



## What Attract Gen Y to Stay in Organization? HR Practices, Organizational Support or Leadership Style

Siti Zubaidah Othman<sup>1\*</sup>, Syahrulniza Anak Lembang<sup>2</sup>

<sup>1</sup>School of Business Management, College of Business, Universiti Utara Malaysia, Sintok, 06010 Kedah, Malaysia, <sup>2</sup>School of Business Management, College of Business, Universiti Utara Malaysia, Sintok, 06010 Kedah, Malaysia. \*Email: [zubaidah@uum.edu.my](mailto:zubaidah@uum.edu.my)

### ABSTRACT

This study examines the direct relationship between human resource practices such as training and development, compensation and benefits, career development and performance appraisal, perceived organizational support, leadership style such as transformational, transactional and laissez-faire and intention to stay. A total of 400 questionnaires were distributed to participants who had agreed to participate in this study. However, only 200 questionnaire were returned and usable for further analyses. Hypotheses for direct effect were tested using multiple regression analyses. Results showed that only training and development, compensation and benefits, and transformational leadership style were significantly positively associated with intention to stay. Implications of the findings, potential limitations, and directions for future research are discussed.

**Keywords:** Intention to Stay, Human Resources Practices, Perceived Organizational Support, Leadership Styles, Gen Y

**JEL Classifications:** L1, P36

### 1. INTRODUCTION

A study conducted by Kelly services in 2012 has showed that 90% of the Malaysian workforce is below 30 years of age. Since Gen Y has accounted for over 40% of the Malaysian population, they have been found to be the huge group in any sector of employment (Phoon, 2013). According to Barford and Hester (2011), Gen Y expects to change jobs often during their lifetime, especially if their talents are underutilized. Therefore, it is not surprising to see high turnover rate among these generations.

As shown by Tower Watson survey, turnover rate among young employees in any industry in Malaysia has increased from 12.3% in 2012 to 13.2% in 2013. The survey found that manufacturing, conglomerates and financial services industries were among the industries that experiencing high employee turnover in 2013 with manufacturing sector leading the turnover statistics at 24% and this followed by the financial services at 13.3%. In the manufacturing sector, Malaysian Employees Federation reported that the highest turnover rate in manufacturing sector is in the industries involving basic and fabricated metallic products (23.88%), electrical and electronics (23.04%) and plastic/rubber (19.92%). The high

employee attrition rate among the younger generation workforce has worried many organizations. According to a report by Aon Hewitt SIS (2011), in 2011 alone, Malaysia had an attrition rate of 15.9% and ranks the country in the sixth position among the Asia-pacific countries.

In the literature, many authors have put forward the reasons why people leave the organizations. For example, Griffith et al. (2000) found that high workload and lack of organizational support contribute to issue of turnover among employees. In other study, Khatri and Chang (2001) found that among the reasons why employees leave for other organizations is because of they are not satisfied with the compensation and benefits that they received, limited career opportunities and work-life conflict. In a more recent study, Oluwafemi (2013) found that factors like inadequate training, career opportunities and poor superior-subordinate relationship related to employee turnover.

Though in the past, factors such as perceived organizational support (POS), human resource (HR) practices (training and development, compensation and benefit, career development and performance appraisal) and leadership style have been empirically

proven to be related to intention to stay among the employees, it is still not known whether these same factors would also be able to attract Gen Y to stay with the organization.

In the literature, Gen Y has been described as the generation who prefer to be casual in the workplaces and expecting their managers to care for their well-being. They are also known as great collaborators, like to work in teams and prefer to follow directions as long as there is flexibility for them to get the work done. Gen Y employees also are more motivated by the extrinsic motivation. They are willing to leave the organization if other organization could offer better extrinsic factors such as pay and benefits (Kian and Wan Yusoff, 2012). Therefore, this study is conducted with an intention to investigate factors that might able to attract Gen Y employees to stay with the organization.

## 2. LITERATURE REVIEW

### 2.1. Intention to Stay

In the literature, many authors have put forward the definitions of intention to stay. For example, Ajzen and Fishbein (1980) and Igbaria and Greenhaus (1992) regard intention to stay as the employee's willingness to remain employed in the organization. Thinking along the similar line, several other authors like Kim et al. (1996), Lyons, (1971), Price and Mueller (1981) and Tett and Meyer (1993) are also agreed that intention to stay is the plan to remain with the organization. However, the literature also has highlighted how authors interchangeably used the terms "intent to stay" or "propensity to leave." Some authors argued that both terms are the important determinant of turnover (Tett and Meyer, 1993; Igbaria and Greenhaus, 1992). Therefore, in some study the researcher used the construct of turnover intention though the focus of investigation was from the perspective of intention to stay.

