actualization. By providing opportunities to enhance skills and bridge skills gaps, T&D leads to higher job satisfaction and engagement. According to Arulsamy et al. (2022), employees with the necessary skills are more likely to perform their roles effectively and remain with their organizations for extended periods due to increased job satisfaction. This aligns with Herzberg's findings, which suggest that non-monetary benefits often serve as motivators for employees. T&D creates a positive impact on employees' potential career progression, making it one of the key factors influencing retention, as highlighted by previous research.

Hence, Herzberg's theory provides a theoretical foundation for exploring how these selected compensation and motivation factors might positively impact employee retention. Although Herzberg's theory was initially developed to study employee motivation, its relevance to employee retention has been supported by empirical studies. For example, Hanai and Pallangyo (2021) identified a significant link between compensation factors and retention. This study will further investigate how elements of Herzberg's theory, such as salary, performance-based bonus, HR policies, and training and development, affect employee retention in the oil and gas industry.

2.3.2 Total Rewards Model

Total Rewards Model, developed by WorldAtWork in the 2000s, was designed to enhance the concept of employee rewards. According to WorldatWork (2007), both monetary and non-monetary total rewards are offered to employees as recognition of the time, effort, skills, and achievements they have poured in throughout their time with the organization. The model suggests five components of total rewards such as compensation, benefits, work-life, performance and recognition, and development and career opportunities. These components serve as a guideline for HR professionals to attract, motivate, and retain quality employees (WorldatWork, 2007).

Each independent variable in this study can be mapped directly to the WorldatWork components: salary falls under compensation; performance-based bonus falls under performance and recognition; HR policies belong to both the work-life and performance and recognition categories. Training and development, on the other hand, can be categorized under development and career opportunities. These aimed to assist practitioners in implementing compensation strategies in innovative ways (Bussin et al., 2019).

Malhotra (2021) argues that designing competitive compensation packages is key to attracting and retaining top talent. Similarly, Kalapala and Neeraja (2024) found that private and foreign banks are generally more successful at retaining talent, potentially due to more competitive compensation packages. Additionally, Mata et al. (2021) observed that non-monetary factors positively impact employee retention and motivation. This aligns with the Total Rewards Model, which emphasizes a balanced approach that includes both monetary and non-monetary rewards to improve employee retention.

Salary is the fixed payment provided by an employer to an employee in exchange for the work they perform (Hofmann, 2015). It falls under the compensation category in the Total Rewards Model, serving as a primary component of an employee's total rewards. This model

highlights compensation acts as the foundation of an employee's total rewards, acknowledging their efforts and providing a predictable incentive. Predictable incentive meaning employees are paid for their hard work on a regular basis, typically on a monthly schedule. Undoubtedly, salary is a reward that serves as an indirectly fostering a sense of belonging within the organization and increasing employees' commitment to stay.

Furthermore, performance-based bonus (PBB) is a type of compensation system that ties an employee's earnings to their performance, providing a monetary incentive to acknowledge tangible achievements and emphasize that exceptional work is rewarded (Ganster et al., 2011; Wagan & Pastrana, 2021). In the Total Rewards Model, PBB fall under the category of performance and recognition. PBB can be mapped to multiple categories, as it is both a financial component (compensation) and a form of recognition for outstanding employee performance. This is because the bonus is closely tied to performance outcomes. According to the WorldatWork Total Rewards Model, recognition can enhance employee engagement, ultimately leading to improved job performance (Madhani, 2020). This model emphasizes the importance of incorporating PBB into a reward system due to its effectiveness in retaining top talent.

On top of that, HR policies belong to both the work-life and performance and recognition categories. These policies serve as the foundation for managing people within the organization. In the Total Rewards Model, HR policies address employees' needs, particularly those related to their well-being. Policies that respond to employees' concerns tend to foster a sense of belonging among them. Therefore, by aligning with the organization's culture and values, HR policies can create a supportive environment that positively influences employees' inclination to stay. This directly supports the retention strategy to which World at Work has proposed in their Total Rewards Model.

Additionally, training and development can be categorized under development and career opportunities. According to the Total Rewards Model, this component focuses on providing opportunities for career growth. Arulsamy et al. (2023) argue that training and development are crucial for enhancing employee performance and fostering growth in areas such as efficiency, productivity, motivation, and satisfaction within the organization. Research has shown that training and development are critical for employee retention. It helps individuals with upskilling, which is very important to combat today's fast-changing market trends that lean towards technology and artificial intelligence. Many organisations have invested in training and development as part of their rewards system, aligned with Total Rewards Model components. For instance, study by Whitehead (2022) mentioned that many organizations have invested in training and development to ensure their employees are skilful and stay competitive and effective in their roles.

In summary, this model provides a useful framework for examining how various compensation elements, such as salary, performance-based bonus, HR policies and training and development impact employee retention.

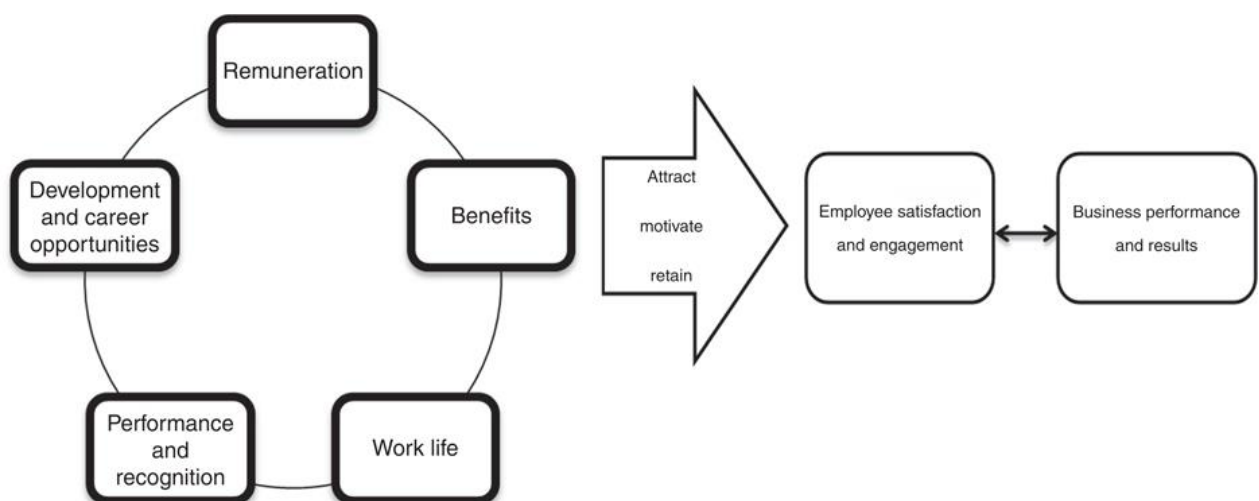


Figure 2: WorldatWork Total Rewards Model

(Source: Adapted from WorldatWork, as cited in Schlechter et al., 2015)

2.4 Discussion of Past Similar Findings

2.4.1 Salary and Employee Retention

Salary is one of the most common components of compensation packages used across companies and has been proven in existing studies to be a crucial factor in employee retention. Study revealed that employees who are satisfied with their salary are likely to stay in their organization. This finding aligns with past studies that emphasize the role of financial rewards in reducing turnover rates. For instance, Ahmed and Shaddady (2024) revealed in their study that employees are attracted to join the company due to the financial compensation it provides, which is consistent with the findings of Hanai and Pallangyo (2020). Hanai and Pallangyo (2020) identified a fair salary as a significant element in retaining bank employees. The study recommended that bank managers develop and implement retention policies that prioritize fair salaries, as they are considered the most valued aspect of compensation.

Similarly, a study by Bharath (2021) highlighted that salary-related factors are among the key reasons influencing turnover rates in the healthcare sector. According to the research, 30% of respondents (105 individuals) indicated that factors such as annual raises, allowances contributed to their decision to stay. This aligns with the findings of Al-Qathmi and Zedan (2021), who reported that low increments in annual raises contributed to a 77% increase in turnover likelihood and demotivation among medical laboratory technologists.

This is further supported by Saeed et al. (2023), who emphasize that employee salary is a significant factor contributing to job satisfaction and plays a crucial role in promoting employee retention in banking organizations situated in Lahore. Adding to this evidence, Elsayhori et al. (2021) found that fair and satisfying compensation, such as salaries, strongly correlates with a lower intention to leave the organization. In today's economic uncertainty, a competitive salary provides employees with a sense of stability, thus positioning salary as the

central aspect of compensation packages. Thus, salary is a primary factor in retaining employees.

2.4.2 Performance-based Bonus and Employee Retention

Performance-based bonus (PBB) is an additional incentive awarded to employees, complementing their regular bonus, to recognize their performance and contributions toward achieving the goals and targets of their unit (Luzon, 2022). As part of monetary compensation, PBB functions as a strategic tool to enhance employee retention and motivation. Many organizations have implemented the practice of offering performance-linked bonuses to boost their motivation, according to Andang et al. (2023).

Past research has consistently demonstrated a positive relationship between performance-based bonus and employees' organizational commitment. For instance, a study by Zeshan et al. (2024) found that acknowledging employees' efforts upon the completion of their tasks increases their willingness to contribute to organizational goals. Employees are more likely to enhance their work performance when their contributions are recognized and rewarded. This aligns with Herzberg's Two-Factor Theory, which classifies performance-based bonus as motivator factors that improve job satisfaction.

Herzberg's theory is further supported by findings from Andang et al. (2023), which emphasize PBB as an effective tool for boosting employee performance. Similarly, a study on millennials in Malaysia found performance-based bonus, significantly influence their retention decisions, with insufficient rewards increasing the likelihood of turnover (Hee & Rhung, 2019). These findings underscore the importance of performance-based bonus as a form of monetary compensation that effectively contributes to employee retention.

