Perceived HR Practices and Intention to Quit of Generation X and Y in Unionize Organization

Vimala Kadiresan1, Ramesh Kumar Moona Haji Mohamed2, Charles Ramendran SPR3, Shanti Nadarajah4, Samad Kakar5

1Faculty of Business, Accounting and Management (FOBAM) SEGi University, Kota Damansara, Petaling Jaya 47810, Malaysia
2, 3, Faculty of Business and Finance, Universiti Tunku Abdul Rahman Kampar, 41900, Malaysia
6International Business School, Universiti Teknologi Malaysia, 81310 Johor Baru, Malaysia
*Corresponding author Email: vimalakadiresan@segi.edu.my

Abstract

Hotel industry is one of the important segments that contribute greatly to the world’s economy. The intention of employees to quit is very crucial in any organization especially in the service industry. The importance of this study is to provide some insights on how organizations, (specifically hotel industry) could apply various management styles to different generations in the workplace. Nearly 269 usable survey questionnaires have been collected from 25 unionize hotel employees in Peninsular of Malaysia and the data has been analyzed with partial least squares (PLS) 2.0. The studies reveal that factors like performance appraisal and remuneration are not important factors for Gen Y employees to leave the organization. Moreover R square shows 58.6 %, which negatively relates to an intention to quit, explaining total variance. The findings show that, Gen Y have a set of characteristics that is different from other employees and they are always on a look out to innovate and highlight their talents. Furthermore, the findings of this study provide some practical implications on the effect of the intention to quit in the hotel industry. It also could help the managers and Human Resource department to have better understanding in managing and coping with the turnover issues in the hotel industry.

Keywords: Intention to Quit, Remuneration, Performance Appraisal, Training and Development, Gen Y, Gen X.

1. Introduction

Globally, hotel industry serves to have a significant impact on the economic development of the country, especially on the employment rate. The turnover rate in the hotel industry has outnumbered the turnover rate in other services industry over the past few years. According to the labour turnover rate has been increasing subject to several reasons. Human resource practices are among the reason discussed in relation to the turnover rate in the hotel industry. Several studies were undertaken on the intention to quit among the hotel employees globally and locally. Most of the studies were based on gender statistics and the relationship to job satisfaction. However, there is lack of further studies in comparing the generation X (also known as Gen-Xers) and generation Y (Gen-Yers), which is clearly related to the employment in the hotel industry. In general, some studies have discussed about managing these two generations at the workplace. Furthermore, the perceived intention to quit of these generations X and Y have never been studied especially in Unionize organization. This is because the number of union membership in Malaysia decreased from 889,718 in 2012 to 889,600 in 2013 despite an increase in the number of union from 694 in 2012 to 696 in 2013. The researcher states that the phenomena are not only in Malaysia but globally too. It is vital for the organization to understand both generation X and generation Y at a workplace because in order to be successful, they have to play the best role in assimilating these two generations’ cultures and attributes to minimize conflicts. Both generations had entered the workforce with their unique working style and needs. Management needs to engage Gen-Xers and Gen-Yers by giving further attention to leadership support, communication and technology-oriented environment in the organization. These two generations have their own unique ethics, values, ideas and experiences in the working environment. Therefore, it is vital for the study to be conducted in order to analyze the most appropriate management approaches for this multi-generational workforce and their intention to quit in the hotel industry. This study aims to investigate the relationship between human resource management practices and generation X and Y’s intention to quit. The importance of this study is to provide some insights on how organizations, (specifically hotel industry) could apply various management styles to different generations in the workplace. The research objectives are:

1. To determine whether human resource management practices have a negative relationship on intention to quit in Hotel Industry.
2. To determine whether generation differences moderate the relationship between human resource management practices and intention to quit.

2. Literature Review

2.1 Generation

This research paper emphasizes only on two generations; generation X and Y. In Generation X individuals were born between 1965 and 1980. The members of this cohort prefer a healthier work-life balance and they are more appreciative towards rewards and recognitions in the organization. Furthermore, in order to keep
Gen X motivated and challenged in the office, it is to be understood that they prefer multitasking⁴. Also,⁷ added that Gen X would do job hop for the higher positions, nevertheless they will be loyal to the organization if they are offered job flexibility and attractive benefits. Generation Y also known as Millennials or Nexters are raised by Gen X and called late baby boomers. The members in this generation were born between 1981 and 2001. They are fast learners, more adaptive to the changes in technologies and they favor to respond quickly to all the text messages. They obtain all the updated information through videos and websites. These Gen Y individuals prefer flexible work schedules and would refuse strict procedures in the organization.