There are also writing on turnover that differentiates between actually leaving and the intent to leave, with much of the research focusing on intent (Johnsrud and Rosser, 2002). According to Martin (1979), when a person intends to leave, he or she has the inclination to resign and it was the last step before actually leaving and is a powerful predictor of actual turnover (Bluedorn, 1982; Lee and Mowday, 1987; Vigoda-Gadot and Ben-Zion, 2004). It sometimes refer to as the propensity to leave, intent to quit, intent to stay, behavioral commitment and attachment (Halaby, 1986; Mueller et al., 1999).

Several past studies have suggested that intention to stay is a good predictor of employee turnover (Cavanagh and Coffin, 1992; Price and Mueller, 1981; Weisman et al., 1981). Whenever an employee does not intend to stay in the organization, this intention is always followed by turnover behavior (Irvine and Evans, 1995). Based on the study conducted by Chang and Chang (2008), effective HR practices were able to lower the intention of employees to leave the organization, and were more willing to stay with the same organization. Nedd (2006) also argued that factors associated with employee's intention to stay are important to the management in order to develop strategies that may facilitate the intention of employees to stay in the same organization.

According to Steel and Ovalle (1984), Carsten and Spector (1987) and Iverson (1996), intention to stay had a strong negative relationship with turnover. Intention to stay however, is simply the converse of the turnover intention (Kim et al., 1996). According to Black and Stevens (1989) intention to stay was significantly negatively correlated with turnover. Since intention to stay is referred to as employees' willingness to stay with an organization (Tett and Meyer, 1993), it consistently demonstrated a stronger relationship with turnover than did other turnover precursors (Tett and Meyer, 1993).

### 2.2. HR Practices and Intention to Stay

Tangthong et al. (2014) argue that organizations used HRs practices to achieve performance and this include employee retention. Boella and Turner (2005) believed that knowledge, skills and attitudes is the three elements which are individual must have in order to effectively carry out their duties. Through effective training, various benefits can be obtained such as organizational productivity, employee retention and satisfaction and organizational commitment (Lashley, 2002). In a study conducted by Chiang et al. (2005), training quality was found positively related to job satisfaction and intention to stay. Therefore, the following hypothesis is proposed:

H1a: There is a positive relationship between training and development and intention to stay.

In terms of the relationship between compensation and benefits and intention to stay, past studies have shown that sufficient compensation and benefits are the best strategy to retain effective workforce (Becker and Huselid, 1999; Cho et al., 2006; Guthrie, 2001; Huselid, 1995; Milman, 2003; Milman and Ricci, 2004; Shaw et al., 1998; Walsh and Taylor, 2007). These studies show that effective compensation and benefits can promote employees commitment to organization, improve productivity and employees willing to stay in organization.

Most of HR professionals like to believe that factors such as career development, training, rewards and recognition make people to stay and those factors must companied with the sufficient pay to retain key talent. If the employees are not given an attractive pay, they will leave the organization. As indicate by many studies, employees who are satisfied with the compensation and benefits are more willing to stay with the organization (Bergmann and Scarpello, 2002; Heneman and Judge, 2000; Williams et al., 2006). If employees think they are underpaid, their satisfaction with pay will be reduced, and may seek for other organization which can provide them with better pay (Karen, 2000). In a study conducted by Noe Pasand Asil et al. (2013) at manufacturing and industrial companies in the city of Rasht, found that compensation and benefits have the strongest relation with the intention to stay. Based on the above discussions, the following hypothesis is proposed:

H1b: There is positive relationship between compensation and benefits and intention to stay.

In a study conducted by Brown and Heywood (2005), performance appraisal was found to improve the employee commitment,

productivity and intention to stay. They further argued that performance appraisal can be enhanced through the complementary of HR management practices like formal training and incentive pay and performance appraisal leads to greater influence of employee's intention to stay. In other study, Dailey and Kirk (1992) found that effective performance appraisal and planning systems contributed to employee's perceptions of fairness and this influence the employees to consider staying at the organization. Employees who feel that they are being treated fairly by their employers are more likely to keep their job as compared to those who are not. So performance appraisal is not only can increase employee performance but also effect employee intention to stay in organization. Thus, the following hypothesis is proposed:

H1c: There is positive relationship between performance appraisal and intention to stay.