2.4.3 HR Policies and Employee Retention

Human Resource (HR) policy is the organizational practices and systems, such as employee incentives and training initiatives, designed to improve labour productivity and reduce turnover within an organization (Lev, 2005). Ludwikowska (2023) describes HR policy as a coordinated system within an organization comprising long-term efforts to nurture highly skilled employees to achieve the organization's objectives. Human capital is one of the most important aspects of an organization for ensuring employee well-being, especially in addressing the challenges of today's competitive digital era (Shahzad et al., 2024).

HR policies play a significant role in retaining high-skilled employees within organizations. Its importance has been widely discussed in past research. For instance, Ekhsan et al. (2022) highlighted that Human Resource Management (HRM) significantly contributes to the smooth operation of an organization, the implementation of its strategies, and the achievement of predetermined goals. Significant efforts have been implemented through HR policies to support this goal, such as employee development programs. Many studies have investigated the effectiveness of HR policies in enhancing employee retention. For instance, research conducted in the oil and gas industry in Oman found that most respondents positively supported their company's HR practices (Habsi et al., 2021). This study further revealed a positive connection between HR practices and employee retention. Vasudevan et al. (2024) found that HRM practices had diverse positive effects on employee retention within Malaysia's IT sector. For example, job security positively influenced employees' tendencies to stay within the organization.

Similarly, a study conducted in Malaysia's manufacturing industry by Leong et al. (2022) found a positive correlation between employee retention and human resource practices. This finding is further supported by Kalia et al. (2023), who revealed that effective HR policies related to compensation and performance appraisals significantly improved job satisfaction,

ultimately enhancing employee retention. Although human resource assets are crucial for retaining employees, they are often overlooked by management (Fahlevi, 2021). These findings highlight the critical role HR policies play in ensuring career continuity within organizations, as the tendency to stay is closely tied to opportunities for job security.

2.4.4 Training and Development and Employee Retention

Training and development, as defined by Halid et al. (2020), refers to the investments companies make to improve the knowledge, skills, and abilities of their employees, ultimately enhancing productivity. Organizations that invest in training and development programs have shown improvements in company performance (Hansaram et al., 2023).

Training and development is crucial in developing employee skills to address the challenges of today's market trends. Insufficient skills have undeniably caused frustration and led many employees to leave, as there is no progress in their career growth. A study by Malik and Musah (2024) found that dissatisfaction with insufficient skills training is a major factor contributing to turnover in the construction sector. The lack of training implementation in the organization may be due to the expenses related to taxes and other associated costs (Ahmed & Shaddady, 2024). This highlights the critical role of training and development in retaining employees.

Further supporting this, Moreira et al. (2020) found that organizational practices related to competence development have a significant negative effect on turnover intentions, underlining the importance of effective training programs in improving employee retention. Similar findings from research conducted by Hosen (2022) indicate that employees of multinational companies in Malaysia have little to no intention of leaving their company if they participate in training and development programs related to their careers. This is consistent

with findings by Cheah et al. (2023), which highlighted that higher retention rates are observed in organizations that invested more in training, as employees feel valued by the organization.

Additionally, according to Yimam (2022), effective training needs assessment, design, delivery style, and evaluation contribute to positive performance. Higher job performance among employees means that they are enjoying their work, which in turn fosters retention. Thus, understanding how training and development influence employee retention is a key starting point for organizations to improve their retention strategies.

2.5 Summary

This chapter presented a literature review on compensation factors and employee retention, two theoretical frameworks: Herzberg's Two-Factor Theory and the Total Rewards Model. It also reviewed past studies related to the independent variables (salary, performance-based bonus, HR policies, and training and development) and the dependent variable (employee retention). The chapter explored how these compensation factors influence employee retention and highlighted the significance of both monetary and non-monetary compensation in retaining employees. The next chapter will explain about the methodology of this research.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter explains the methodology applied in this study, along with the methods used for data collection. It details the key components, including research design, population, sample and sampling, instruments, pilot study, reliability and validity, research ethics, data collection, and analysis procedures, concluding with a summary. This chapter is important as it provides a clear framework for how the research was conducted, ensuring transparency and consistency.

3.2 Research Design

Research design refers to the structure or strategy used to address the research question, aiming to establish a suitable framework for conducting a study (Sileyew, 2019). The objective of this study is to analyse the relationship between selected compensation factors affecting the employee retention in the oil and gas industry. This research uses quantitative research and cross-sectional study.

3.2.1 Quantitative Research

This study employs a quantitative research design, which is well-suited for collecting, measuring, and analysing numerical data. This approach is chosen to ensure objectivity, reliability, and the ability to generalize findings to a larger population. According to Lim (2024), quantitative research focuses on maintaining objectivity and a detached approach to the subject matter, striving to reduce biases and generate findings that are applicable to broader contexts. Additionally, quantitative methods are particularly effective for exploring the extent and nature of relationships between variables. For instance, this approach allows for the examination of

the relationships between compensation factors, such as salary, performance-based bonus, HR policies, and training and development and their impact on employee retention. By using statistical methods, the study aims to provide objective insights into how these compensation factors influence employees' decisions to stay with their employers in the oil and gas industry. The same set of questionnaires will be distributed to the respondents to facilitate comparison of responses. The collected data will then be analysed using the Statistical Package for Social Sciences (SPSS).

3.2.2 Cross Sectional Study

According to Wang and Cheng (2020), cross-sectional studies are a type of observational research that examines data collected from a population at a specific point in time. Setia (2016) stated that in a cross-sectional study, participants are recruited based on the inclusion and exclusion criteria established for the research. Compared to other observational studies, cross-sectional studies are less time-consuming and cost-effective because participants are not tracked over time (Kopechek et al., 2024). Therefore, this study selected a cross-sectional design due to the limited time available for data collection.

3.3 Population, Sample and Sampling

3.3.1 Population

A population refers to the entire group of individuals who share specific characteristics, while a sample is a smaller subset selected from that population (Hulley et al., 2013). In this study, the population consists of employees working in the oil and gas industry within a specific organization in Miri. The population for this study is 100 employees.

3.3.2 Sample

According to Roscoe (1975), the most appropriate sample size for most behavioural studies ranges between 30 and 500. White (2023) indicates that sample sizes below 30 can lead to inaccuracies by introducing unreliable data. For example, a smaller sample size may result in insufficient statistical power to detect differences between groups, potentially leading to a type II error and a false negative outcome (Nayak, 2010). According to Krejcie and Morgan (1970), an ideal sample size for a population of 100 employees for this research is approximately 80. This sample will be drawn to represent their views and experiences regarding the selected compensation factors affecting employee retention.

3.3.3 Sampling

The study uses convenience sampling to collect the data. Convenience sampling is a non-probability sampling that involves selecting participants based on their availability and willingness to participate (Golzar et al., 2022). According to Andrade (2020), convenience sample when randomly drawn from their subpopulations, can be considered probability samples if the findings are generalized only to those subpopulations. Given that this study uses non-probability sampling, the statistical method should be Spearman's Rank Correlation, however, the final choice of method will be determined based on the normality of the data.

3.4 Research Instrument

A research instrument is a tool used by researchers to collect data (Sathiyaseelan & Manoranjitham, 2015). The main tool for data collection in this research was a questionnaire adopted from past studies. A questionnaire consists of a series of questions designed to gather statistically significant information on a specific topic, with the quality of the data depending on its design, application, and validation (Roopa & Rani, 2012; Caduff & Ranganathan, 2023).

According to Ponto (2015), questionnaires can be created in various ways, whether by the participants themselves or by a professional, administered either individually or in a group, and typically consist of a series of questions aligned with the research objectives. The main goal of a questionnaire in quantitative research is to collect relevant information in the most reliable and valid way (Taherdoost, 2016). This research employs a questionnaire as its primary instrument adopted from past research. A 5-point Likert scale is used in the study with the scale ranging from 1 = Strongly Disagree to, 5 = Strongly Agree. The questionnaires are divided into three sections, demographic information (Section A), salary (Section B (i)), performance-based bonus (Section B (ii)), HR policies (Section B (iii)), training and development (Section B (iv)), and employee retention (Section C). Each section includes clear instructions to guide participants in answering the questions and to minimize ambiguity. All items are presented in both English and Malay.

Section	Title	No of Items		Source
A	Demographic Information	6	None	
B (i)	Salary	8	Heneman & Schwab, 1985	
B (ii)	Performance-based Bonus	11	Luzon, 2022	
B (iii)	HR Policies	10	Heneman & Schwab, 1985; Kalia & Kaushal (2024); Demo et al., 2012	
B (iv)	Training and Development	10	Umasankar, 2015; Alsuwaidi (2024)	
C	Employee Retention	10	Azzuhairi et al., 2022; Biason (2020); Kalia & Kaushal (2024)	

Table 1: Research Instruments

3.5 Pilot Study, Validity and Reliability

3.5.1 Pilot Study

A pilot study is a small-scale feasibility study conducted to evaluate various aspects of the methods proposed for a larger, more comprehensive, or confirmatory analysis (Arain et al., 2010). For example, feasibility testing may involve assessing the planned data collection instruments and methods for all types of data to ensure their quality and suitability (Lowe, 2019). While pilot studies are commonly used for small-scale feasibility testing, Baker (1994) suggests that they can also involve pre-testing or ‘trying out’ a specific research instrument.

This process is crucial for ensuring the reliability and validity of the questionnaire in this study. Although conducting a pilot study does not guarantee success in the main study, it does enhance the chances of success (Van Teijlingen & Hundley, 2002). Accuracy and consistency, referred to as validity and reliability, are critical elements of research methodology in surveys and questionnaires (Taherdoost, 2016). These aspects will be discussed in the following sections.

3.5.2 Validity

Validity in research refers to the extent to which the research instruments accurately measure the phenomena being studied (Punch, 1998). Validity is important to ensure the data in this study is both appropriate and meaningful. This research opts for face validity and content validity to ensure the appropriateness of the instruments used in this study.

According to Chapman and Gillespie (2018), face validity refers to the extent to which a measurement tool appears to measure what it is intended to measure. Elangovan and Sundaravel (2021) note that face validity is based on judgments, such as feedback. This study employed face validity by seeking feedback from HR practitioners to determine whether the

questions effectively measured what needed to be measured to meet the research objectives and hypotheses.

