Gen Y's Needs and Intention to Stay in the Banking Sector, Mediated by Perceived Organizational Support

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Abstract

Previous studies have shown that banks in Malaysia play a critical role in generating spillover effects to other sectors and creating new industries for the economy. However, in today's competitive corporate environment, especially in the banking sector, retaining their highly skilled and knowledgeable employees is still one of their biggest challenges. Despite numerous perks, rewards and benefits given to the Gen Y employees, past scholars have found that the employers were still not able to retain them. Gen Y are known for their technological and internet expertise, however, they are seemed to be outspoken, not loyal, and unable to stay long in an organization. Therefore, the aim of this concept paper is to determine the impact of social, emotional and learning needs towards the intention to make Gen Y employees stay in the banking sector in Malaysia. Incapable of retaining the Gen Y employees will make employers incur severe losses in terms of money, rapid recruitment, training and career succession planning. Therefore, to maintain high quality, competent and knowledgeable employees, we must understand the Gen Y's intention to stay with regard to their social, emotional and learning needs. Consequently, we can plan and implement contemporary human resource functions related to this young generation effectively, in order for them to perform their duties diligently and how they could be retained in the banking industry.

Keywords: Organization, Generation Y, Rewards, Benefits, Intention to stay

Introduction

In today's competitive corporate environment, retaining their highly skilled and knowledgeable employees is still one of the biggest challenges to many organizations, globally and locally. As the banking sector has some challenges, (Ebiringa, 2011) revealed that to retain Gen Y employees will be a huge and crucial task, especially as they are known to be outspoken, like to job hop and not loyal to the organization. According to a survey done by Towers Watson, (2013, the turnover rate in the financial services in Malaysia has increased significantly from 7.4% in 2012 to 13.3% in 2013, (Towers Watson, 2013), this might be due to high workload and stringent time frame to meet the deadline in the banking industry (Ab Rahman, 2012). Therefore, despite the high turnover rate, global challenges and tremendous domestic financial growth, Malaysian banks need to retain their competent and knowledgeable Gen Y employees, for their own organizational survival and global competitiveness. However, support from the organization is equally important (Eisenberger, 1990). If

the organizational support is not provided by the organization, employees' commitment and motivation will be low and employees might not be retained.

Given the importance among the Gen Y employees intention to stay in the banking sector, this study gives a general review of the concept of social, emotional and learning needs of Gen Y in relation to their intention to stay in the banking sector. The aging population among Gen X who controls almost half the working population and leaving the banking sector soon so that they will be replaced by the Gen Y. Thus, retention of Gen Y is crucial otherwise Malaysia would not be able to meet Vision 2020 and to develop the nation. Sustainability of the organization especially in the banking sector will also be affected. Firstly, this paper is structured by displaying the conceptual framework. Secondly, the essential elements of social, emotional and learning needs of Gen Y as described in the literature are outlined.

Conceptual Framework

Figure 1 below conceptualizes the effect of social, emotional and learning needs with POS as the mediator and intention to stay. For this study, the researchers adopted Allen (2003) and Patriota's (2009) model by adding social, emotional and learning needs which are relevant for Generation Y employee retention. The Maslow (1943) Hierarchy of Needs Theory and McClelland (1961) Theory of Needs were adopted to develop the theoretical linkages among the constructs. It is postulated that the employees needs (social, emotional and learning) will provide greater meaningfulness and psychological attachment that will then lead employees to a higher level of intention to stay. In the long run, employees with a higher level of social, emotional and learning needs will be retained in the organization with POS as a mediator between the needs and intention to stay. Figure 1 shows the conceptual framework of this study.