According to Johari et al. (2012), employees who feel that they are contributing to the organization will be more engaged with their job and thus, will be less likely to leave the organization. Furthermore, employees who feel that they have a higher chance of promotion are more likely to stay with organization rather than leave the organization. The promotion opportunities will give the employees a sense of appreciation, gratitude and also will influence their decision on whether to stay or to leave the organization. Findings from Gamage and Herath's (2013) study indicate that there are positive relationship between career development and intention to stay. They believed that employees decision whether to stay or to leave is depending on whether the work is challenging, or they gain a support at work and personal growth in organization. Therefore, the following hypothesis is proposed:

H1d: There is positive relationship between career development and intention to stay.

### 2.3. POS and Intention to Stay

Eisenberger et al. (1986) argued that POS has a positive relationship with intention to stay. Their argument is based on organizational support theory where when employees perceived more support from the organization, employees are more likely to develop positive attitudes towards the organization. They also found that perception of support from the organization can help reduced absenteeism and increased organization citizenship behavior and employee performance. In other writing, Tumwesigye (2010) argued that since employees often respond to their organizations, it is reasonable to expect that POS will induce a strong desire to stay with the organization.

Eisenberger et al. (1990) also agreed that individuals with high POS would have less intention to seek others employment. As shown by Allen et al. (2003), POS was negatively correlated with turnover intention. They concluded that employees who feel that their organization does not value their contribution or care about their well-being, would be expected to develop withdrawal feelings and exhibit negative attitudes such as intention to leave the organization.

Moreover, Lavelle et al. (2009) found that POS was positively predicted organizational citizenship behavior which means

that employee who feels the organization does not value their contribution will be more likely to leave the organization. While employee who feels that an organization offers them a support by caring of their well-being will be motivated to stay with the organization. Therefore, the following hypothesis is proposed:

H2: There are positive relationship between POS and intention to stay.

### 2.4. Leadership Style and Intention to Stay

Ng'ethe et al. (2012) argued that leaders and their skill in building a climate of retention encourage employees to stay. In other words, employees are more likely to remain with an organization if they belief that their managers shows interest and concern for them; if they know what is expected of them; if they are given a role that fits their capabilities; and if they receive regular positive feedback and recognition. In other writing, Chew (2004) argued that leadership behavior has a positive influence on employee retention. While Gwavuya (2011), affirms that incompetent leadership will lead to poor employee performance, high stress, low job commitment, low job satisfaction and turnover intent.

Transformational leadership can influence employee to stay in organization through exchange values and gives personal advice, attention and opportunity (Bass, 1985). Alam and Mohammad (2009) argued that transformational leaders able to give a higher level of commitment, satisfaction and performance to the employees. Apart from employee commitment and satisfaction, transformational leadership style was also found to positively related to employees' intention to stay in their organization. Thus, the following hypothesis is proposed:

H3a: There is positive relationship between transformational leadership styles and intention to stay.

Since transactional leaders use reward and punishment to encourage the better performance, the relationship between leader and follower become an economic exchange transaction (Robbins et al., 2009). Riaz and Haider (2010) argued that transactional leadership style provides high satisfaction and organizational identification as compared to transformational leadership style. In other study, Chen et al. (2005) found that followers were satisfied with the contingent reward dimension of transactional leader. As a conclusion, employee was motivated by transactional leader and will stay with the organizations. Therefore, the following hypothesis is proposed:

H3b: There is positive relationship between transactional leadership and intention to stay.

Most of literature review describe that laissez-faire as the kind of leadership that avoids in making a decision, disregards problems, does not follow-up, and refuses to intervene (Gill et al., 2010; Yukl, 2010). Sadler (2003) argued that laissez-faire leader plays a passive role in group affairs and has no initiative to interact with their groups. Yahaya et al. (2013) have concluded that this leadership style avoid making decision, do not involve with the subordinate development, do not contribute to the growth of

the follower and ignore problems and their follower. They also argued that feedback, rewards, and leader involvement are totally absent in this type of leadership. In other study, Chaudhry and Javed (2012) found that laissez-faire and employee turnover has positive relationship. Therefore, the following hypothesis is proposed:

H3c: There is negative relationship between laissez-faire leadership styles and intention to stay.

