The Influence of HRM Practices Towards PHEIs Non-Academic Staff Intention to Stay: A Conceptual Model

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ABSTRACT

Previous studies suggested that there are many contributing factors that influence workers’ job satisfaction level in an organization. However, what influences their decision to remain in an organization has always been a complex and inconclusive research topic. Therefore, the need to analyze the factors affecting the employee’s intention to stay especially within the context of the non-academic staff at Private Higher Education Institutions (PHEIs) is pertinent because the findings would be able to assist the institutions to have better insights on what they should do in order to retain their competent workforce. It is an undeniable fact that the contribution of the non-academic staff towards the upbringing and success of the institution is equally crucial and important as compared to the academic staff. Therefore, by identifying the Human Resource Management (HRM) practices attributes as well as their influences on the non-academic staff’s intention to stay will definitely assist the PHEIs in performing better. Since, the 4 identified HRM practices namely training and development, performance appraisal, recruitment and selection, compensation and benefits are not a stand alone item, it is important to pay proper attention to all this practice in order to support the service quality as well as ensuring employee retention.

KEYWORDS: Job Satisfaction, Training and Development, Performance Appraisal, Recruitment and Selection, Compensation and Benefits, Employee Retention.

INTRODUCTION

Today’s business world is very competitive and the uncertainties in the current economic scenario have always made business owners to be more cautious in making their business decisions. These current economic scenarios have caused companies to face severe competitive pressures and rapidly changing market demands. Most of these changes involve new trends or technologies and these are among the factors that make business organizations seek ways to become more flexible, adaptive and competitive. The way how companies design, organize and manage their work to face these current changes will not be the same as they will need to take into account the size of the companies or the kind of culture in which the organizations are operating. It is however in the midst of all these innovations, organizations are discovering or rediscovering in some instances that people are really their most important asset.

A competent workforce is the backbone to the success of any organization. Without them, the organization will not be able to perform its functions to the fullest. Happy and motivated employees can create wonders for the organization, while dissatisfied employees can create disharmony and chaos in the organization which can lead to employee retention issue. Recruiting suitable and highly motivated staff, as well as being able to retain them is the key to business success [17]. When an employee quits an organization, the setbacks that might be faced by the organization would be losing of client or business venture [12, 35, 20], the high cost involved in the lengthy and tedious recruitment process [26], the increase in the cost of training and loss of time due to the transition process [10]. Therefore, the ability of the organization to retain its staff will assist the organization to stay focused towards achieving their goals [13]. If the activities are designed effectively, the production of each individual worker will contribute to the attainment of organizational goals [29].

To ensure that the activities are designed effectively and the right employees are employed, we need to acquire human resource management (HRM) skills and knowledge. This is because human resource management is the strategic and coherent approach to the management of an organization’s most valued assets-the people, who are working individually and collectively to contribute to the achievement of the business objectives [5]. When an organization truly wants to create a positive work environment that is based on high trust, exceptional customer
service, collaborative teamwork, operational excellence and creative problem solving, then the management team must understand and be responsive to their employees’ needs. Management needs to understand that for certain employees pay is only part of the answer to good employees’ management. They will need to understand that companies are human and social organization, not just economic machines [17].

The main purpose of this paper is to clarify the individual relationship of HRM practices and its effect towards promoting the intention to stay on the non-academic staff at Malaysian PHEIs. This study begins by reviewing previous literatures on the said issues by illustrating what has been established in the literatures about how each identified HRM practice support each other in influencing the employee’s intention to stay. Based on these findings, a conceptual framework which links the 4 identified HRM practices is developed to integrate the inter-relationships among the four HRM practices with the intention to stay.

LITERATURE REVIEW

Intention to Stay

The term-intention to stay resembles that the employee is having a clear mind-set and behavior that he/she is still interested to be associated with its current organization for a certain duration of time or as long as they still feel intact with the organization. According to [15], intention to stay is an opposite concept of turnover intention-quitting the organization to search for other employment elsewhere. Turnover intention is regarded as the employee’s calculated probability that they will be permanently leaving the organization within the nearest time possible [34].