2.2 Intention to Quit

Few scholars have defined the term ‘intention to leave’. This mostly refers to the employees who leave the organization voluntarily after other job offers were made available to them. It is also known as the employee’s departure from the organization⁸,⁹. Also, studies had emphasized that, intention to leave the organization will happen when the employees is considering to exit the organization due to experience disappointment in the working environment ¹⁰,¹¹.

2.3 Human Resources Practices

According to the review done by¹² further research had shown the relationship between the human resource practices and turnover rate. It is also agreed by few researchers¹³ that, the effective human resource management practiced by the organization will increase the commitment level of the employees and their intention to remain in the organization. Human resource practices are said to be the main approach for employees to further understand their employment matters¹⁴. Among the human resource practices that are important as discussed in this paper are training and development, performance appraisal and also remuneration to the employees¹⁵.

2.4 Hypothesis Development

2.4.1 The Relationship between Training and Development and Intention to Quit

Employees’ training and development is one of the most significant duties in Human Resources, as it is more concerned more on the employees’ growth of skills and interpersonal traits. The training and development programs in the organization are needed because it would help to sustain the abilities of the employees that could be beneficial to the company as a whole¹⁶. It is also the process of continuous learning in employees that is closely linked to job satisfaction. It creates great support system in the organization once the employees are involved in an appropriate training and development module. Good training not only focuses on the employees’ competencies, but also ensures that the employees could perform well by meeting the company’s long-term objectives. It also would lead the employees to acquire new skills and enhance their job performance¹⁷. Therefore, there is a positive relationship between the intention to quit and training provided by the organization¹⁸,¹⁹.

H1: There is a negative relationship between training and development and intention to quit

2.4.2 The Relationship between Performance Appraisal and Intention to Quit

In order for the organizations to determine the competencies of the employees, a good performance appraisal system should be practiced by the HR management. This system could help to establish the employees’ weaknesses and strengths and take further action to enhance their skills that could possibly require for their career development in future. It is also important as part of motivation tool for any organization to decide on the rewards to the employees. ¹⁰,²¹ also asserted that, performance appraisal is the proper system to review and assess the employees’ performance. It is to understand and to clarify the areas that need further improvement and act as a feedback tool on the employees’ performance. Through the performance appraisal system, it will help to increase the productivity will be increased and strengthen the employees’ commitment would be strengthened. Performance appraisal system also It could also help the organization to understand the needs of future changes on remuneration practices. ²⁰ also emphasized that the outcomes from the appraisal system could facilitate HR department for their future planning.

H2: There is a negative relationship between Performance appraisal and intention to quit

2.4.3 The Relationship between Remuneration and Intention to Quit

Tangible and intangible rewards provided by the organizations are also one of the crucial influenced factors for the employees to maintain their tenure. Remuneration elements such as recognition, leaves, pay scheme and medical benefits should be another motivation tool for the employees to prove and enhance their individual skills and performance²⁷. It is also supported by other scholars that healthier salary and remuneration strategies will lead to higher job satisfaction and commitment which could directly reduce the turnover rate of the employees. In addition to that, it emphasizes that the employees’ intention to leave was notably influenced by these tangible rewards²²,²³. Good remuneration packages approach will benefit the organization in terms of employees’ turnover rate, as it will be costly if the organization has higher number of turnover rate²⁰,²⁴.

H3: There is a negative relationship between Remuneration and intention to quit

2.4.4 The Relationship between Training, Development, and Intention to Quit of Generation X and Y

Training and development are required for organizations to be competitive in this very challenging environment. Organizations believe that providing skills to the employees could motivate them a motivation to remain in the organization. According to²⁵, organizations must have a strategy in their HR practices in order to create commitment among the workers through HR activities including training and development. The Gen X who are more independent are always in a move in organizations. They do not like to be static in terms of positions or knowledge. They always want to progress and have continuous learning. This generation workers need training else they tend to start looking for other career opportunities. On the other hand, Gen Y looks into career development. For this generation, training and development gives them confidence that the organization wants to enhance their skills and they feel motivated with that ²⁶. But, according to²⁷ the employee turnover rate is inversely related to the amount of training being offered.

H4: Gen X & Y moderate the negative relationship between Training and development and intention to quit

2.4.5 The Relationship between Performance Appraisal and Intention to Quit of Generation X and Y

Performance appraisals are done by the appraiser to the subordinates.²⁸ suggested that it is very important that the appraiser ensures that the quality of the appraisal done to the employee is not biased. The performance appraisal as expected by the employee is quality and should reflect on the actual performance. Employees sometimes become demotivated with the outcome and will not be satisfied. This will cause the employee to seek for intention to quit as a consequence of dissatisfaction on the appraisal system. ²⁹ mentioned that performance appraisal is an important tool for the organization to identify the reward that the employees should get.
relates that reward systems also motivate the employees to achieve certain standards in relation to their work. This also provides a sense of belonging and creates confidence in them to retain in the organization. Also suggested that performance appraisal helps to distinguish the strength of employees in order to assist them in their career growth. This helps in creating the synergy of organization whereby the trust and commitment towards the organization increases and intention to quit decreases.