### 3. RESEARCH FRAMEWORK

The research framework shown in Figure 1 is developed based on the discussion of literature on intention to stay. The research framework for this study shows the relationship between HR practices such as training and development, compensation and benefits, career development and performance appraisal; POS, leadership style such as transformational leader, transactional leader and laissez-faire and intention to stay. In this study, HR practices, POS and leadership style are the independent variables, while intention to stay is the dependent variable.

## 4. METHOD

### 4.1. Research Design

Quantitative research design was employed as the objective of this study is to examine the relationship between HR practices, POS, leadership style and intention to stay. The unit of analysis is at the individual levels as respondents' perceptions about HR practices, POS and leadership style become the basis for understanding the intention to stay. The primary data for this study was collected at one point of time (cross-sectional study) by distributing questionnaire to respondent.

### 4.2. Participants

97 male and 103 female respondents participated in this study. On average, the respondents were 27 years old. Out of 200 participants, 66.5% were single. With regards to highest academic qualification, majority of the respondents (54.5%) were holding a degree. Majority of the participants (84%) earned a salary of RM1500 and above. Out of 200 participants, 55.5% had been with the organization between 1 to 3 years. Most of the participants (20.5%) in this study are working as an administrative

assistant and majority of the participants (56.5%) had been with their current positions for 1 to 3 years.

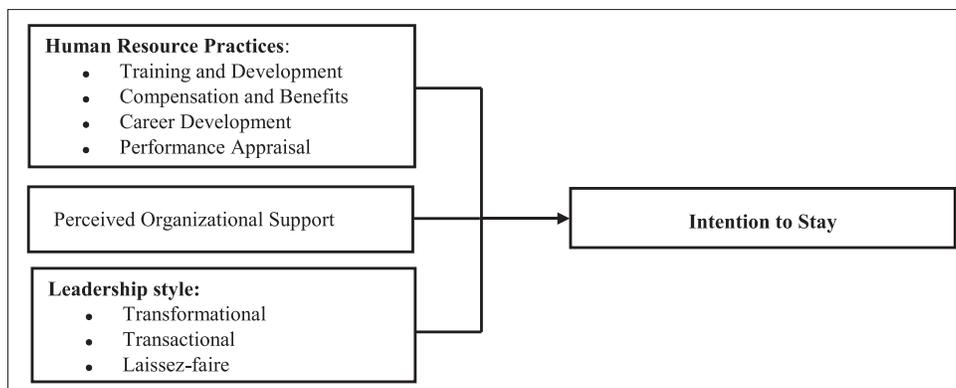
### 4.3. Measurements

Intention to stay is the dependent variable. It is operationalized as employee's willingness to remain employed in the organization (Ajzen and Fishbein, 1980). To measure participants' intention to stay, 3 items from Lambert et al. (2001) were adapted. HR practices were measured by training and development, compensation and benefit, performance appraisal and career development. Training and development is operationalized as opportunity to study and develop knowledge and new skills needed to carry out the present job or future assignment (Desimone et al., 2002). Training and development was measured by 5-items adapted from Desimone et al. (2002). Compensation and benefit is operationalized as the financial gains and real benefits that employees receive as part of an employment relationship (Milkovich et al., 2011). The 7-items used to measure compensation and benefits were adapted from Kim et al. (1996). Performance appraisal is operationalized as the identification, measurement, and management of human performance in organization (Lansbury, 1988) and was measured by 8-items adapted from Amutha (2011). Lastly, career development is operationalized as an ongoing organized and formalized effort that recognizes people as a vital organization resource and was measured using 6-items adapted from Hirsh et al. (1985).

The second independent variable, POS is operationalized as employee's perception concerning to extent to which the organization values their contribution and cares about their well-being (Eisenberger et al., 1986). In this study, POS is measured by 8 items adapted from Eisenberger et al. (1986).

Finally, the third independent variable, leadership style is measured by transformational leadership, transactional leadership and laissez-faire. Transformational leadership is operationalized as the type of leader who stimulates on idealistic, optimistic, out look on the future, communicates high expectations, focuses on followers, attention on an abstract, long term vision, facilitates change and encourages new ways of working (Bass and Avolio, 1995). Transactional leadership is operationalized as a leader who gives their followers clarity about rules and standards to protect status quo and entails closely monitoring and correcting

Figure 1: Research framework



their followers mistakes to ensure the short term success (Bass and Avolio, 1995). Laissez-faire is operationalized as the leader who avoids the decision making, disregards problem, does not follow-up, and refuses to intervene (Yulk, 1998). Transformational leadership, transactional leadership and laissez-faire were measured by 19 items developed by Bass and Avolio (1985). In this study, participants rated their degree of agreement with HR practices, POS and leadership style statements based on 5-point scale whereby, 1 = strongly disagree, and 5 = strongly agree.