The Importance of Promoting Intention to Stay in Non-Academic Staff at Malaysian PHEIs

The Malaysian Prime Minister, Datuk Seri Najib Tun Razak during the launching of the Economic Transformation Program (ETP) on 25th October 2010 had highlighted 12 National Key Economic Areas (NKEAs) key contributors towards realizing the government aspirations in transforming Malaysia from a middle-income nation to a high-income nation status by the year 2020. The NKEAs contributors are greater KL / Klang Valley, oil, gas and energy, financial services, wholesale and retail, palm oil, tourism, electronic and electrical, business services, communications and content infrastructures, education, agriculture and healthcare [25]. With the inclusion of Education as one of the 12 NKEAs key contributors towards realizing the government aspirations, it shows that the government recognizes the importance of this industry in the development of the Malaysian economic status. To achieve this aspiration, Y.B. Dato’ Seri Mohamed Khaled Nordin, the former Minister of Higher Education Malaysia during the launching of Economic Transformation Program had pointed out the importance of the private higher education sector as the catalyst to the education industry transformation and the indispensable partners in the government efforts in raising the education quality standards as well as in creating the international higher education brand for Malaysia [25]. PHEIs are also regarded as one of the important contributors towards ensuring the nation’s continuous growth through the development of quality human capital [22]. With the above recognition, it is an undeniable fact that the contribution of PHEIs in the development of the nation is equally important as compared to other established Government owns Universities.

These remarkable achievements will be realized with the strong support of the entire workforce, it is the results of strong collaborations between the academic and non-academic staff of the PHEIs. Unfortunately, in normal circumstances, the remarkable achievements are normally associated with the contributions of the university’s academic members and all benefits provided will normally put the academic staff at the superior end while giving the non-academic staff the sense of a second class citizen treatment. This situation is further worsened with the inclusion of academicians in certain important administrative functions and this has further sidelined the contributions of the non-academic staff [4]. Similarly, not much emphasis has been given to the non-academic staff behavior and the factors that might influence their behavior either positively or negatively. Their frustration and motivation, the sources of their frustration and motivation and how to address their problems in such a way that they stay at the top of their performance have not been fully explored.

The non-academic staff are part of the vital components in a university, who need to always be trained and motivated at all time [18]. They are the engine of their institutions and they make things happen [22]. In highlighting the importance of creating a healthy working environment, in [6] emphasized on the needs of the University’s management to foster a good communication between the academic and non-academic as this is the main ingredients for making a healthy relationship. Any weak link in the running of a university will definitely affect the institutional rating and performance. This should be a cause of worry to the whole university community because it requires full integration of all university members [18]. According to [4], although the non-academic staff is not totally left out of the university’s strategic planning, the university’s management however had failed to fully capitalize their potential and expertise towards the development of the university. The role played by the non-academic staff is always taken lightly. However, when salaries, allowances and
research funds are not credited on time or budget deadlines are not met, only then people will start to realize the importance of this group of people in the running of a university [18]. Higher Education Institution requires competent administrators to manage their day to day activities [31]. As such, the academic and non-academic staff should not belittle each other [6]. According to [31], administrative position comes with significant responsibility “coordinating and interacting with faculty members, parents, students, community members, business leaders and state and local policymakers can be fast paced and stimulating, but also stressful and demanding”. Therefore, by understanding the Malaysian PHEIs employees’ job satisfactions and its contributing factors will provide greater advantage and will assist the institutions to further enhance the employees-employers’ relationship. This will subsequently eliminate the employees’ negative perceptions towards the institution, hence increasing the employees’ work performance and eliminating unnecessary negative behavior of the employees.

With the current changes and challenges faced by PHEIs, retaining a competent employee will no longer be an easy job. According to [13], due to the growing concern on institutional global ranking, institutions are now starting to realize the importance of employee retention practices. This is further added by the staff competition and the shortage of talent faced by higher education institutions in developing nations like Malaysia [13]. Therefore, the ability of the Malaysian PHEIs in retaining their capable workforce will be one of the strong predicaments in determining their survival.

Malaysian Private Higher Education Institutions

Since its introductory in 1980s, the Malaysian private education sector has been growing rapidly and the industry has been recognized by the international community as one of the most innovative and progressive sectors in the region [25]. Starting with only a few in its early days, Malaysia now has 55 private universities, 7 foreign university branch campuses and 22 private university colleges [14]. Through this collaboration and the support from the PHEIs, the government is planning to accelerate the inflow of international students to 150,000 by 2015 and 200,000 by 2020 [16]. Therefore, PHEIs should value the government aspiration as an opportunity not to be missed as it can also generate better revenue for their institutions.