Content validity, on the other hand, refers to the extent to which a measurement tool thoroughly covers all aspects of the concept being studied, ensuring it is both representative and accurate (Fox, 1994). Masuwai et al. (2024) highlighted that some questions in a questionnaire may not be relevant to the study, and content validity helps identify the appropriate questions to assess. This research incorporates a literature review and expert feedback from the supervisor to ensure all compensation factors and retention aspects are included.

3.4.3 Reliability

Reliability is the measure that indicates the stability and consistency of an instrument's scores when used repeatedly in the same setting with the same type of subjects (Creswell, 2005; Sullivan, 2011). According to Gidron (2013), reliability refers to the extent to which a measurement is consistent and free from error. There are various types of indicators of reliability, one of it is internal reliability, assessed using Cronbach's alpha. It measures the reliability by comparing the shared variance or covariance among the items in an instrument to the total variance (Collins, 2007).

The reliability of the questionnaire of this study is assessed using Cronbach's alpha, from the Statistical Package for Social Sciences (SPSS). Tests were conducted for compensation factors and employee retention to assess the reliability of the questionnaire. If the instruments demonstrate high reliability and validity, they will enhance the quality of the research (Awan et al., 2022). All 49 items used in this study were analysed using the Statistical Package for the Social Sciences (SPSS) to assess whether they met the criteria for acceptable internal consistency based on Cronbach's Alpha. Table 2 shows the reliability statistics for all

items are range into Excellent categories, which is value $\alpha > 0.9$. According to Nunnally and Bernstein (1994), a Cronbach's alpha value above 0.9 in a pilot study indicates excellent internal consistency.

Variables	Number of Items	Cronbach's Alpha
Salary	8	0.950
Performance-based Bonus	11	0.938
HR Policies	10	0.933
Training and Development	10	0.947
Employee Retention	10	0.941

Table 2: Reliability Analysis of Variables (Cronbach's Alpha Values)

3.5 Normality Test

A normality test is essential for determining the appropriate parametric statistical analyses for the research. It ensures that the data distribution for each variable meets the assumption of normality. Testing for normality is a crucial step in determining the measures of central tendency and the statistical methods for analysing continuous data (Mishra et al., 2019). The Shapiro-Wilk test was conducted to assess the normality of the data for this research. Based on the Table 3, only salary and HR policies are normally distributed, as their p-values are greater than 0.05 ($p > 0.05$). In contrast, performance-based bonus, training and development, and employee retention are not normally distributed ($p < 0.05$). These findings indicate that the normality assumption does not meet for all variables. Therefore, Spearman's Rank Correlation is the most appropriate method for testing hypothesis (HA1, HA2, HA3, HA), as it is suitable for non-parametric data. This is supported by King and Eckersley (2019) noted that if the variables are not normally distributed, Spearman's correlation coefficient will be a more appropriate choice.

Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Salary	.088	80	.196	.981	80	.270
Performance-based Bonus	.099	80	.050	.957	80	.009
HR Policies	.107	80	.025	.977	80	.162
Training And Development	.105	80	.028	.966	80	.030
Employee Retention	.091	80	.158	.947	80	.002

a. Lilliefors Significance Correction

Table 3: Normality Test Results

3.6 Ethics of Study

Ethics in conducting research is crucial to ensure that all data collected from respondents remains confidential and to prevent the occurrence of any sensitive issues. Researcher must carefully consider various ethical aspects and comply with established rules while conducting their studies. This is essential to avoid conflicts of interest and misconceptions during the research process. Furthermore, all information gathered for the research must remain confidential and be used strictly for research purposes. Respondents should answer questionnaires willingly, and researcher must not pressure them into participating in the study. Additionally, before conducting research within a targeted organization, the researcher must obtain a permission letter from their faculty. Similarly, the organization involved must be informed about the research's purpose, and permission must be sought from the appropriate person in charge. These steps are necessary to ensure that the research adheres to ethical standards, thereby validating and legitimizing the study.

3.7 Data Collection Procedure

The data are collected using a structured online questionnaire hosted on a survey platform, such as Google Forms. Google Forms is chosen as the most suitable platform because it offers options for implementing a 5-point Likert scale for each item. The first step of collecting the data is to seek permission from the faculty and the organization. The data collection process begins after obtaining permission from the Faculty of Cognitive Sciences and Human Development and receiving approval from the targeted organization.

The researcher contacts the HR department via WhatsApp for the research purpose. The sample size is drawn from the organization's population. Subsequently, the researcher arranges an appointment with the HR department to distribute the questionnaire while maintaining a formal approach. The questionnaire is further distributed within the organization to ensure wider participation.

The estimated time required to complete the questionnaire is approximately 10 minutes. Guidance is provided for each section to ensure that respondents understand the process and to minimize ambiguity. Periodic reminders are sent to respondents to encourage participation and help achieve the maximum target sample size. Once the desired number of responses is obtained, the researcher expresses gratitude for completing the survey.

Finally, the collected data are compiled and analysed using the Statistical Package for Social Sciences (SPSS). This method is widely employed in quantitative research due to its cost-effectiveness and time efficiency. All information provided by the respondents is kept strictly confidential and used solely for research purposes.

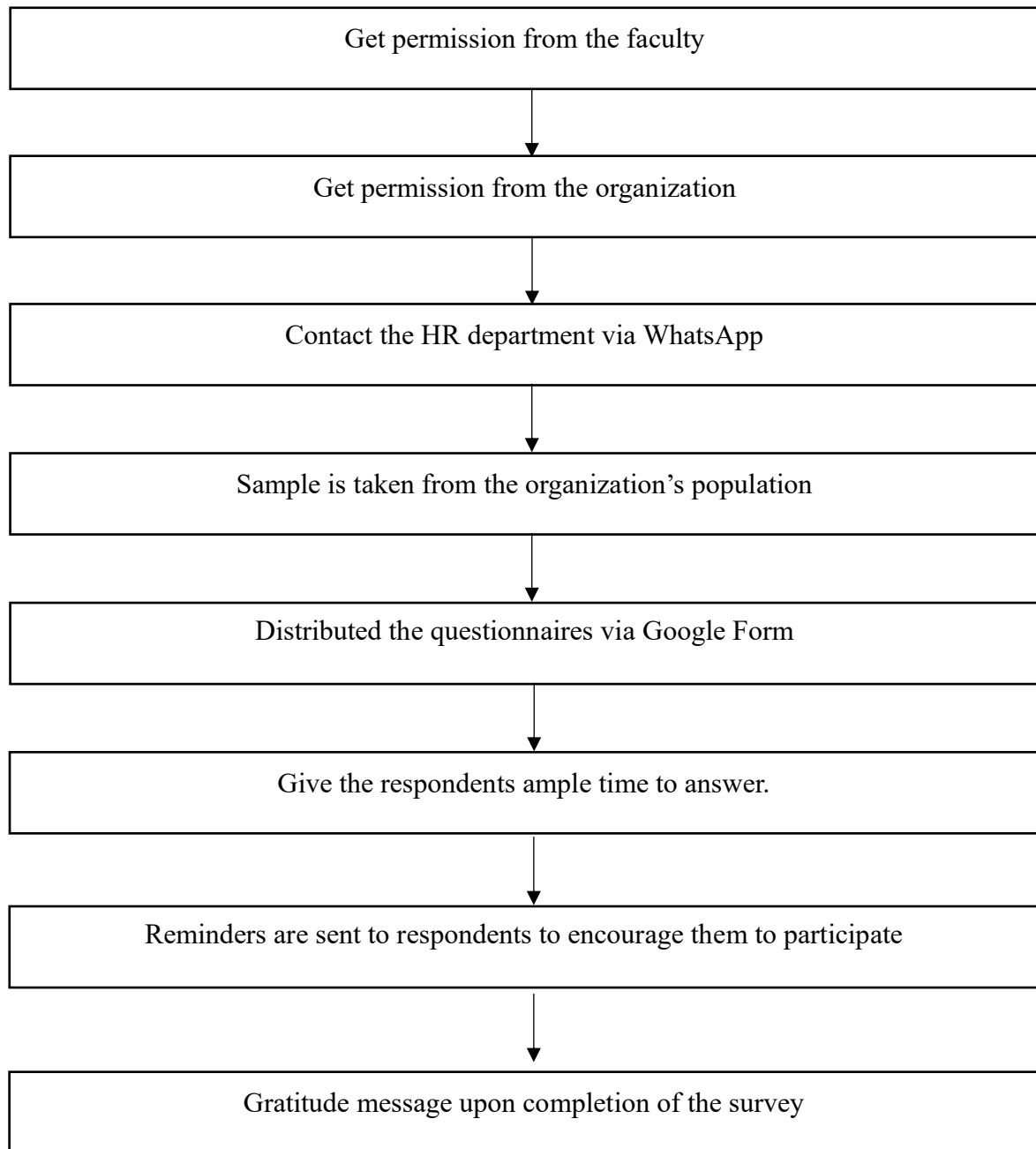


Figure 3: Data Collection Procedure

3.8 Data Analysis Procedure

The first step in the data analysis procedure is data cleaning. This step ensures that the dataset is free from errors, inconsistencies, and duplicates. Once data cleaning is complete, the next step is data checking. Data checking is essential to verify the dataset's accuracy before analysing it using the Statistical Package for the Social Sciences (SPSS). After ensuring the data is ready, it should undergo a normality test. The normality test is crucial for determining

the data distribution, as the results will guide the choice of statistical tests. The following section will discuss descriptive and inferential statistics, which are conducted after the normality test.

3.8.1 Descriptive Statistics

The collected data is analysed using the Statistical Package for the Social Sciences (SPSS) software, version 27. Descriptive statistics are used to summarise the demographic section where it includes gender, age, job level, length of service, employment status, and salary range. All of the data will be presented in table and pie chart, including frequencies and percentage.