## 5. RESULTS

### 5.1. Correlation Analysis

Table 1 presents the means, standard deviations, and Pearson correlations of variables for the 200 participants who participated in the study. The internal consistency reliabilities (Cronbach's alpha) of the research measures are reported in parenthesis along the diagonal of the correlation table. As shown in Table 1, the Cronbach's alpha for the overall HR practices is 0.97 and the four components of HR practices have satisfactory reliability values ranging from 0.84 to 0.99. It is also noted that Cronbach's alpha for POS was 0.97 and the leadership style was 0.93. For the three leadership style components, the Cronbach's alpha has satisfactory reliability values ranging from 0.57 to 0.96. Finally, intention to stay also has high reliability value of 0.90.

Table 1 also shows that the overall HR practices were positively related to intention to stay ( $r = 0.532$ ,  $P < 0.05$ ). There were also significant positive relationships between all of the HR practices components and intention to stay, with correlation coefficients between 0.54 and 0.67. These results imply that the more the employees received training and development, career development, compensation and benefits and performance appraisal, the more they will stay with their organization.

The correlation results in Table 1 also shows significant positive relationship between POS and intention to stay ( $r = 0.591$ ,  $P < 0.05$ ). These findings imply that the higher the employees perceived of the organizational support, the higher the intention to stay with the organization.

In terms of leadership style, overall there were a significant positive relationship with intention to stay ( $r = 0.572$ ,  $P < 0.05$ ). Table 1 also revealed significant positive relationship between all the leadership components and intention to stay, with correlation coefficients between 0.61 and 0.74. These results imply that the higher the leader adopting transformational, transactional and laissez-faire style of leadership, the higher the intention to stay.

### 5.2. Regression Analysis

To test hypotheses 1a, 1b, 1c, 1d, 2, 3a, 4b and 3c, regression analysis was conducted. Results in Table 2 showed that 52.5% ( $R^2 = 0.525$ ,  $F = 26.3$ ,  $P < 0.01$ ) of the variance in intention to stay was significantly explained by training and development, compensation and benefits, career development, and performance appraisal, POS, transformational leadership, transactional leadership and laissez-faire. In the model, training and development, career development, transformational leadership and POS were found positively associated with intention to stay with training and development ( $\beta = 0.426$ ,  $P < 0.001$ ) be the most significant predictor of intention to stay. Therefore, hypotheses H1a, H1d, H2 and H3a were supported. The results demonstrate that Gen Y will stay with the organization if they are given the opportunity for training and development, career development, received support from the organization and have a transformational leader. Thus, these variables were proved to be significantly affecting the intention to stay.

The results also revealed that compensation and benefits and transactional leadership also contribute to intention to stay but in the opposite direction. It has been hypothesized that both compensation and benefits and transactional leadership would positively related to intention to stay among the Gen Y, but both of these variables have been significantly negatively related to intention to stay.

## 6. DISCUSSIONS

### 6.1. Relationship between HR Practices and Intention to Stay

HR practices were measured by training and development, compensation and benefits, performance appraisal and career

**Table 1: Descriptive statistics, scale reliabilities and correlations of variables**

Variables	N	Mean±SD	1	2	3	4	5	6	7	8	9	10	11
HR practices - overall	200	4.07±0.66	(0.97)										
Training and development	200	4.17±0.70	0.636**	(0.96)									
Compensation and benefits	200	4.29±0.68	0.640**	0.858**	(0.84)								
Performance appraisal	200	4.00±0.77	0.450**	0.824**	0.672**	(0.99)							
Career development	200	3.84±0.83	0.564**	0.922**	0.736**	0.612**	(0.95)						
Leadership style - overall	200	3.99±0.62	0.614**	0.918**	0.703**	0.658**	0.843**	(0.93)					
Transformational	200	4.08±0.78	0.579**	0.760**	0.672**	0.707**	0.629**	0.696**	(0.96)				
Transactional	200	3.62±0.55	0.577**	0.727**	0.616**	0.672**	0.605**	0.684**	0.971**	(0.62)			
Laissez-faire	200	4.21±0.61	0.411**	0.641**	0.596**	0.630**	0.508**	0.564**	0.853**	0.747**	(0.57)		
POS	200	4.37±0.74	0.511**	0.652**	0.630**	0.584**	0.552**	0.564**	0.803**	0.685**	0.635**	(0.97)	
Intention to stay	200	3.32±0.75	0.532**	0.663**	0.582**	0.668**	0.540**	0.572**	0.740**	0.726**	0.611**	0.591**	(0.90)