According to the Private Higher Education Institutions Act 555, PHEIs are defined as any Higher Education Institutions (inclusive of University or College University or its branch campuses) which their establishment is approved and registered under Act 555 [2]. These PHEIs are operated by non-governmental agencies and the sources of funds are coming from their own coffers. The offering of their programs is however subject to the approval of Ministry of Education Malaysia, and the running of their programs is directly under the close supervision of the Malaysian Qualification Agency (MQA). To ensure the quality provided by the PHEIs is according to the world standard, the Malaysian government, through the Ministry of Higher Education has introduced the local rating system known as SETARA. Through the SETARA rating system, the PHEIs performance is rated and categorized according to 6 different categories or tier. The highest tier rating is 6 and universities under this category are considered as outstanding universities and this is followed by Tier 5-Excellent, Tier 4-Very Good, Tier 3-Good, Tier 2-Satisfactory and Tier 1-Weak [19]. Unfortunately, none of the Malaysian Public or Private Higher Education Institutions are listed in the tier 6 category. However, a total of 35 HEIs have been accorded with tier 5 SETARA rating system and out of which, 22 of them are PHEIs.

Table 1: Malaysia PHEIs rating based on SETARA 2011

<table>
<thead>
<tr>
<th>SETARA 2011 Rating</th>
<th>Name of Private Universities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 6: Outstanding</td>
<td>None of the universities are listed in this category</td>
</tr>
<tr>
<td>Tier 5: Excellent</td>
<td>Asia Pacific University College of Technology and Innovation (now known as Asia Pacific University of Technology and Innovation)</td>
</tr>
<tr>
<td></td>
<td>Binary University College of Management and Entrepreneurship (now known as Binary University of Management and Entrepreneurship)</td>
</tr>
<tr>
<td></td>
<td>Curtin University of Technology Sarawak Campus</td>
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<tr>
<td></td>
<td>Cyberjaya University College of Medical Sciences</td>
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<tr>
<td></td>
<td>International Medical University</td>
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<tr>
<td></td>
<td>Kuala Lumpur Infrastructure University College (now known as Infrastructure University Kuala Lumpur)</td>
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<tr>
<td></td>
<td>Management and Science University</td>
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<tr>
<td></td>
<td>Monash University Sunway Campus</td>
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<tr>
<td></td>
<td>Multimedia University</td>
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<td></td>
<td>Nilai University College (now known as Nilai University)</td>
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<td></td>
<td>Open University Malaysia (ODL)</td>
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<td></td>
<td>Segi University College (now known as SEGi University)</td>
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<td></td>
<td>Sunway University</td>
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<td></td>
<td>Swinburne University of Technology Sarawak Campus</td>
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<td></td>
<td>Taylor’s University</td>
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<td>Universiti Kuala Lumpur</td>
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<td></td>
<td>Universiti Teknologi PETRONAS</td>
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<td></td>
<td>Universiti Tenaga Nasional</td>
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<td>Universiti Tun Abdul Razak</td>
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<td>Universiti Tunku Abdul Rahman</td>
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<td></td>
<td>University of Nottingham Malaysia Campus</td>
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<tr>
<td></td>
<td>Wawasan Open University (ODL)</td>
</tr>
</tbody>
</table>

Table 1: Malaysia PHEIs rating based on SETARA 2011
With the current landscape of the education industry, where ranking and status of a university are the predominant factors in attracting students and sponsors, the university needs to put extra attention on the employee retention strategy. Human Resource Management is one of the important aspects in ensuring that the quality service level provided by the university is always at the highest level. As such, HRM practices such as recruitment process, human resource development, salary and compensation management are among the important aspects which have direct impact on the level of quality in the service delivery process. If these aspects of human resource management are taken care perfectly, it can integrate and develop the positive attitude of the organization’s workforce.

Relationship between HRM Practices and Intention to Stay

In defining HRM, in [36] had indicated that it is the process of recruiting the right candidates and utilizing them effectively towards achieving the organizational goals and strategies. According to [21], a reputable company may not face any problem to employ qualified applicants and retaining them however will be the most challenging task. According to [38], HRM practices are good tools for the employers to shape their employees’ behavior, perception and attitudes. A good management of HRM practices will bring positive feedback to the organization and if it is well accepted by the employees, they will definitely reciprocate with positive attitudes and committed to the well being of the organization [37]. When employees believe that their employer takes care of their well being, they will react positively, be committed, diligent, dedicated and will produce quality work [29]. Only through this understanding, the employees will react positively towards the organization aspirations. This is further supported by a study conducted by [15], which found that HRM practices have some degree of influence in determining the employee’s intention to stay. Therefore, in order for companies to survive the stiff competition, it is very important for them to retain their committed employees [9]. To ensure that they remain committed towards the organization well being, in [17] emphasized on the importance of employers to make sure that employees are given the task that will make them feel that their existence are somehow very important to the organization and that their efforts towards accomplishing the given assignments are very crucial in assisting the organization to achieve its goals.