3.8.2 Inferential Statistics

Inferential statistics refers to the sampling procedure where researcher make inference based on the findings gained through sample. A correlational design was utilized to investigate the relationship between compensation factors (salary, performance-based bonus, HR policies, and training and development) and employee retention. According to Kelly et al. (2016), correlational research aims to determine the degree to which two or more variables are connected. This study uses statistical methods Spearman's Rank Correlation and Multiple Regression.

3.8.2.1 Spearman's Rank Correlation

Spearman's Rank Correlation is a non-parametric measure used to identify the strength and direction of a monotonic relationship between independent and dependent variables. It is suitable for non-normally distributed data or when outliers are present. Instead of using the raw data values, this method assesses the relationship by analysing the ranks of the data points

(Leon, 1998). This study applies Spearman's Rank Correlation, as the data for the variables are not normally distributed.

3.8.2.2 Multiple Regression

Multiple regression analysis is employed to determine which compensation factors have the most significant impact on employee retention. Multiple regression is the process of predicting a dependent variable by using multiple independent variables instead of just one (Riffenburgh, 2006). This method allows the researcher to understand the combined effects of different independent variables and determine which factor serves as the strongest predictor of retention.

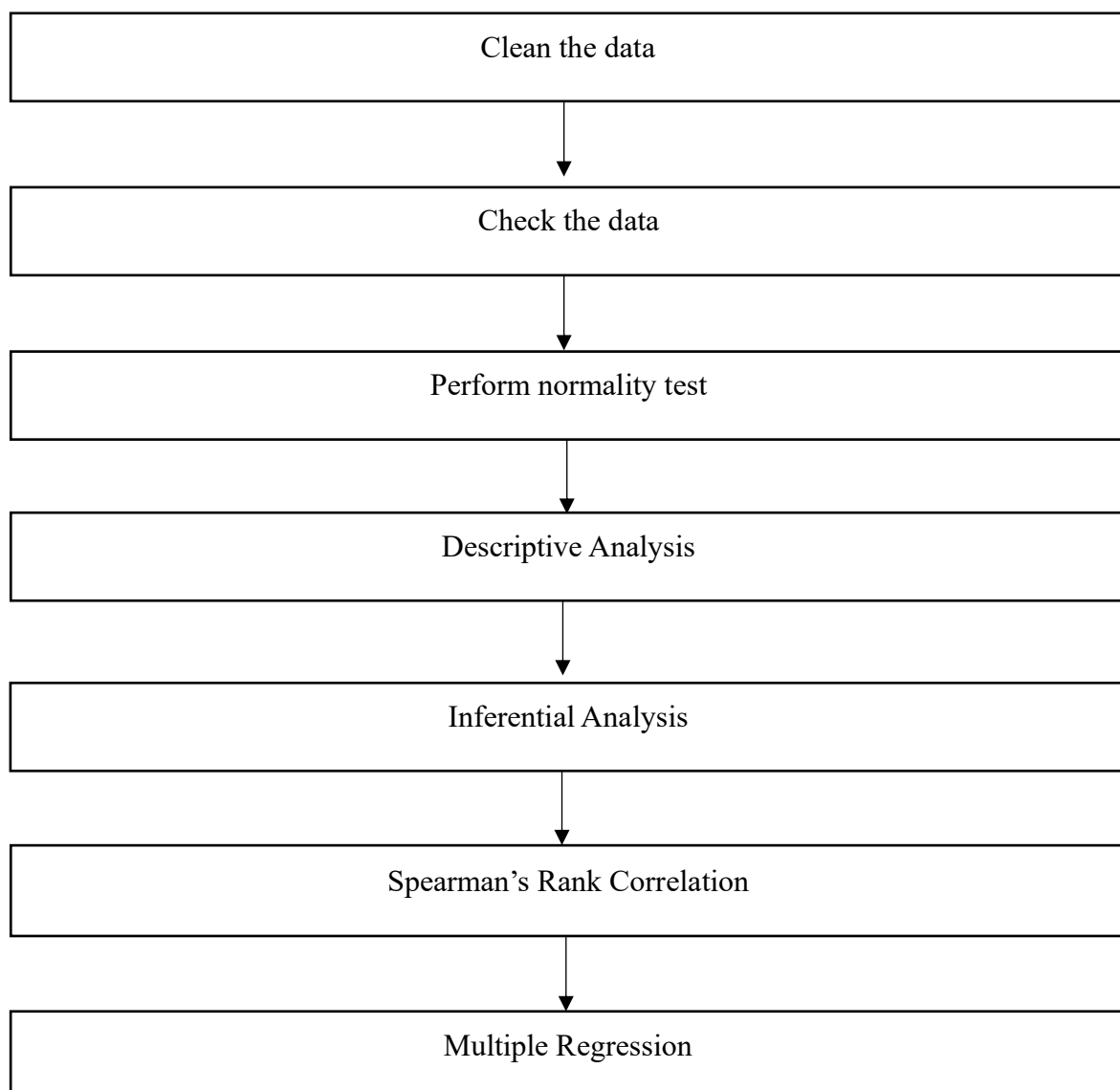


Figure 4: Data Analysis Procedure

Research Objectives	Research Hypothesis	Analysis Test
To examine the relationship between salary and employee retention.	Ha₁ : There is a significant relationship between salary and employee retention.	Spearman's Rank Correlation
To identify the relationship between performance-based bonus and employee retention.	Ha₂ : There is a significant relationship between performance-based bonus and employee retention.	Spearman's Rank Correlation
To investigate the relationship between the HR policies and employee retention.	Ha₃ : There is a significant relationship between HR policies and employee retention.	Spearman's Rank Correlation
To analyse the relationship between training and development and employee retention.	Ha₄ : There is a significant relationship between training and development and employee retention.	Spearman's Rank Correlation
To determine the most dominant compensation factor that affecting employee retention	Ha₅ : There is a dominant compensation factor affecting employee retention.	Multiple Regression

Table 4: Data Analysis Framework

3.8 Summary

Overall, this chapter outlines the research methodology employed in the study, beginning with a quantitative research design. The processes of data collection, analysis, and interpretation are discussed in detail. Additionally, pilot testing was conducted to ensure the validity and reliability of the research instruments, assessed through Cronbach's alpha. The next chapter will present and discuss the study's findings.

CHAPTER FOUR

RESULTS & FINDINGS

4.1 Introduction

This chapter focuses on the results and findings of the questionnaire distributed to the respondents. It is divided into three main parts. The first part presents the demographic data, including respondents' gender, age, job level, length of service, employment status, and salary range. The second part covers the research analysis of the four independent variables (salary, performance-based bonus, HR policies, and training and development), and their relationship with employee retention. The third part identifies the most dominant factor influencing employee retention. Finally, a summary is provided to conclude the key points discussed in Chapter 4.

4.2 Demographic Data

This research involves 80 respondents from an oil and gas company in Miri. The demographic characteristics analysed in this study include gender, age, job level, length of service, employment status, and salary range. Descriptive analysis is used in this section to present the characteristics of the respondents with its frequency and percentage.

Characteristics	Frequency	Percentage
Gender		
Male	26	32.5%
Female	54	67.5%
Age		
21 to 30 years old	51	63.7%
31 to 40 years old	16	20%
41 to 50 years old	5	6.3%

51 to 60 years old	8	10%
Job Level		
Non-Executive	36	45%
Junior Executive/Engineer	15	18.8%
Executive/Engineer	13	16.3%
Senior Executive/Senior Engineer	14	17.5%
Manager	2	2.5%
Length of Service		
0-2 Years	39	48.8%
3-5 Years	15	18.8%
6-10 Years	14	17.5%
11 Years and above	12	15%
Employment Status		
Permanent	27	33.8%
Contract	53	66.3%
Salary Range		
Below RM3,000	39	48.8%
RM3,000 – RM4,999	15	18.8%
RM5,000 – RM6,999	11	13.8%
RM7,000 – RM9,999	11	13.8%
RM10,000 and above	4	5%

Table 5: Demographic Profile of Respondents

4.2.1 Gender

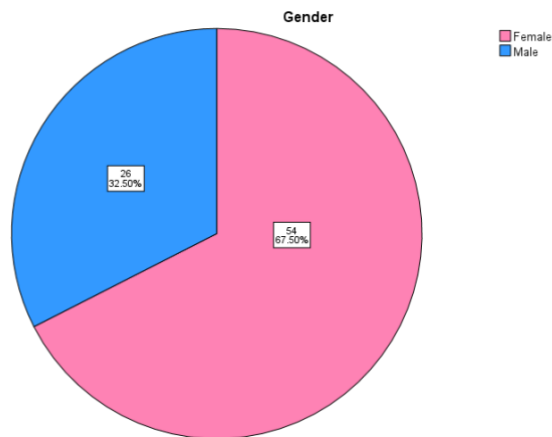


Figure 5: Gender Distribution of Respondents

The pie chart displays the gender distribution of the respondents. A total of 80 respondents participated in this research, with 32.5% (26 respondents) being male and the majority, 67.5% (54 respondents), being female. This indicates that the study was mostly participated in by female employees compared to male employees.

4.2.2 Age

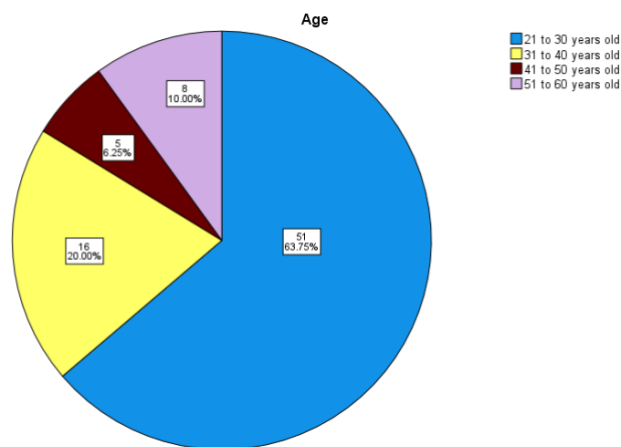


Figure 6: Age Distribution of Respondents

For the age distribution, Figure 6 shows that respondents aged 21 to 30 years old make up the largest group, comprising 63.75% (51 respondents) of the sample. The second largest age group is 31 to 40 years old, accounting for 20% (16 respondents). Meanwhile, respondents

aged 51 to 60 years make up 10% (8 respondents), and the least represented group is those aged 41 to 50 years, comprising only 6.25% (5 respondents).