\*\*Correlation is significant at the 0.05 level (2-tailed). POS: Perceived organizational support, HR: Human resource, SD: Standard deviation

**Table 2: Regression results of training and development, compensation and benefits, career development, and performance appraisal, perceived organizational support, transformational leadership, transactional leadership and laissez-faire on intention to stay**

Independent variables	Dependent variable (intention to stay) (standardized beta)	Significant (P)	Tolerance	VIF
Training and development	0.426	0.000**	0.338	2.96
Compensation and benefits	-0.197	0.015*	0.382	2.62
Performance appraisal	-0.072	0.477	0.246	4.06
Career development	0.300	0.004**	0.233	4.30
Perceived organizational support	0.172	0.030*	0.404	1.47
Transformational leadership	0.254	0.010*	0.263	3.80
Transactional leadership	-0.194	0.017*	0.386	2.59
Laissez-faire	0.075	0.319	0.441	1.27
F value		26.3		
R <sup>2</sup>		0.525		
Adjusted R <sup>2</sup>		0.505		

\*P&lt;0.05, \*\*P&lt;0.01

development. The current research findings indicate that only training and development and career development were positively related to intention to stay. These results were consistent with previous studies conducted by Chiang et al. (2005), Costen and Salazar (2011) and Chew and Chan (2008). One possible explanation for these results is that Gen Y might regards training and development as way to upgrade their skills and knowledge. Since this group of generation prone to jump from one job to the other, the skills and knowledge that they received through training helps to build their credential when applying for new job.

In terms of career development, Gen Y who participated in this study regards it as motivating factor for them to stay with the organization. This might due to the fact that Gen Y is known to be ambitious and achievement oriented. They have high expectation of their employers and always seek for new challenges. Therefore, by providing them with the career opportunity might motivate them to stay with the organization.

In this study, compensation and benefits was hypothesized to positively related to intention to stay. Surprisingly, the results indicate otherwise. One possible reason for this result might be because Gen Y relates higher pay to higher work responsibility and workload. Gen Y is known for family oriented where they willing to trade high pay for fewer hours so that they can balance their family and work. Another reason might be because the Gen Y regards the position to be more important than high pay. In other words, they are willing to leave the organization if the position that they desired are not offered in the organization. Thus, this might explain the reasons why compensation and benefits failed to attract the attention of the Gen Y in this study to stay with the organization.

### 6.2. Relationship between POS and Intention to Stay

In this study, perceived organization support was found positively related to intention to stay. The current findings support past studies conducted by Tumwesigye (2010); Eisenberger et al. (1990); Allen et al. (2003); Lavelle et al. (2009); Hussain and Asif (2012). According to Martin (2005), Gen Y always needs to be pampered and nurtured in order to achieve high work performance. They always refer to as emotionally needy and hoping for a constant praise, approval

and feedback from their employer and organization. Thus, it is not surprising to find organizational support be one of the motivating factors that had the potential to attract Gen Y to stay with the organization.

### 6.3. Relationship between Leadership Style and Intention to Stay

In this study, leadership style was measured by transformational leadership, transactional leadership and laissez-faire. The current research findings indicate that only transformational leadership was associated with intention to stay. These findings support previous studies conducted by Gill et al. (2010) and Mohd Zin et al. (2012) where they also found that transformational has influence intention to stay among employees in organization.

One of the reasons why the Gen Y preferred transformational leadership style is that this style of leadership help produces motivation and commitment, create a vision that can transform organizational performance, and enhance ideas and values as well as provide a feeling of justice, loyalty and trust among this generation. As argued by Nguni et al. (2006) this style of leadership has the potential to influence followers to remain in the organization because it can meet the need of its employee and increase the level of requirements.

In this study, it was hypothesized that transactional leadership would positively related to intention to stay among the Gen Y. However, the current findings indicate the opposite where transactional leadership was negatively related to intention to stay. One possible explanation for this might be due to Gen Y style of working where they prefer more freedom in conducting the work without continuously monitored by the leader. Besides, Gen Y preferred to be pampered and nurtured rather than to be punished in order to perform in their task. Thus, this type of leadership style might not be suitable to retain many young talents.

