

AAMC 2019
The 13th Asian Academy of Management International
Conference 2019

THE INFLUENCE OF HUMAN RESOURCE PRACTICES ON
INTENTION TO STA

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Abstract

This study examines the influence of human resource practices on intention to stay among the working academics in private higher education institutions, Malaysia. Retention of employees in private higher educational institutions in Malaysia is becoming a serious concern as it impacts the return on investment and sustainability of the institution. A total of 330 working academics in private higher education institutions in Malaysia were sampled for this research. The research investigate the direct influence of human resources practices comprises of training and development, compensations and benefits, performance appraisal and career development on intention to stay. The findings show that human resources practices have a positive significant influence on intention to stay. This study provides further insight on the influences of human resources practices on intention to stay and assist organization to formulate a more effective strategy on ways to retain its valuable employees whom are crucial for organizational performance and sustainability.

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Keywords: Human resource practices, private higher education institutions, academics, intention to stay.



1. Introduction

The service industry admittedly a mixed range from informal to highly specialized, knowledge intense and encompasses the large government and private oriented services which includes medical, legal, medias, tourism, retail, franchising, banking and education. Accounting for about 55% of the nation gross domestic products in 2018, the services sector as the main key drivers are projected to grow respectively in the year 2019 (Statistical Department of Malaysia, 2019). In term of employment, jobs created in the year 2018 were mainly contributed by the services sector which holds the largest employment of 48.9% compare to constructions around 23.9% and manufacturing around 15.1% (Statistical Department of Malaysia, 2019).

Education industry considered as one of the most prominent services sector in Malaysia. The New Economic Model introduced by the Government has skeletal structure to move forward our country from the average earning economy to a better earned economy sourced upon innovation and creativity. Education and training services industry are among the targeted industries in which Malaysia portrait a strong base for new growth and development under this model (Malaysia Investment and Development Authority (MIDA), 2018). Malaysian higher education system growing strong over the past decades and as one of the main income contributor to the country's economic growth. This was proven by the high allocations of amount in Budget 2019 as the biggest recipients of 19.1% of total government spending (Sani & Mustafa, 2019).

The journey of higher education in Malaysia began with the University of Malaya as the formation in the year 1959 (Arokiasamy, 2011). Early 1980's private colleges started to come forth to Malaysia but these private colleges stated to grow rapidly throughout the nation upon the formal introduction of PHEIA (Private Higher Educational Institutional Act) in 1996. This growth was supported drastically by locals as the public higher education institutions in Malaysia unable to cater for the growing need for the people to pursue their further higher education (Arokiasamy, 2011). This was in line with the MEB (Malaysian Education Blueprint 2015-2025) as the inspiration to avail higher education institutions as the private and public based intuitions which makes Malaysia able to compete internationally. In the blueprint it stated clearly that the private education sector considered as the pillars of growth for Malaysian higher education. this was proven by the number of students enrolled in 2017 approximately around 1.3 million in tertiary education (National Transformation Programme Annual Report, 2017).

2. Problem Statement

Emphasizing the importance of intention to stay among the employees in an organization are always crucial to the management as ways and methods of making one best staff to stay is indeed a challenging phenome. Employing the right and suitable candidate to the job is much essential for an organization. But keeping an employee for a longer working term in the organization is far more important rather than employing a new one. The lost is far costlier than paying another new hire to the institutions.

Intention to stay in the workplace is getting is more superiority compare to other issues in the organization. Nevertheless, intention to stay considered crucial in education related industry as the talented academics need to be retained for the institutions future success and to compete better in the industry of a

kind. Hence, the factor allies with the intention to stay of employees to the institutions in crafting their directions that may need to fulfill employees' needs and coordinate employees more towards their interest to remain working in the same institutions for longer tenure are far more important.

In developing a knowledgeable human capital to the nation, education sector plays the most vital role compare to other sectors in a nation (Othman & Mohamad, 2014). The role of lecturers should not be ignored as they serve as the backbone of any education based institutions, therefore as to the need to portrait Malaysia as highly recognized educational spot and as to support the government's attempt in achieving such aim, the importance and role of the lecturers should not be failed to notice (Choong et al., 2013). To ensure the smooth transactions between the teaching expertise, students' enrollment, ways should be found to prolong the intention to stay of the capable and knowledgeable teaching expertise in private higher education institutions as to support the lager number of student's intake by the year 2020 as to the government's instructions.