H5: Gen X & Y moderate the negative relationship between Performance appraisal and intention to quit

2.4.6 The Relationship between Remuneration and Intention to Quit of Generation X and Y

According to employee’s intention to quit is highly associated with their pay satisfaction. The employees expect that the pay should increase with their tenure at the workplace. But, when the organization uses the merit system to identify on the pay increase, they become demotivated. This leads to low commitment and eventually the employee’s intent to quit for a better pay. According to compensation is also an important factor for employees that induce their intention to quit from the workplace. Based on findings from bad pay system leads to high turnover trends among employees. emphasizes that wage or pay practice influenced the employee turnover and it is also understood that employees are more loyal with the pay increase.

H6: Gen X & Y moderate the negative relationship between remuneration and intention to quit

3. Method

The sampling frame consisted of the hotels that recognized trade union in their workplace. The sampling units were the lower level operation employees working in five star hotels. Currently there are 123 unionize hotels which are spread across the state of Malaysia, which located in several states in Malaysia. There are a total of 25 unionize five-star hotels that have been identified from a list provided by the Malaysian Associations of Hotels (MAH) and National Union of Restaurant Hotels and Bar (NURHB) Malaysia. Based on the sample size and population formulas reported by 24 samples have been selected. Out of the total 24 five star hotels, only 18 hotels have participated. A total of 269 usable survey questionnaires have been collected from unionize hotel employees in Peninsular of Malaysia. To analyze the data collected, the partial least squares (PLS) method was used.

4. Results and Discussions

The Smart PLS M2 Version 2.0 and two-step analysis approach were adopted to analyze the data. The bootstrapping method (500 resample) was also carried out to determine the significance levels for the loadings, weights and path coefficients. Figure 1 demonstrates the research model

![Structural model](image)

The composite reliability values (see Table 2), which depict the degree to which the construct indicators indicate the latent construct, ranged from 0.854 to 0.926, which exceeded the recommended value of 0.7 . The average variance extracted, which reflects the overall amount of variance in the indicators accounted for by the latent construct, were in the range of 0.503 and 0.714, which exceeded the recommended value of 0.5 . Table 2 depicts the results of convergent validity.

<table>
<thead>
<tr>
<th>Table 2: Convergent validity</th>
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<tbody>
<tr>
<td>Item</td>
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<tr>
<td>GenX</td>
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<tr>
<td>GenY</td>
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<tr>
<td>IntAppraisal</td>
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<tr>
<td>Comp</td>
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<tr>
<td>GenX Appraisal</td>
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<td>GenY Appraisal</td>
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<tr>
<td>Remuneration</td>
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<td>GenX Remuneration</td>
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<td>GenY Remuneration</td>
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<tr>
<td>Training</td>
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<td>GenX Training</td>
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<td>GenY Training</td>
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</tbody>
</table>

4.1. Discriminant Validity

Discriminant validity is the extent to which the measures do not reflect other variables and it is indicated by low correlations between the measure of interest and the measures of other constructs. As shown in Table 3, the squared correlations for each construct were less than the square root of the average variance extracted by the indicators measuring that construct, indicating adequate discriminant validity.

Table 3: Discriminant validity

<table>
<thead>
<tr>
<th>Table 3: Discriminant validity</th>
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<tbody>
<tr>
<td>Construct</td>
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<tr>
<td>------------</td>
</tr>
<tr>
<td>IntAppraisal</td>
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<tr>
<td>GenX Appraisal</td>
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<td>GenY Appraisal</td>
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<td>Remuneration</td>
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<td>Training</td>
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<td>GenX Training</td>
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<td>GenY Training</td>
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</table>

4.2. Structural Model

The structural model indicates the causal relationships among the constructs in the model which includes the estimates of the path coefficients and the R2 value (0.586), which determine the predictive power of the model. Together, the R2 and path coefficients (loadings and significance) indicate how well the data support the hypothesized model . Table 4 and figure 1 show the results of the structural model from the PLS output. Training H1 (b = -0.302,
p<0.05), H3 (b = -0.480, p<0.05), H5 (b = -0.270, p<0.05), and H6 (b = 0.246, p< 0.05), explaining 58.6 % of the variance, thus H1, H3, H5 and H6 of this study is supported. H2 (b = 0.123, p<0.05), H4 (b = 0.102, p<0.05) are not supported.