## 7. IMPLICATION FOR PRACTICE

The present findings have several implications for management of the organizations. The research results revealed that HR practices such as training and development and career development

contribute to the intention to stay among the Gen Y who participated in this study. Therefore, one way of retaining Gen Y in the organization is by providing more training and opportunity for career advancement. Apart from that, the current findings also demonstrate that transformational style of leadership is more preferred by the Gen Y than transactional and laissez-faire. In this study, transactional leadership was negatively related to intention to stay. Thus, the management of organization are suggested to employ transformational leadership style when leading the Gen Y in the organization. This is because Gen Y is often been described as a generation that is open-minded and receptive to new ideas and ways of living. Lastly, the results also imply that organizational support has been regarded to be one of the factors that motivate Gen Y to stay with the organization. Based on this empirical evidence, organization should be focusing more on providing appropriate support to this generation such as feedback and guidance, facilities related to work, and opportunity to enhance knowledge and skills.

## 8. LIMITATION AND DIRECTION FOR FUTURE RESEARCH

There are limitations in the design of this study that might influence the interpretations and generalizations of the findings. These issues are discussed next.

The study was aimed at understanding the influence of HR practices, POS and leadership style on intention to stay among the Gen Y, but the study was conducted on manufacturing companies located in one geographical area only. The study does not include Gen Y from manufacturing companies in other geographical areas and from other sectors. Thus, the findings only captured perceptions of Gen Y in manufacturing sectors from one geographical area regarding factors that might influence their intention to stay with the organization. Thus, future research needs to extend the exploration of the influence of HR practices, POS, and leadership style on other sectors and in other locations which might offers greater understanding on the issues of Gen Y's intention to stay. Conducting the study in different sectors with different sizes might lead to different results as issues relating to HR practices, POS and leadership style might be different in these settings.

Another limitation is that the study only tested three independent variables, namely HR practices (training and development, compensation and benefits, career development, and performance appraisal), POS and leadership style (transformational, transactional and laissez-faire) in an effort to understand their relation to intention to stay. Other situational factors that beyond the scope of this study such as individual factors and working environment were not included in this study. This provides another direction for future research.

In conclusions, despite the limitations in the approach used here and given the exploratory nature of the study, the results provide useful findings that should be of interest both researchers and practitioners.

## 9. CONCLUSIONS

This study was conducted with intention to investigate factors that might influence intention to stay among the Gen Y in the organization. The main interest is on the role of HR practices such as training and development, compensation and benefits, career development, and performance appraisal, POS and leadership style such transformational, transactional and laissez-faire on intention to stay. The results indicate that factors such as training and development, career development, transformational leadership and POS are all related with intention to stay. By examining all these factors, it is hoped that both scholars and management of the organization can have a more complete understanding of factors that might influence intention to stay among the Gen Y.

## REFERENCES

- Ajzen, I., Fishbein, M. (1980), *Understanding Attitudes and Predicting Social Behavior*. Englewood Cliffs, New Jersey: Prentice-Hall.
- Alam, M.M., Mohammad, J.F. (2009), Level of job satisfaction and intent to leave among Malaysian nurses. *Business Intelligence Journal*, 3(1), 23-137.
- Allen, D.G., Shore, L.M., Griffeth, R.W. (2003), The role of perceived organizational support and supportive human resource practices in the turnover process. *Journal of Management*, 29(1), 99-103.
- Amutha, D. (2011), Socio-economic impact through self-help groups. *Journal of Economics and Sustainable Development*, 2(6), 89-94.
- Aon Hewitt SIS. (2011), Aon Hewitt Salary Increase Survey. Available from: [http://www.aon.com/.../reports-pubs\\_2011-2012\\_salary\\_increase\\_survey.jsp](http://www.aon.com/.../reports-pubs_2011-2012_salary_increase_survey.jsp).
- Barford, I.N., Hester, P.T. (2011), *Generation Y Workforce Motivation Using Multi Attribute Utility Theory*. Defense Acquisition University. Available from: [http://www.dau.mil/pubscats/ARJ\\_Library/ARJ57/Barford\\_ARJ57.pd](http://www.dau.mil/pubscats/ARJ_Library/ARJ57/Barford_ARJ57.pd).
- Bass, B.M. (1985), *Leadership and Performance Beyond Expectations*. New York: Collier Macmillan Publishers.
- Bass, B.M., Avolio, B.J. (1995), *MLQ Multifactor Leadership Questionnaire for Research*. Redwood City, CA: Mind Garden.
- Becker, B., Huselid, M. (1999), Overview: Strategic human resource management in five leading firms. *Human Resource Management*, 38(4), 287-301.
- Bergmann, T.J., Scarpello, V. (2002), *Compensation Decision Making*. 4<sup>th</sup> ed. Mason, OH: Southwestern.
- Black, J.S., Stevens, G.K. (1989), The influence of spouse on expatriate adjustment and intent to stay in overseas assignments. *International Journal of Human Resource Management*, 3(3), 585-592.
- Bluedorn, A.C. (1982), Unified model of turnover from organizations. *Human Relations*, 35, 135-153.
- Boella, M., Turner, G.S. (2005), *Human Resource Management in the Hospitality Industry: An Introductory Guide*. UK: Elsevier Butterworth-Heinemann.
- Brown, M., Heywood, J.S. (2005), Performance appraisal systems: Determinants and change. *British Journal of Industrial Relations*, 43, 659-679.
- Carsten, J.M., Spector, P.E. (1987), Unemployment, job satisfaction and employment turnover: A meta-analytic test of the Muchinsky model. *Journal of Applied Psychology*, 72(2), 374-381.
- Cavanagh, S.J., Coffin, D.A. (1992), Staff turnover among hospital nurses. *Journal of Advanced Nursing*, 17(11), 1369-1376.
- Chang, C.P., Chang, W.C. (2008), Internal marketing practices and