4.2.3 Job Level

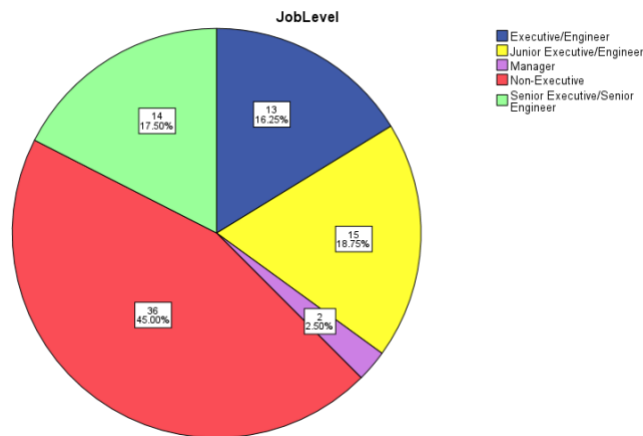


Figure 7: Job Level Distribution of Respondents

Moreover, Figure 7 reveals that non-executive employees form the majority, accounting for 45% (36 respondents) of the sample. This is followed by junior executives/engineers, who make up 18.8% (15 respondents). Senior executives/senior engineers represent 17.5% (14 respondents), while executives/engineers account for 16.3% (13 respondents). Lastly, the smallest group consists of managers, with only 2.5% (2 respondents).

4.2.4 Length of Service

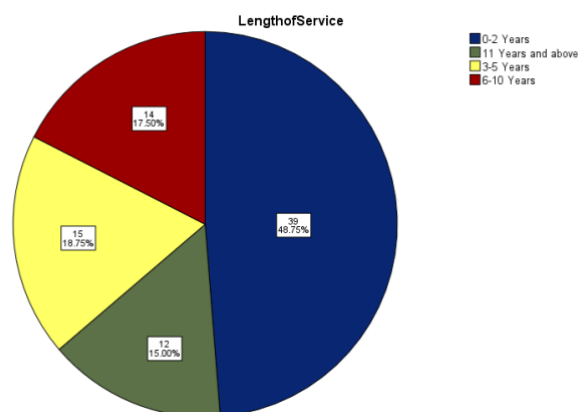


Figure 8: Length of Service Distribution of Respondents

Based on Figure 8, above, 48.8% of the respondents (39 individuals) have worked between 0 to 2 years. This is followed by 18.8% (15 respondents) who have worked for 3 to 5 years, and 17.5% (14 respondents) for 6 to 10 years. Lastly, a smaller portion of the sample, 15% (12 respondents), have worked for 11 years and above.

4.2.5 Employment Status

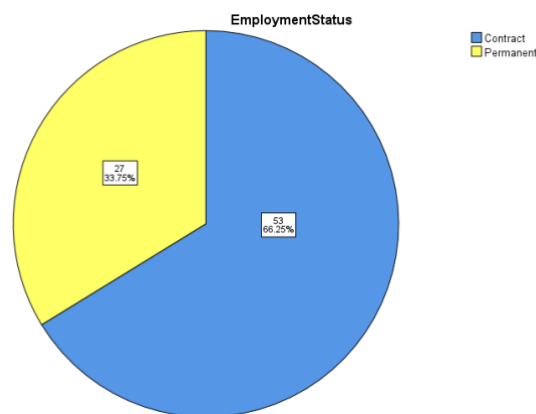


Figure 9: Employment Status Distribution of Respondents

The majority, 66.3% of the respondents which make up of 53 respondents are contract workers meanwhile 33.8% (27 respondents) of the sample is permanent workers.

4.2.6 Salary Range

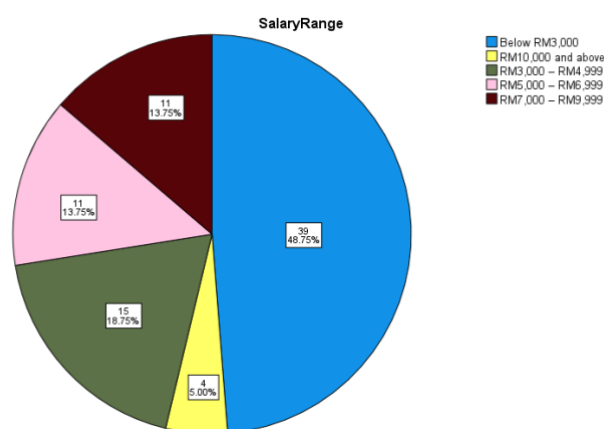


Figure 10: Salary Range Distribution of Respondents

The pie chart illustrates the distribution of respondents based on their salary range. The largest group of respondents, 48.75% (39 individuals), earn below RM3,000. This is followed by 18.75% (15 respondents) who earn between RM5,000 and RM6,999. Two salary ranges which is RM3,000 to RM4,999 and RM7,000 to RM9,999, each account for 13.75% (11 respondents) of the sample. Lastly, the smallest group, representing 5% (4 respondents), earn RM10,000 and above.

4.3 Inferential Data

4.3.1 Spearman's Rank Correlation

H_{a1} : There is a significant relationship between salary and employee retention.

Correlations

			Salary	Employee Retention
Spearman's rho	Salary	Correlation Coefficient	1.000	.599**
		Sig. (2-tailed)	.	.000
		N	80	80
	Employee Retention	Correlation Coefficient	.599**	1.000
		Sig. (2-tailed)	.000	.
		N	80	80

**. Correlation is significant at the 0.01 level (2-tailed).

Table 6: Spearman's Rank Correlation between Salary and Employee Retention

A Spearman's rank-order correlation was conducted to examine the relationship between salary and employee retention. According to Table 6, the results showed a moderate, positive correlation between salary and employee retention, that was statistically significant, $r = 0.599$, $n = 80$, $p = 0.000$. As the p -value is less than 0.05 ($p < 0.05$), there is enough evidence to reject the null hypothesis and conclude that a statistically significant relationship exists between salary and employee retention.

The results indicate that higher salary is linked with greater employee retention. This finding is consistent with previous studies that emphasize the importance of monetary rewards in increasing employees' decision to stay with the organization. For example, Elsayhori et al. (2021) found that fair and satisfying compensation, particularly salaries, is strongly correlated with a lower intention to leave the organization. Similarly, Ahmed and Shaddady (2024) reported that financial compensation is a key factor attracting employees to join and remain in a company.

Ha₂: There is a significant relationship between performance-based bonus and employee retention.

Correlations

			Performance Based Bonus	Employee Retention
Spearman's rho	Performance Based Bonus	Correlation	1.000	.363**
		Coefficient		
		Sig. (2-tailed)	.	.001
		N	80	80
	Employee Retention	Correlation	.363**	1.000
		Coefficient		
		Sig. (2-tailed)	.001	.
		N	80	80

** . Correlation is significant at the 0.01 level (2-tailed).

Table 7: Spearman's Rank Correlation between Performance-based Bonus and Employee Retention

Based on Table 7, there is a weak, positive correlation between performance-based bonus and employee retention, that was statistically significant, $r = 0.363$, $n = 80$, $p = 0.001$. Since the p -value is lower than 0.05, hence, null hypothesis is rejected. This result indicates

that although performance-based bonus is statistically significant, the relationship with employee retention is weak, suggesting that it is not a strong factor influencing employee retention in the oil and gas sector.

This finding aligns with the unique characteristics of the oil and gas sector, which is known for its high-risk operations and demanding workloads that require precision and consistency. While Hee and Rhung (2019) found that performance-based bonus can enhance motivation and contribute to employee retention, this factor alone is insufficient to explain retention in this context. In such environments, non-monetary factors such as supportive leadership and recognition may have greater influence on helping employees sustain high performance and remain loyal to the organization. Supporting this, Ayari AlHamaqi (2021) reported contrasting findings that highlight the importance of integrating both monetary and non-monetary compensation to sustain workforce loyalty and engagement in this sector.

Ha₃: There is a significant relationship between HR policies and employee retention.

Correlations

			Employee	
			HR Policies	Retention
Spearman's rho	HR Policies	Correlation	1.000	.637**
		Coefficient		
		Sig. (2-tailed)	.	.000
		N	80	80
	Employee Retention	Correlation	.637**	1.000
		Coefficient		
		Sig. (2-tailed)	.000	.
		N	80	80

** . Correlation is significant at the 0.01 level (2-tailed).

Table 8: Spearman's Rank Correlation between HR Policies and Employee Retention

Table 8 showed that there was strong, positive correlation between HR policies and employee retention, which was statistically significant, $r = 0.637$, $n = 80$, $p = 0.000$. Since p -value is less than 0.05, hence null hypothesis is rejected.

Among all the independent variables, only HR policies showed a strong correlation with employee retention. According to the Total Rewards Model, HR policies address employees' concerns and contribute to a supportive work environment, which enhances their sense of belonging. This explains why HR policies had a strong, significant relationship with employee retention in this study.

A well-developed set of HR policies such as ensuring fairness, transparency, and consistent procedures can positively impact employees' decisions to remain with the organization. This finding is further supported by Habsi et al. (2021), who found a positive correlation between HR policies and employee retention in the oil and gas industry in Oman. These results suggest that non-monetary compensation, such as well-developed HR policies, plays a significant role in employee retention in the oil and gas industry, especially in organizations where fairness, transparency, and clear procedures are highly valued by employees. Lastly, this supports the retention strategy proposed in Total Rewards Model.

Ha₄: There is a significant relationship between training and development and employee retention.