<table>
<thead>
<tr>
<th>No.</th>
<th>Hypothesis</th>
<th>B</th>
<th>Std. E</th>
<th>T Value</th>
<th>Decision</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>H1: Training - Intention to leave</td>
<td>-0.342</td>
<td>0.117</td>
<td>3.061</td>
<td>Supported</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>H1: Performance Appraisal - Intention to leave</td>
<td>0.123</td>
<td>0.092</td>
<td>1.353</td>
<td>Not supported</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>H3: Remuneration - Intention to leave</td>
<td>-0.440</td>
<td>0.102</td>
<td>4.386</td>
<td>Supported</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>H4: Training + Generation X-Y - Intention to stay</td>
<td>0.012</td>
<td>0.153</td>
<td>0.103</td>
<td>Not supported</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>H5: Performance Appraisal + Generation X-Y</td>
<td>-0.250</td>
<td>0.145</td>
<td>1.747</td>
<td>Supported</td>
<td></td>
</tr>
</tbody>
</table>

Table 4: Hypothesis results

**H1**
Training and development is very essential in hotel services as they need exposure and experience on the task related to providing services to customer. In this line, the employees believe that they need the knowledge to adhere to the activities related to the work in hotels. Employees feel that the organization cares and invests on their development by conducting training and development programmes. This care and appreciation from employers provides committed towards the organization. Besides, also pointed out that training and development could encourage employees to contribute to the organization and also create positive attitude among them.

**H2**
found that negative and significant relationship indicate a clear correlation between the respondents perception of performance appraisal satisfaction and employee turnover intention. found that performance appraisal satisfaction and turn over intention had negative and significant relationship and the finding by  also indicates performance appraisal satisfaction had negative and significant correlation with turnover intention.

**H3**
Remuneration is an important aspect for employees as the factor plays a significant role in their decision to stay in the organization or leave the workplace for better pay and benefits. When the remuneration is attractive, the employees are highly motivated and committed to remain in the organization. As such, their intention to quit becomes low since they are happy to remain in the organization. Based on , salary is the main cause for employees’ intention to quit.

**H4**
According to , generation Y employees tend to change their career and have at least career changes throughout their employment. Generation Y rely on their immediate supervisors more than any other individual for training opportunities.

**H5**
Generation Y intention to quit is high although the performance appraisal is good. Generation Y are very highly confident people as for them they feel that they do not have to depend on assessment from others. They will find ways to improve themselves and believe that they are good at anything that they embark. They expect that the organization should give them opportunities to grow and this is important for the employees to remain in the organization. According to , Gen Y employees tend to seek autonomy, freedom and social involvement. They are also looking for employers who are slightly different from others. Thus, these are important contributors for their intention to stay on with the organization.

**H6**
Generation Y still leaves the organization although the remuneration is good because these group of workers are self-motivated based on what they do at work. According to , generation Y have high expectations from the organizations that they work for. So, when their expectations are not being met, they would want to leave the organization. According to , remuneration is not sufficient to retain the Generation Y employees.

### 5. Conclusion
The study was conducted to study the relationship of different factors that contribute to the intention to quit among the employees in hotels. There have been several factors that are significantly important for the intention to quit. However, studies also revealed that factors like performance appraisal and remuneration are not important factors for Gen Y employees to leave the organization. Gen Y have a set of characteristics that are different from other employees and they always look for ways to innovate and highlight their talents. Generation Y employees are highly technology oriented generation. These group of employees are very independent. With these characteristics, they expect the same at the workplace too.

Unfortunately, when there is policy in place as such, they have to go through probation for certain period. They are not given difficult or critical tasks during that period. This makes the Gen Y employees to feel that they do not contribute and they feel reluctant to be in the organization. Based on , generation Y employees are looking for their organization to be very dynamic and challenging all the time. Besides that, they also feel they are not trusted when the organization tends to block social networking sites during work. They feel that they could blend social networking in their work. According to , generation Y also gets bored very fast and they tend to move on to other tasks that interest them.

Employees’ intention to quit is very crucial in any organization especially in the service industry. This is because, retaining employees is essential especially keeping the skills and knowledge required to take up their task in the hotel industry. Besides, employees in the hotel industry also need to have individual interaction while providing services to the guests, so the experience and attachment at the workplace also plays an important role. Employers must ensure that employees are happy and willing to continue providing the services.

This study provides in depth measurement and analysis for employers to understand the Gen X and Gen Y employees in the hotel industry. With the analysis undertaken, there is hope that this study could help the organizations to well-manage their employees’ intention to quit.

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