Human resource practices specifically plays an important part in encouraging the academics intention to stay further with the institutions they serve for a longer tenure. Shukry (2015) argued that dissatisfaction among lecturers is the main cause for the turnover rate among lecturers in Malaysia is high. The lecturers' dissatisfaction is greatly related to compensation satisfaction, work related appraisal, inadequate training and lack of career growing path (Rathakrishnan et al., 2016; Grapragasem et al., 2014; Arokiasamy et al., 2014). According to Johari et al. (2012) the presence of meaningful work, career development opportunities, fulfilment of training needs and even the standard of evaluation used in the reward and compensation system and the appraisal indicators will increase the employees' intention to stay in an organization. Thus, the determinants of the selected human resource practices encourage academics' intention to stay are deemed important to be revealed especially in private higher educational institution. These four main dimensions are considered important in enhancing employees' motivation and their level of commitment which positively related to their intention to stay. As to the literature, this study adopted the four human resource practices which are commonly mostly used as a foretell to measure intention to stay in an educational institution. The variables are training and development, career development, compensations and benefits and performance appraisal.

Training activities in an organization will increase the employees' efficiency both personally and work relatively. At the same time training will boost the professional growth of an employee as to support the organization's operation. Training which are tailored to the need of an employee will cause a positive affect towards their intention to stay further longer with the institutions they serve (Wijserri et al., 2019). Adding on, to keep the momentum among employees to further contribute and stay in the organization, career development activities will be a win - win situation to both parties. Importantly, career development not only awarding the employees a sense of recognition towards the organization, but also will influence their intention on staying further within the organization (Yang et al., 2015). Proper compensation will motivate employees' intention to stay in the institutions and subconsciously, will grow the sense of belonging toward the institutions where they work (Silaban & Syah, 2018). Harrington and Lee (2015), argued that performance appraisal should be fair and effective as it plays the important vital tool of the organization in which helps to identify high performers, employees who look forward for a fair practice in their appraisal will conclusively stay longer performing with the organization.

Literature review reasoning hand full of research relates to intention to stay with the dimensions of human resource practice. As to the literature review, human resource practices have a positive influence on intention to stay. The following hypotheses are formulated.

H1: Training and development positively related to intention to stay

H2: Career development positively related to intention to stay

H3: Compensation and benefits positively related to intention to stay

H4: Performance appraisal positively related to intention to stay

3. Research Questions

Does human resource practices (training and development, career development, compensation and benefits and performance appraisal) positively influence intention to stay?

4. Purpose of the Study

This study aims to investigate the impact of human resource practices (training and development, career development, compensation and benefits and performance appraisal) on intention to stay among the academics in private higher learning institutions, Malaysia.

5. Research Methods

The population for this research inclusive of academics currently attached teaching in Malaysia currently. In this study the individuals comprise of working academics in three selected categories of private higher education institutions in Malaysia, namely in private universities, private college universities and foreign private university branches excluding the private colleges are chosen. The unit of analysis justified through the higher percentage of working academics which is more than 60% attached to these three categories of private higher education institutions in Malaysia compare to the numbers of individual academics in private colleges. This study applied self-administered questionnaire personally distributed and by mail for data collection. In total 970 questionnaires are distributed to samples in 97 private higher education institutions in Malaysia. The questionnaires were distributed to the sample through the respective institutions Human Resource Department and partly distributed personally by the researcher to the locations located nearby. The measurements used in this research were adopted from various previous studies with acceptable reliabilities (Cronbach's alpha).

6. Findings

In total 330 respondents, majority was in age group 40-49 years is (66.1%). From the total respondents, around (81.2%) were holding the doctorate degree as level of education. Similarly, around (79.7%) were holding the responsibility of both teaching and administrative work. In teaching responsibility, 81.5% of the total respondents were delivering face-to-face teaching. The field of expertise of the majority of the respondents was business management, HRM, and marketing followed by IT, engineering, and design (37.9%). Current department, in which the majority of respondents were attached,

was business/management (42.1%) followed by IT (28.5%), engineering (11.2). Month income of more than three fourth of the total respondent was between RM 1000-RM 5000. Table 01 details the socio-demographic characteristics of the respondents.