Correlations

			Training And Development	Employee Retention
Spearman's rho	Training And Development	Correlation	1.000	.508**
		Coefficient		
		Sig. (2-tailed)	.	.000
		N	80	80

Employee Retention	Correlation	.508**	1.000
	Coefficient		
	Sig. (2-tailed)	.000	.
	N	80	80

** . Correlation is significant at the 0.01 level (2-tailed).

Table 9: Spearman's Rank Correlation between Training and Development and Employee Retention

The results showed a moderate, positive correlation between training and development and employee retention, that was statistically significant, $r = 0.508$, $n = 80$, $p = 0.000$. As the p -value is less than 0.05 ($p < 0.05$), there is enough evidence to reject the null hypothesis.

This result indicates that non-monetary compensation, such as training and development, does influence employee retention. The moderate correlation suggests that non-monetary rewards play an important role alongside monetary efforts, supporting a balanced approach to employee retention strategies. Although the relationship is only moderate, it is statistically significant and contributes to employees' intention to stay with the organization.

This result is supported by Hosen (2022), who reported that participation in training and development programs reduced employees' intention to leave. Training and development is also important for employees' career growth, as highlighted by Yimam (2022), who found that the skills gained through such programs contributed to improved performance. The satisfaction of acquiring new skills and completing meaningful tasks enhances job performance and lowers turnover rates. This aligns with Herzberg's Two-Factor Theory, which classifies opportunities for growth and achievement as motivational factors that when fulfilled will lead to greater job satisfaction and improved retention.

4.3.2 Multiple Regression

Ha₅: There is a dominant compensation factor affecting employee retention.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.655 ^a	.429	.398	.70222

a. Predictors: (Constant), Training And Development, Performance-based Bonus, Salary, HR Policies

Table 10: Model Summary of Multiple Regression Analysis

Table 10 revealed that 42.9% of the variance in employee retention can be explained by the four compensation-related predictors in the model, which is salary, performance-based bonus, HR policies, and training and development. The adjusted R^2 is slightly lower at 0.398, which is expected when accounting for the number of predictors in the model. As stated by Ozili (2022), an R^2 value ranging from 0.10 to 0.50 in social science research is generally acceptable, especially when the majority of the predictors are statistically significant. Hence, the model is classified as appropriate for this study.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.736	4	6.934	14.062	.000 ^b
	Residual	36.983	75	.493		
	Total	64.719	79			

a. Dependent Variable: EmployeeRetention

b. Predictors: (Constant), Training And Development, Performance-based Bonus, Salary, HR Policies

Table 11: ANOVA Results of Multiple Regression Model

Based on Table 11, the ANOVA results indicate that the overall regression model is statistically significant, $F(4, 75) = 14.06, p < 0.001$. This suggests that the combination of the four compensation factors significantly predicts employee retention.

Coefficients^a

		Unstandardized		Standardized	
		Coefficients		Coefficients	
Model		B	Std. Error	Beta	t
1	(Constant)	-.089	.619		-.144
	Salary	.183	.155	.178	1.181
	Performance-based Bonus	.062	.148	.042	.422
	HR Policies	.432	.205	.334	2.111
	Training And Development	.294	.154	.211	1.915

a. Dependent Variable: Employee Retention

Table 12: Coefficients Table for Multiple Regression Analysis

In conclusion, a multiple regression analysis was conducted to examine which compensation factors such as salary, performance-based bonus, HR policies, and training and development significantly predicted employee retention. The overall regression model was statistically significant, $F(4, 75) = 14.06, p < 0.001, R^2 = 0.429$. Among the four predictors, only HR policies significantly predicted employee retention ($\beta = 0.334, t = 2.11, p = 0.038$), making it the most dominant predictor in the model. Therefore, there is enough evidence to reject the null hypothesis. The findings revealed that better HR policies are associated with higher levels of employee retention.

While training and development almost reach the level of statistical significance ($\beta = 0.211, t = 1.91, p = 0.059$), it demonstrated a strong predictive value compared to salary and performance-based bonus, which both had non-significant p -values greater than 0.05 ($p > 0.05$).

This indicates that non-monetary compensation like HR Policies and training and development have a greater influence on employee retention than monetary compensation.

Lastly, compared to other predictors HR policies appear to influence more broadly in terms of shaping the employee perceptions of fairness, transparency and organizational support in the oil and gas context. This result is consistent with previous studies by Habsi et al. (2021), Kalia et al. (2023), Vasudevan et al. (2024), and Leong et al. (2022), which highlight the role of well-developed HR policies in reducing turnover. Thus, the strong predictor which is HR policies in this study highlights the importance of developing a strategic and transparent HR policies to improve employee retention in the oil and gas sector.

4.4 Summary of Research Hypothesis

Hypothesis	Analysis Test	Statistical Value	Result
<i>Ha₁</i> : There is a significant relationship between salary and employee retention.	Spearman's Rank Correlation	$r = 0.599$ $p = 0.000$ (Moderate positive correlation, significant)	Reject null hypothesis
<i>Ha₂</i> : There is a significant relationship between performance-based bonus and employee retention.	Spearman's Rank Correlation	$r = 0.363$ $p = 0.001$ (Weak positive correlation, significant)	Reject null hypothesis
<i>Ha₃</i> : There is a significant relationship between HR policies and employee retention.	Spearman's Rank Correlation	$r = 0.637$ $p = 0.000$	Reject null hypothesis

		(Strong positive correlation, significant)	
Ha₄ : There is a significant relationship between training and development and employee retention.	Spearman's Rank Correlation	$r = 0.508$ $p = 0.000$ (Moderate positive correlation, significant)	Reject null hypothesis
Ha₅ : There is a dominant compensation factor affecting employee retention.	Multiple Regression	Overall model: $F(4, 75) = 14.06, p < 0.001$. Most dominant factor: HR Policies $(\beta = 0.334, p = 0.038)$	Reject null hypothesis

Table 13: Summary of Research Hypothesis

4.5 Chapter Summary

This chapter presented the findings of the study based on the analysis of data collected. The results indicated that the null hypotheses were rejected for all four hypotheses. All independent variables salary, performance-based bonus, HR policies, and training and development were found to have a significant and positive relationship with employee retention. Moreover, this study also revealed HR policies as the dominant factor that influence employee retention. The next chapter will provide a summary of the research and discuss the implications, limitations, recommendations, and conclusions of the overall study.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This final chapter concludes the research by discussing the implications of the findings, acknowledging the limitations identified during the study, providing recommendations for future research, and summarizing the overall conclusions drawn from the study.

5.2 Implications of The Study

5.2.1 Implication to Organization/Industry

This study supports previous research on the significant influence of compensation factors on employee retention. The findings revealed that all examined compensation variables had a significant positive relationship with employee retention, although the strength of these relationships are varied. Among them, HR policies is the most dominant factor, indicating that non-monetary compensation has a greater impact compared to monetary compensation. This suggests that organizations, particularly within the oil and gas industry, should consider shifting their focus toward enhancing non-monetary compensation strategies. This includes restructuring strategic HR planning to improve retention rates. Through this effort, organizations can better identify the strengths and weaknesses of their current HR policies and determine which areas require improvement. By implementing well-structured and employee-centered policies, companies can enhance employee satisfaction and improve retention.

5.2.2 Implication to Body of Literature

From a theoretical perspective, the findings of this study support both Herzberg's Two-Factor Theory and the Total Rewards Model by WorldatWork. Herzberg's theory highlights that hygiene factors and motivators independently influence job satisfaction and dissatisfaction.

The results of this study align with the theory by showing that the absence of hygiene factors particularly well-developed HR policies can contribute to employee dissatisfaction and affect retention. This is supported by the regression analysis, which identified HR policies as the most dominant predictor of employee retention. Moreover, motivators, also play a crucial role. In this study, training and development, which is categorized as a motivator, was close to achieving statistical significance as a predictor of employee retention. Despite not reaching the statistical significance, it still showed a strong predictor value compared to salary and performance-based bonus.

On top of that, the findings also support the model used in this study which is the Total Rewards Model by WorldatWork. The model outlines five key components (compensation, benefits, work-life, performance and recognition, and development and career opportunities) as guidelines to attract and retain employees. All of the compensation factors in this study can be mapped to these components, providing empirical support for the model. The significant relationship found between these independent variables and employee retention reinforce the importance of integrating both monetary and non-monetary rewards to enhance retention, especially within the context of the oil and gas industry. Lastly, these findings contribute to the existing body of literature by validating the importance of non-monetary factors in enhancing employee retention, within the oil and gas industry context.

5.2.3 Implication to HR Practitioners

Based on the regression result, HR policies is the dominant predictor of employee retention. This finding highlights the need of well-structured and transparent HR policies to shape positive employee perceptions especially regarding transparency, trust, and also support from the organization. Organization support is important in fostering the sense of belonging among employees. HR practitioners should recognize that employee retention is influenced not

only by monetary factors but also by psychological and emotional needs. To retain employees more effectively, the HR practitioners and organizational leaders must collaborate to shift focus on strengthening policy frameworks that address these needs. A well-developed HR policy framework is to include employees in the decision-making process. This is to promote inclusivity within the organisation. On top of that, policies must be clearly communicated, ensuring that all employees understand their purpose and implications. These policies should not only be implemented, but also regularly reviewed and updated to reflect employee needs and the rapidly changing market trends. Therefore, HR practitioners are urged to adopt a more dynamic and flexible approach to policy management.

5.3 Limitations of The Study

5.3.1 Methodological Limitation

There are several limitations associated with this research, including methodological, measurement, and practical limitations. Firstly, this study utilised a quantitative, cross-sectional design and was limited to employees from a single oil and gas company in Miri. Collecting data at a single point in time through structured questionnaires limits the ability to explore in-depth employee experiences and perceptions. As a result, the findings only give a basic understanding of how compensation factors influence employee retention, because they are based only on responses to 5-point Likert scale questions. To address these issues, future research is encouraged to adopt a qualitative approach, such as interviews to gain in-depth understanding of the factors influencing employees' decision to remain with an organization.