Therefore, as a conclusion from these retention models, the researchers strongly believe that the Gen Y employees are able to be retained in an organization when their social, emotional and learning needs are satisfied and fulfilled, especially when perceived organizational support are relevant as a mediator. Past studies, especially from Allen's (2003) model clearly proved that organizational practices of growth opportunity and challenging work were indicated to be the significant ways of retaining employees in the organization.
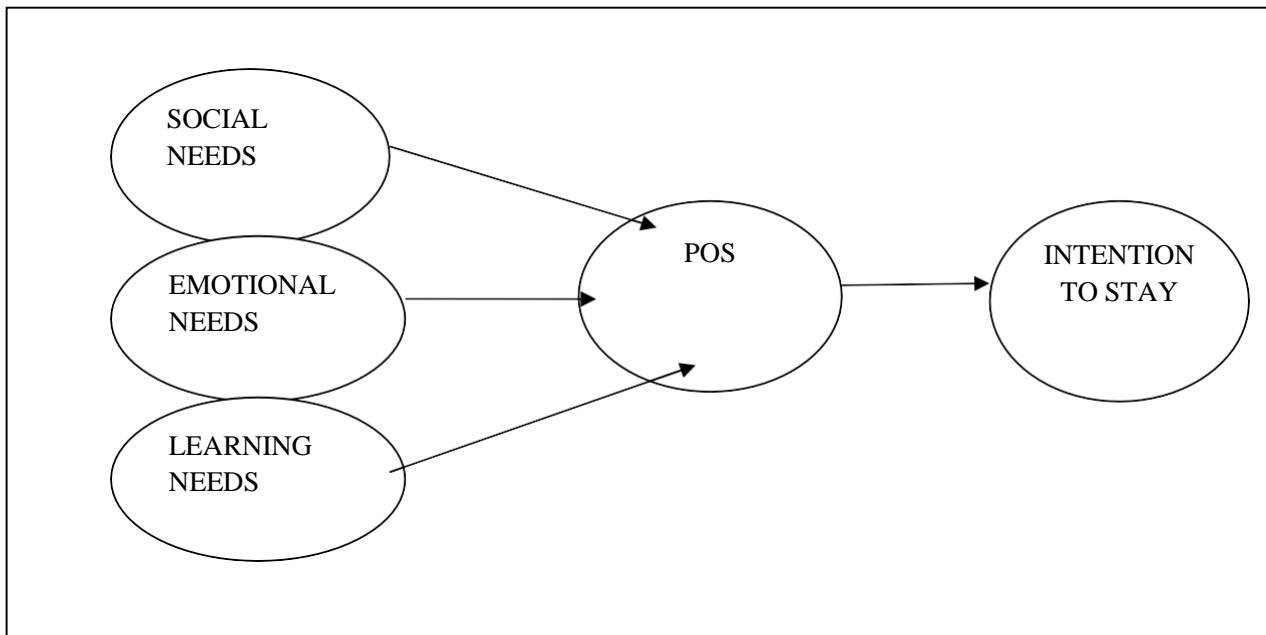
Organizational Support

1. **Intention to stay**

Intention to stay is referred to as the employees' willingness to stay with an organization (Tett & Mayer, 1993), which is the psychological precursor to the actual behavioral act. It is simply the converse of the turnover intention (Kim et el, 1996). Research has revealed that intent to stay/leave are useful predictors of retention and turnover (Vandenberg & Barnes 1999, Wells et el, 2002). Employee turnover according to (Johnson, 1981), often has a negative impact on organizational effectiveness and reduces profitability. It is important for an organization to understand why people stay at a job and by understanding those reasons they can create policies and procedures and increased employees' intention to stay.

Strong employees' intention to leave will seriously lead to high employee turnover, thus, companies are not able to survive, due to human capital which is their essential asset for continuity and business survival. It could be disastrous, as undesirable outcomes at the employee level can be financial (loss of income, rewards, benefits, hiring and separation) and emotional, reduced morale and creating stress. On the other hand, on the employers' level, it is far more expensive to replace valued employees as the cost of hiring new employees could be due to loss of productivity, recruitment costs, training and motivating new recruits.

2. **Social Needs**

Social needs are the personal needs of an individual relating to friendship, status and esteem. Social needs are also the needs that a human being will need to function as part of a society such as belonging, friendship and acceptance. Therefore, in order to satisfy these needs, a person or an individual might need family, social groups, or community groups. (Maslow, 1943) in his hierarchy of needs theory in his 1943 paper "A Theory of Human Motivation" in Psychological Review, stated that social needs are the needs of people for

family, love and friendship, and also to feel a sense of belonging. According to Robbins, 2004), employees have different needs and it is therefore necessary to spend time with employees to understand these needs. Ryff and Keyes (1995) and Ryan and Deci (2000), stated that there are universal human needs (such as close social relationship, mastery and autonomy) and that fulfillment of these is likely to enhance a person's feelings of well-being.

In the organizational workplace, esteem needs shows the motivation for higher status, recognition, increase towards responsibility, and appreciation for contributions towards the organization. Self- actualization in Maslow's theory reflected the desire for self-fulfillment, which is the drive for individual's self-development, job satisfaction as well as creativity. They are related to developing one's full potential, especially increasing one's competence in order to become an outstanding and a better person. (Maslow, 1943).