FINDINGS AND DISCUSSION

It is anticipated that through the strong support of a good HRM practice, it will be easier for the organization to manage its employees. The process to guide and direct the employees towards realizing the above fulfillment are normally assisted by the HRM practice attributes which include human resource planning, recruitment, selection, socialization (orientation), training and development, performance appraisal, promotions, transfers, demotions and separations [32]. In addition to recruitment, training and development, and performance appraisal, in [11] further added few other attributes such as compensation, providing healthcare services, work safety, employee relations and fair treatment to the list. The list had further expanded by other researchers who added a few other new dimensions such as person-organization fit (P-O fit), remuneration and recognition [9], rewards, recognition and participation [27], teamwork empowerment and communication [33]. Besides, several other researchers have from time to time attempted to identify the HRM practices attributes, either separately or in combination which influence the employee’s intention to stay. There are few new practices recommended by the researchers while the others pointed to similar practices as per the previous studies. However, the studies were found to suggest different sets of HRM practices or attributes that coherently depend on the scope and the industry where the studies were conducted. This has created a gap in the literature, especially when it involves the non-academic staff at PHEIs. For the purpose of this study, the remaining research findings are documented and summarize in Table 2.

Table 2: HRM practices attributes based on previous literatures

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>HRM Practices Construct</th>
<th>Research Settings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghosh, Satyawadi, Prasad and Shadman (2013) [12]</td>
<td>Staffing, compensation, performance appraisal, training and development</td>
<td>Employees from Indian global transmission and distribution business</td>
</tr>
<tr>
<td>Johari, Tan, Adnan, Yahya and Ahmad (2012) [15]</td>
<td>Training and development, compensation and benefit, career development and performance appraisal</td>
<td>Employees in manufacturing companies in the Northern Region of Peninsular Malaysia</td>
</tr>
<tr>
<td>Nadarajah, Kadiresan, Kumar, Ahmad Kamil and Mohd Yusoff (2012) [25]</td>
<td>Employment security, training and development, compensation and selective hiring</td>
<td>Academicians at Malaysian PHEIs</td>
</tr>
<tr>
<td>Abdullah, Ahsan and Shah Alam (2009) [1]</td>
<td>Training and development, compensation/incentives and HR planning</td>
<td>Employees at medium scale enterprises in Malaysia</td>
</tr>
<tr>
<td>Chew and Chan (2008) [9]</td>
<td>Effective selection, reward and recognition of employee, provision of effective training, challenging employment structures and opportunities, equity of compensation and benefits</td>
<td>Employees from 9 Australian organizations</td>
</tr>
</tbody>
</table>
In relation to the above literature findings, it can be concluded that HRM practices differ from one country
to another and also from one industry to another. There are several factors within and outside of the
organization, which affect the organization HRM practices, thus the management team should carefully analyze
these factors before deciding on the best HRM practices of their companies. Based on the above literatures
among the top HRM practice attributes (starting from the most important to the least important attributes),
which according to the above selection that companies can focus on are:

1. Training and development.
2. Performance appraisal.
3. Recruitment and selection.
5. Promotions, transfers, demotions and separations.
6. Challenging employment structures and opportunities.
7. Rewards and recognitions of employees.
8. Career development.
10. HR planning.
11. Providing healthcare services.
12. Work safety.
13. Employee relations.
15. Person-organization fit (P-O fit).
16. Teamwork.
17. Empowerment.
18. Communication.

From the above literature findings, it can be concluded that companies need to well select the most
appropriate HRM practices or attributes which are significant to their companies’ setting and environment. This
is due to the fact that they provide significant impact towards influencing the employee’s intention to stay. The
above studies on HRM practices had uncovered 18 underlying HRM practices which can help companies to
improve their business performance, nevertheless only 4 attributes—training and development, performance
appraisal, recruitment and selection, compensation and benefits were found to be consistently highlighted as the
key components of a good HRM practice by all of the above scholars. Therefore, this research will only be
emphasizing on the above 4 attributes as the key elements of a good HRM practice.