5.3.2 Measurement Limitation

Secondly, the study focused on four selected compensation factors, which may have excluded other important variables that influence employee retention. This limited scope could

potentially affect the completeness of the findings. This is due to not capture the full range of compensation factors that affecting retention. Therefore, future studies should include additional variables such as work-life balance, leadership style, and recognition to better understand how these non-monetary factors influence employees' decisions to remain with their organizations.

5.3.3 Practical Limitation

Lastly, this study was conducted solely within the oil and gas sector. Compensation practices and retention challenges may vary significantly across industries. Therefore, the findings may not be applicable to other industries. The conclusions drawn from this study should be interpreted with caution when applied to other industries. Future research should explore different sectors, such as manufacturing or services, to compare and validate the findings.

5.4 Recommendation

5.4.1 Recommendation for Organization

Organizations should begin to focus on key factors that influence employee retention, such as salary, performance-based bonuses, HR policies, and training and development. A competitive salary should reflect the employee's contribution to the company, as well as their skills and experience. It is recommended that the company review and adjust its salary structure regularly, as employees continue to grow and improve through their work experience.

In addition, the organization is encouraged to revise its performance-based bonus system, especially since this factor showed a weaker relationship with employee retention. One way to improve this is by gathering feedback from employees to understand which parts of the bonus system need changes. For example, bonuses should be transparent and tied to clear and

achievable Key Performance Indicators (KPIs). These KPIs should be specific, measurable, achievable, relevant, and time-bound (SMART), so employees understand what is expected of them and can prioritize their work accordingly. By incorporating employee feedback and aligning the reward system with the company's goals, the organization can improve employee satisfaction and retention.

Another key finding from this study is that HR policies are the most dominant factor influencing employee retention. This highlights the importance of involving employees in the policy-making process. Organizations are encouraged to include employee input when developing or updating HR policies to ensure the policies are relevant and supportive. Policy development should not be a one-sided effort, active involvement from employees at all levels is necessary to create a fair and effective framework. Lastly, it is important for organizations to establish well-structured, employee-centric policies, as these have a strong influence on employee loyalty. Fostering inclusivity and valuing employees' input in the workplace contributes to a more supportive environment. As a result, the likelihood of stay committed to the organisation will increase.

Lastly, given the study found a positive relationship between training and development and employee retention, organizations should invest in continuous learning opportunities. This includes providing workshops, career development programs, mentorship, and coaching sessions. These initiatives are important not only for upskilling employees but also for helping them identify their career paths within the organization. Providing these development opportunities helps employees feel appreciated and encouraged them to grow with the company. In addition, such efforts can help the organization identify and groom potential future leaders, contributing to long-term organizational success.

5.4.2 Recommendation for Future Research

There are few recommendations for future researchers based on the limitations and findings of this study. Firstly, this research only focused on employees within the oil and gas sector. Future research is encouraged to broaden its scope by including other industries, especially those with different working conditions and retention challenges, such as the food and beverage, manufacturing, or service sectors. Exploring a more diverse range of industries would provide more comprehensive findings on how compensation factors influence employee retention across different sectors.

Secondly, since this study found that non-monetary compensation factors have a stronger influence on employee retention compared to monetary rewards, future research should place focus on exploring these aspects in depth. For instance, factors such as work-life balance, leadership style, career development opportunities, and recognition may offer valuable insights into how organizations can retain talent more effectively.

Lastly, future researchers are encouraged to employ qualitative methods such as interviews. This approach allows researchers to explore more deeply the factors that affect employee retention. The findings from qualitative methods may differ, as they involve employees' personal perceptions and experiences, elements that structured questionnaires may not fully capture due to their rigidity. Therefore, qualitative research can provide richer and more meaningful data for both academic studies and practical organizational application.

5.5 Conclusion

In conclusion, this research aimed to analyse the relationship between selected compensation factors which is salary, performance-based bonus, HR policies, and training and development and their impact on employee retention in the oil and gas sector. The findings revealed that all four factors have a positive correlation with employee retention. Among them, HR policies revealed as the most dominant factor influencing retention.

These results highlight the importance of focusing on non-monetary compensation, as monetary compensation alone does not guarantee employee loyalty. Retaining employees is not a simple task, it requires ongoing effort and commitment. While salary and performance-based bonuses are important, creating a fair, transparent, and inclusive workplace where employees are involved in decision-making and given opportunities for growth makes them feel valued and supported. This aligns with Herzberg's Two-Factor Theory, which suggests that hygiene factors and motivators independently influence employee satisfaction. The absence of either can lead to dissatisfaction. Therefore, more motivated and satisfied employees are more likely to remain with their organization.

In summary, this study emphasizes the need for organizations to strike a balance between monetary and non-monetary compensation strategies in order to effectively improve employee retention.

APPENDIX

Section A: Demographics

Bahagian A: Demografi

1. Gender/*Jantina*

Male

Female

2. Age/*Umur*

Less than 20 years old

21 to 30 years old

31 to 40 years old

41 to 50 years old

51 to 60 years old

61 years old and above

3. Job Level/*Peringkat Jawatan*

Non-Executive

Junior Executive/Engineer

Executive/Engineer

Senior Executive/Senior Engineer

Manager

Senior Manager

4. Length of Service/*Tempoh Perkhidmatan*

0-2 Years

3-5 Years

6-10 Years

11 Years and above

5. Employment Status/*Status Pekerjaan*

Permanent

Contract

6. Salary Range/*Julat Gaji*

Below RM3,000

RM3,000 – RM4,999

RM5,000 – RM6,999

RM7,000 – RM9,999

RM10,000 and above

Section B (i): Salary**Bahagian B (i): Gaji**

Please rate your agreement with the following statements using the scale provided. Select the option that best represents your opinion.

Sila nyatakan tahap persetujuan anda terhadap pernyataan berikut dengan menggunakan skala yang disediakan. Pilih skala yang paling menggambarkan pendapat anda.

Please use the following rating scales.

Sila gunakan skala penilaian berikut.

1 – Strongly disagree/Sangat tidak setuju

2 – Disagree/Tidak setuju

3 – Neutral

4 – Agree/Setuju

5 – Strongly Agree/Tidak setuju

No.	Items	5-Likert Scale				
1.	I am satisfied with the pay I receive. <i>Saya berpuas hati dengan gaji yang saya terima.</i>	1	2	3	4	5
2.	I am satisfied with the pay I receive compares to that of similar jobs in other companies. <i>Saya berpuas hati dengan gaji yang saya terima berbanding dengan pekerjaan serupa di syarikat lain.</i>	1	2	3	4	5
3.	The company I work for fairly treats its employees in terms of pay. <i>Syarikat tempat saya bekerja melayan pekerjaanya dengan adil dari segi gaji.</i>	1	2	3	4	5
4.	I am satisfied with my current salary size. <i>Saya berpuas hati dengan saiz gaji saya sekarang.</i>	1	2	3	4	5
5.	The salary I receive is suitable to my line of work. <i>Gaji yang saya terima sesuai dengan bidang kerja saya.</i>	1	2	3	4	5
6.	I am satisfied with my most recently salary increase. <i>Saya berpuas hati dengan kenaikan gaji saya yang terbaru.</i>	1	2	3	4	5
7.	I am satisfied with the salary increase I have typically received in the past. <i>Saya berpuas hati dengan kenaikan gaji yang saya terima sebelum ini.</i>	1	2	3	4	5
8.	I am satisfied with my overall level of pay. <i>Saya berpuas hati dengan tahap gaji saya secara keseluruhan.</i>	1	2	3	4	5

Section B (ii): Performance-based bonus
Bahagian B (ii): Bonus berasaskan prestasi

Please rate your agreement with the following statements using the scale provided. Select the option that best represents your opinion.

Sila nyatakan tahap persetujuan anda terhadap pernyataan berikut dengan menggunakan skala yang disediakan. Pilih skala yang paling menggambarkan pendapat anda.

Please use the following rating scales.

Sila gunakan skala penilaian berikut.

1 – Strongly disagree/Sangat tidak setuju

2 – Disagree/Tidak setuju

3 – Neutral

4 – Agree/Setuju

5 – Strongly Agree/Tidak setuju

No.	Items	5-Likert Scale				
1.	The performance-based bonus improves the cascading of performance targets to delivery units. <i>Bonus berasaskan prestasi meningkatkan penyaluran sasaran prestasi kepada unit penyampaian.</i>	1	2	3	4	5
2.	The performance-based bonus helps individuals better understand their roles and organizational strategies. <i>Bonus berasaskan prestasi membantu individu memahami dengan lebih baik peranan mereka dan strategi organisasi.</i>	1	2	3	4	5
3.	Performance-based bonus inspires me to perform better the required tasks assigned to be achieved every year. <i>Bonus berasaskan prestasi memberi dorongan kepada saya untuk melaksanakan tugas yang diberikan dengan lebih baik setiap tahun.</i>	1	2	3	4	5
4.	Performance-based bonus creates an environment of greater teamwork and camaraderie among employees. <i>Bonus berasaskan prestasi mewujudkan persekitaran kerja berpasukan dan semangat setiakawan yang lebih tinggi dalam kalangan pekerja.</i>	1	2	3	4	5
5.	Performance-based bonus promotes friendly competition among employees. <i>Bonus berasaskan prestasi menggalakkan persaingan sihat dalam kalangan pekerja.</i>	1	2	3	4	5
6.	The performance-based bonus helps improve the quality of output every year. <i>Bonus berasaskan prestasi membantu meningkatkan kualiti hasil kerja setiap tahun.</i>	1	2	3	4	5
7.	The performance-based bonus supports the achievement of performance indicators every year. <i>Bonus berasaskan prestasi menyokong aras pencapaian prestasi setiap tahun.</i>	1	2	3	4	5
8.	Performance-based bonus has contributed to the way employees perform. <i>Bonus berasaskan prestasi telah menyumbang kepada cara pekerja melaksanakan tugas mereka.</i>	1	2	3	4	5

9.	Performance-based bonus ensures that work is done within the acceptable timeline. <i>Bonus berasaskan prestasi memastikan kerja disiapkan dalam garis masa.</i>	1	2	3	4	5
10.	Performance-based bonus improves the productivity. <i>Bonus berasaskan prestasi meningkatkan produktiviti.</i>	1	2	3	4	5
11.	The performance-based bonus boosts employee morale. <i>Bonus berasaskan prestasi meningkatkan semangat kerja pekerja.</i>	1	2	3	4	5

Section B (iii): HR Policies

Bahagian B (iii): Dasar Sumber Manusia

Please rate your agreement with the following statements using the scale provided. Select the option that best represents your opinion.