Table 01. Socio-Demographic Information of Respondents (N=330)

Variable	Category	Frequency	Percentage (%)
Age	50 to 59	22	6.70
	40 to 49	218	66.1
	30 to 39	90	27.3
Education Level	Doctorate degree	268	81.2
	Masters degree	48	14.5
	Professional certificate	14	4.20
Work Responsibility	Teaching only	24	7.30
	Teaching and administration	263	79.7
	Teaching and management	43	13.0
Mode of Teaching	Face to face	269	81.5
	Online Teaching	45	13.6
	Distance learning	16	4.80
Field of Expert	Teaching (Management/ Business/HRM/Marketing)	151	45.8
	Teaching (IT / Engineering / Design, etc)	125	37.9
	Others (Research, Counseling, etc)	54	16.4
Current Department	Business / Management	139	42.1
	IT	94	28.5
	Engineering	56	17.0
	Mass Communication	37	11.2
	Hospitality	4	1.2
Monthly Income	More than RM5000	54	16.4
	RM1000 - RM4000	264	80.0
	Less than RM1000	12	3.60

6.1. Standard Deviation and Mean

All the four variables of this research were scaled based as to Likert five-point., from (1) strongly disagree to (5) strongly agree. the mean value equal or less than 1.99 considered as low, 2.00 to 3.99 considered to be moderate and 4.00 and above considered high (Sekaran & Bougie, 2013). Table 02 below tabled the mean and standard value of this research. The high mean variables are training and development, mean 4.042 (SD= 0.748); career development, mean 4.039 (SD= 0.719); and task significance, mean 4.041 (SD= 0.680).

Table 02. Mean and Standard Deviation

Research Variables	Mean	Std. Deviation
Training and Development	4.042	0.748

Career Development	4.039	0.719
Compensation and Benefits	3.645	0.789
Performance Appraisal and Achievements	3.919	0.896
Intention to Stay	3.786	0.678

6.2. Measurement Model

As to evaluate the measurement model for this research, validity and reliability used as the main indicators. Table 03 tabled the results of the measurement model where all the loading indicators for the variables exceeded the value of 0.708 which considered to the recommended value. Compensation and Benefits (CBA) shows less than 0.708, this item were retained as the AVE was more than 0.50. (CR) ranges from 0.855 to 0.958, also more than the 0.70. The existence of convergent validity was ensured in this research. Items i.e., TD1, CB6, PA7 and ITS3 were among the four items deleted as the factor loading were low for this items.

Table 03. The Results of Measurement Model

Construct	Variable	Factor Loading	CR	AVE
Training and Development (TD)	TD2	0.805	0.901	0.695
	TD3	0.852		
	TD4	0.856		
	TD5	0.820		
Career Development (CD)	CD1	0.829	0.958	0.710
	CD3	0.857		
	CD4	0.84		
	CD5	0.858		
	CD6	0.828		
Compensation and Benefits (CB)	CB1	0.923	0.916	0.688
	CB2	0.883		
	CB3	0.895		
	CB4	0.693		
	CB5	0.726		
Performance Appraisal (PA)	PA1	0.916	0.957	0.789
	PA2	0.879		
	PA3	0.853		
	PA4	0.884		
	PA5	0.870		
	PA6	0.926		

6.3. Assessment of Structural Model

The results of data analysis as in Tabl4 revealed that career development has a positive relationship with intention to stay with $\beta = 0.270$ at $p < 0.01$, therefore, H2 was found supported. The other hypothesis found not supported.

Table 04. Results of Structural Model Analysis (Direct Hypothesis)

Hypothesis	Relationship	Beta	SE	T-value	P-value	Decision	VI F
H1	Training and Development → Intention to Stay	-0.25	0.072	3.490	0.000* **	Supported	3.045
H2	Career Development → Intention to Stay	0.27	0.071	3.781	0.000* **	Supported	4.563
H3	Compensation and Benefits → Intention to Stay	-0.168	0.073	2.302	0.011* *	Supported	3.147
H4	Performance Appraisal → Intention to Stay	0.02	0.051	0.402	0.344	Not Supported	2.311

7. Conclusion

As to conclusion, based on analysis done in this research it is confirmed that human resource practices indeed had an influence on intention to stay. This research given insights and direction for practitioners in education related institutions. In concern to the issue of intention to stay in work, the institutions should focus more on career development, compensation and benefits and training and development to prolong their higher intention to stay. The employees tend to further their intention to stay longer tenure period with the institution they serve as the result. Although this study covered the selected dimension of human resource practices but for future research other dimension in human resource practices should be covered in depth by upcoming researchers. This study will be an eye opener to the new policy makers in the education related institutions in Malaysia as new results were proven through the analysis to support the need of intention to stay among academics in private higher institutions. The results obtained via this study will guide the private education players in Malaysia to improvise the intention to stay among its academics, which will optimize the organizational performance that is crucial for it business sustainability. In addition, it also contributes towards promoting Malaysia as the Education hub of Asia and achieving Vision 2030.

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