Training and Development

Training and development would be one of the best strategies to be implemented in order to upgrade and
enhance the employee’s skills and knowledge. It can be used to increase the employee’s capabilities towards
achieving organizational goals. Training is the process of improving the employees’ skills in executing their
current job responsibilities, while development programs are activities prepared for the employee for career
promotion [32]. The human resource development activities are created with the intention to prepare the
employees with the required skills and competencies for them to be able to fulfill their current and future job
requirements [36]. With an effective and structured training and development programs, the organization will be
able to create a positive working environment for its employees.

Organization however needs to provide equal opportunities to all employees to attend the required programs
in which they are lacking of knowledge and skills. Proper monitoring and controlling system need to be
implemented in order to ensure that the training and development programs attended by the employees are very
significantly towards the development of the organization and the employees.

Performance Appraisal

In defining performance appraisal, in [32] had defined it as the process of evaluating employee’s job
performance and comparing the achievements with the standards and objectives which had been pre-assigned
based on the individual job roles and position. The main objective of this activity is to evaluate the employee’s
performance and it is the process of separating the high flyers from the low achievers. Rewards may be awarded
accordingly to the high flyers, while necessary remedial action will need to be taken against the low achievers.
Performance appraisal will also be a good tool for the low performers to identify their weaknesses and area of
improvements for future developments.

Organization however, needs to implement transparent and unbiased performance appraisal systems in
order to ensure fair treatment of all employees. Otherwise, the consequences towards an unfair treatment or bias
towards certain individuals can result in a disaster for the organization.
Recruitment and Selection

Recruitment and selection or also known as staffing are the gateway in ensuring that only suitable candidates are selected and appointed to join the organization. In addressing the importance of this process, in [7] had indicated that recruiters tend to be very selective in the selection process in order to ensure that only suitable candidates are appointed, so that they will be able to succeed in the organization. The main objective of this activity is to ensure that only suitable candidates are recruited for the offered position [8].

Living in the 21st century, there are a lot of options that organizations can embark on (advertisement in audio and visual media, employment agencies, word of mouth, etc.) in order to attract the relevant pool of talent to apply for the position offered. In order to ensure that only the best candidate is selected and offered the job placement, organization can consider using forms, resumes, interviews, employment and skill test, reference checks as the selection tools before deciding on the right candidate [32].

Compensation and Benefits

In order for the organization to allure and secure the placement of its shortlisted candidate into the organization, a good compensation package or also known as fringe benefits will normally be the ultimate deciding factor. According to [28], only through fair compensation practices, the organization will be able to create, maintain, motivate and produce a competent employee. Compensation package can exist in the form of monetary or non-monetary approaches. According to [24] compensation is divided into 2 categories-direct and indirect compensations. The elements available in the direct compensation are salary, bonuses and profit sharing. Indirect compensation on the other hand consists of the benefits received by the employees in the form of medical coverage and work insurance. According to [30], providing effective compensation system will be able to influence and increase the employees’ commitment, work productivity and loyalty spirit.

CONCLUSION AND RECOMMENDATIONS

It is obvious that based on the reviewed literatures by the above scholars, the correlation between the HRM practices identified and the impact on employee’s intention to stay are very significant. As such, the organization should well manage their HRM practices because employees will reciprocate with higher commitment and lower intention to leave if the organization implements excellent HRM practices. Management needs to also understand that such practices are giving a direct significant impact towards employees’ satisfaction and performance. These practices on the other hand, will be indirectly translated into their commitment, performance, quality of work and loyalty. As such, this study is designed with the intention to answer the questions being raised above and also to serve as a guide to all Higher Education Institutions in understanding and resolving their non-academic staff motivational issues. The research framework of this study will focus on the 4 identified attributes which are training and development, performance appraisal, recruitment and selection, compensation and benefits as key HRM practices. It can be concluded that with the identification of the above attributes, it will allow the researcher to extend this research further by examining and confirming the relationship between HRM practices and intention to stay among non-academic staff at the Malaysian Private Universities.

Nevertheless, this study is limited in several ways. Firstly, there are very limited literature focusing on HRM practices at Malaysian universities, especially within the PHEIs context thus restricting the generalization of the findings. Second, research consideration is needed in the pre-existing differences between the groups with respect to the differences in the research settings as well as the industries that they operate. This consideration is also needed to determine the potential moderating effects of the management ideology, the company’s size and the company’s openness towards technology.

REFERENCES