Sila nyatakan tahap persetujuan anda terhadap pernyataan berikut dengan menggunakan skala yang disediakan. Pilih skala yang paling menggambarkan pendapat anda.

Please use the following rating scales.

Sila gunakan skala penilaian berikut.

1 – Strongly disagree/Sangat tidak setuju

2 – Disagree/Tidak setuju

3 – Neutral

4 – Agree/Setuju

5 – Strongly Agree/Tidak setuju

No.	Items	5-Likert Scale				
1.	I am satisfied with the pay structure of the company. <i>Saya berpuas hati dengan struktur gaji syarikat.</i>	1	2	3	4	5
2.	I am satisfied with the information of the company gives about pay issues that are of concern to me. <i>Saya berpuas hati dengan maklumat yang diberikan oleh syarikat mengenai isu gaji yang menjadi perhatian saya.</i>	1	2	3	4	5
3.	I am satisfied with the consistency of the company's pay policies. <i>Saya berpuas hati dengan konsistensi dasar gaji syarikat.</i>	1	2	3	4	5
4.	I am satisfied with how the company administers pay. <i>Saya berpuas hati dengan cara syarikat menguruskan pembayaran gaji.</i>	1	2	3	4	5
5.	Higher compensation is paid as compared to other similar organizations. <i>Ganjaran yang lebih tinggi dibayar berbanding dengan organisasi lain yang setara.</i>	1	2	3	4	5
6.	My organization offers me a salary that is compatible with my skills. <i>Organisasi saya menawarkan gaji yang setara dengan kemahiran saya.</i>	1	2	3	4	5
7.	My organization offers me a salary that is compatible with my level of education. <i>Organisasi saya menawarkan gaji yang setara dengan tahap pendidikan saya.</i>	1	2	3	4	5

8.	The organization I work for remunerates me according to the remuneration offered at either the public or private marketplace levels. <i>Organisasi tempat saya bekerja memberi imbuhan mengikut kadar yang ditawarkan sama ada di pasaran sektor awam atau swasta.</i>	1	2	3	4	5
9.	The organization I work for considers the expectations of its employees when designing a system of employee rewards. <i>Organisasi tempat saya bekerja mengambil kira jangkaan pekerja dalam merangka sistem ganjaran pekerja.</i>	1	2	3	4	5
10.	The organization I work for considers the suggestions of its employees when designing a system of employee rewards. <i>Organisasi tempat saya bekerja mengambil kira cadangan pekerja dalam merangka sistem ganjaran pekerja.</i>	1	2	3	4	5

Section B (iv): Training and Development
Bahagian B (iv): Latihan dan Pembangunan

Please rate your agreement with the following statements using the scale provided. Select the option that best represents your opinion.

Sila nyatakan tahap persetujuan anda terhadap pernyataan berikut dengan menggunakan skala yang disediakan. Pilih skala yang paling menggambarkan pendapat anda.

Please use the following rating scales.

Sila gunakan skala penilaian berikut.

1 – Strongly disagree/Sangat tidak setuju

2 – Disagree/Tidak setuju

3 – Neutral

4 – Agree/Setuju

5 – Strongly Agree/Tidak setuju

No.	Items	5-Likert Scale				
1.	Our company conducts extensive training and development programs for employees. <i>Syarikat kami menjalankan program latihan dan pembangunan yang meluas untuk pekerja.</i>	1	2	3	4	5
2.	There are formal training evaluation methods to assess the effectiveness of the training. <i>Terdapat kaedah penilaian latihan formal untuk menilai keberkesanan latihan.</i>	1	2	3	4	5
3.	Training and development have resulted in higher employee performance in our company. <i>Latihan dan pembangunan telah meningkatkan prestasi pekerja di syarikat kami.</i>	1	2	3	4	5
4.	The company supports me in my efforts to continuously improve my knowledge. <i>Syarikat menyokong usaha saya untuk terus meningkatkan pengetahuan saya.</i>	1	2	3	4	5
5.	The company supports me in my efforts to continuously improve my skills.					

	<i>Syarikat menyokong usaha saya untuk terus meningkatkan kemahiran saya.</i>					
6.	The company provides a program of training and development activities that meets the needs of employees. <i>Syarikat menyediakan program latihan dan aktiviti pembangunan yang memenuhi keperluan pekerja.</i>	1	2	3	4	5
7.	The company continuously updates and improves its training and development programs. <i>Syarikat sentiasa mengemas kini dan memperbaiki program latihan dan pembangunan mereka.</i>	1	2	3	4	5
8.	Training and development give employees an opportunity to learn the skills that will help them to get rewarded and promoted. <i>Latihan dan pembangunan memberi peluang kepada pekerja untuk mempelajari kemahiran yang akan membantu mereka diberi ganjaran dan dinaikkan pangkat.</i>	1	2	3	4	5
9.	Training and development give employees an opportunity to learn the behaviors that will help them to get rewarded and promoted. <i>Latihan dan pembangunan memberi peluang kepada pekerja untuk mempelajari tingkah laku yang akan membantu mereka diberi ganjaran dan dinaikkan pangkat.</i>	1	2	3	4	5
10.	In general, I am satisfied with the range of training and development opportunities available. <i>Secara keseluruhan, saya berpuas hati dengan pelbagai peluang latihan dan pembangunan yang tersedia.</i>	1	2	3	4	5

Section C: Employee Retention

Bahagian C: Pengekalan Pekerja

Please rate your agreement with the following statements using the scale provided. Select the option that best represents your opinion.

Sila nyatakan tahap persetujuan anda terhadap pernyataan berikut dengan menggunakan skala yang disediakan. Pilih skala yang paling menggambarkan pendapat anda.

Please use the following rating scales.

Sila gunakan skala penilaian berikut.

1 – Strongly disagree/Sangat tidak setuju

2 – Disagree/Tidak setuju

3 – Neutral

4 – Agree/Setuju

5 – Strongly Agree/Tidak setuju

No.	Items	5-Likert Scale				
1.	I never intended to quit my current job. <i>Saya tidak pernah berniat untuk berhenti dari pekerjaan saya sekarang.</i>	1	2	3	4	5
2.	I will not leave my job if I get a job with the same terms and conditions in another company.	1	2	3	4	5

	<i>Saya tidak akan meninggalkan pekerjaan saya jika saya mendapat pekerjaan dengan terma dan syarat yang sama di syarikat lain.</i>					
3.	I will not leave my job if I get a job with the same income in another company. <i>Saya tidak akan meninggalkan pekerjaan saya jika saya mendapat pekerjaan dengan pendapatan yang sama di syarikat lain.</i>	1	2	3	4	5
4.	I want to stay with my company because there is career advancement for me. <i>Saya ingin kekal di syarikat saya kerana terdapat peluang kemajuan kerjaya untuk saya.</i>	1	2	3	4	5
5.	I want to stay with my company because the job description matches my skills. <i>Saya ingin kekal di syarikat saya kerana deskripsi kerja sepadan dengan kemahiran saya.</i>	1	2	3	4	5
6.	I want to stay with my company because the job description matches my experience. <i>Saya ingin kekal di syarikat saya kerana deskripsi kerja sepadan dengan pengalaman saya.</i>	1	2	3	4	5
7.	I want to stay with my company because the job description matches my education. <i>Saya ingin kekal di syarikat saya kerana deskripsi kerja sepadan dengan pendidikan saya.</i>	1	2	3	4	5
8.	I never thought of looking for another company to work for. <i>Saya tidak pernah terfikir untuk mencari syarikat lain untuk bekerja.</i>	1	2	3	4	5
9.	I talk of this organization as a great place to work. <i>Saya bercakap mengenai organisasi ini sebagai tempat kerja yang hebat.</i>	1	2	3	4	5
10.	I feel loyal and committed to this organization. <i>Saya berasa setia dan komited terhadap organisasi ini.</i>	1	2	3	4	5

PERMISSION LETTER

Fakulti Sains Kognitif dan Pembangunan Manusia
Faculty of Cognitive Sciences and Human Development



UNIMAS/NC-16.03/04-13/01 Jld.43 (20)

29 April 2025

Mr Joseph ak Ukau
Senior Executive Human Capital
Petra Resources Sdn Bhd
Lot 10153-10156
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98000 Miri
Sarawak

Tuan,

Permohonan Menjalankan Kajian/Soal Selidik Bagi Projek Tahun Akhir

Dengan segala hormatnya perkara di atas dirujuk,

Dengan ini disahkan bahawa pelajar Leoney Essay anak Jimi (84313) adalah pelajar **Program Pembangunan Sumber Manusia**, Fakulti Sains Kognitif dan Pembangunan Manusia, Universiti Malaysia Sarawak (UNIMAS). Beliau sedang menjalankan kajian untuk menyiapkan Projek Tahun Akhir bagi memenuhi syarat bergraduat program tersebut.

Maklumat lanjut tentang pelajar dan kajian adalah seperti berikut:

Tajuk Kajian	: <i>"The Relationship Between Selected Compensation Factors Affecting Employee Retention in The Oil And Gas Industry"</i>
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Sehubungan itu, sukacita kiranya pihak tuan dapat memberikan kerjasama kepada pelajar berkenaan untuk mendapatkan maklumat yang diperlukan. Segala maklumat yang diperolehi akan hanya digunakan untuk tujuan akademik semata-mata dan dijamin akan kerahsiaannya.

Di atas kerjasama yang diberikan oleh pihak tuan, kami dahului dengan ucapan setinggi-tinggi terima kasih.

Sekian,

Yang benar,

Julia Anak Clifton Akoi@Empadeng
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