McClelland (1961) explained that motivation of an individual could basically result from three dominant needs and these needs are: need for achievement, need for affiliation, and need for power. According to him, human motivation is dominated by these three needs. Certain individuals might look for tasks that will help them to achieve something fruitful, paving ways to motivate them. Others may need power and some may look for affiliation, however, even though all these needs are present in each and every individual, there is basically one need that will dominate the individuals as in most cases. For example, an individual will want to achieve certain things, might want to maintain good relations with others but at the same time, much more than anything else, they may want to lead others in order to motivate them. (McClelland, 1961).

1. Emotional Needs

Emotions are direct responses to events, issues, relationships and objects that are important to people as mentioned by Lazarus (1991) and Frijda (1988), where as mood is longer lasting, more diffused and not always linked to something specific as pointed out by Isen (2000) and Brief (2002), George (2000), who verified that emotions played an extensive role in thought processes. People can and do take steps to recognize and manage their own and others' emotions according to Mayer, et al (1991), Salovey and Mayer (1990) and Wang (2000).

Research findings by Milkovich and Newman (2008) confirmed that job candidates are attracted to companies with benefits that fit their inherent preferences or needs. Employee or target group needs include functional, economic and psychological preferences as concluded by Minchington (2010), Moroko and Uncles (2009), and Sartain and Shumann (2006). A person's motivation is shaped by needs and people are attracted to a source that could fulfill their needs according to Armstrong (2007) and McClelland (1961).

Emotional intelligence according to Goleman (1998) represented encompasses, self-awareness, self-regulation, empathy, motivation, social skills, good character, honesty, impulse control, flexibility, reality testing, and trust. Goleman (1998) and Sjoberg (2001) verified emotional intelligence as a major psychological factor that influenced behavioural and attitudes of workers in different organizations. Being emotionally intelligent also helped a person to focus on the resolution, rather than the reasoning (who is at fault). Goleman (1998) concluded that emotional intelligence played a major role in improving performance at work, as well as achievements in personal life. He claimed that approximately 90 % of the performance between high and average individuals at senior leader positions was due to emotional intelligence features rather than cognitive ones as concluded by Cha (2009).

2. Learning Needs

The learning needs of Gen Y are much more different that their past generations as they are exposed early on to the internet technology world. Sujansky and Ferri-Reed (2009) stated that these Millennials are highly sought-after for their technological savvy, energetic work ethics, and young, hip attitude that can help companies connect with young consumers. Therefore, in order to retain the Gen Y, the Human Resource managers need to fully understand the learning needs of this Gen Y.

Andragogy or adult learning is distinguished by its focus on adult learners in the workplace and many trainers believed that adults learn best with an emphasis on practical application of learning concepts. Knowles (1984) identified adults under two criteria's: 1) an individual who performed roles associated with today's culture between adults (e.g. employee, spouse, parent, citizen), and 2) an individual who perceived himself to be responsible for his own life. The psychological definition of adult learner as mentioned by Knowles (1984), referred to "when an individual develops a self-concept of being responsible for their own life".

3. Perceived Organizational Support

Eisenberger (1986) defined perceived organizational support as "employees in an organization from global beliefs concerning the extent to which the organization values their contributions and cares about their well-being." Allen (2008) defined perceived organizational support as "how much the organization values employees' contributions and cares about them".

In 1986, Eisenberger and other scholars advanced the concepts of Organizational Support Theory (OST) and the Perceived Organizational Support (POS). (Eisenberger et al, 1986). Perceived Organizational Support is one concept of Organizational Support Theory and it refers to employees' overall perception to organizations' concerns on their contributions and welfare. Rhoades (2002) emphasized that three factors affect employees' perceived organizational support: fairness of procedures, support from leaders, and rewards and work conditions. The rewards that associate with perceived organizational support in a positive correlation, supportive work conditions, and leaders' understanding and praise could drive employees to generate the perceived organizational support. (Eisenberger 1990).

Conclusion

Based on previous studies and two main theories, a framework is proposed. This framework integrates the social, emotional and learning needs and intention to stay, with Pos as a mediator, into a single model. Drawing from the Maslow (1943) Hierarchy Of Needs Theory and McClelland (1961) Theory of Needs, it has been suggested that the integration (in terms of value, needs fulfillment and goal congruence) between employee and an organization, may generate the feeling of meaningful workplace that would lead Gen Y employees towards a high level of intention to stay and committed with their jobs and organizations. It was further anticipated that when the needs of Gen Y employees are fulfilled, employees are less likely to be involved in voluntary terminations and could be retained for a longer period in the organizations.

The proposed model could be empirically examined by testing it in different areas, industries and regions. As the present study has proposed a mediating model, advanced statistical techniques, are recommended to achieve more reliable results. In future, studies may also include other HR constructs, such as compensation or career development to extend and verify the proposed framework.

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