- employees turnover intentions in tourism and leisure hotels. *The Journal of Human Resource and Adult Learning*, 4(2), 161-172.
- Chaudhry, A.Q., Javed, H. (2012), Impact of transactional and laissez-faire leadership style on motivation. *International Journal of Business and Social Science*, 3(7), 258-264.
- Chen, H., Beck, S.L., Amos, L.K. (2005), Leadership styles and nursing faculty job satisfaction in Taiwan. *Journal of Nursing Scholarship*, 4(37), 374-380.
- Chew, J., Chan, C.C.A. (2008), Human resource practices, organizational commitment and intention to stay. *International Journal Manpower*, 29(6), 503-522.
- Chew, J.C. (2004), The influence of human resource management practices on the retention of core employees of Australian organization. (Doctoral Thesis, Murdoch University). Available from: <https://www.core.ac.uk/download/files/343/11231292.pdf>.
- Chiang, C.F., Back, K.J., Canter, D.D. (2005), The impact of employee training on job satisfaction and intention to stay in the hotel industry. *Journal of Human Resources in Hospitality and Tourism*, 4(2), 99-118.
- Cho, S., Woods, R.H., Jang, S., Erdem, M. (2000), Measuring the impact of human resource management practices on hospitality firms performances. *Hospitality Management*, 25(2), 262 -277.
- Costen, W.M., Salazar, J. (2011), The impact of training and development on employee job satisfaction, loyalty, and intent to stay in the lodging industry. *Journal of Human Resources in Hospitality and Tourism*, 10(3), 273-284.
- Dailey, R.C., Kirk, D.J. (1992), Distributive and procedural justice as antecedents of job dissatisfaction and intent to turnover. *Human Relations*, 45(3), 305-317.
- Desimone, R.L., Werner, J.M., Harris, D.M. (2002), *Human Resource Development*. 3rd ed. Orlando: Harcourt College Publishers.
- Eisenberger, R., Fasolo, P., Davis-LaMastro, V. (1990), Perceived organizational support and employee diligence, commitment, and innovation. *Journal of Applied Psychology*, 75(1), 51-59.
- Eisenberger, R., Hungtington, R., Hutchison, S., Sowa, D. (1986), Perceived organizational support. *Journal of Applied Psychology*, 71(3), 500-507.
- Gamage, P.N., Herath, H.M.A. (2013), Job related factors and intention to stay of IT professionals in Sri Lanka. *International Journal of Social Science and Interdisciplinary Research*, 2(7), 136-145.
- Gill, A., Flascher, A.B., Shah, C., Bhutani, I. (2010), The relations of transformational leadership and empowerment with employee job satisfaction: A study among Indian restaurant employees. *Business and Economics Journal*, 18, 1-9.
- Griffeth, R.W., Hom, P.W., Gaertner, S. (2000), A meta-analysis of antecedents and correlates of employee turnover: Update moderator tests, and research implications for the next millennium. *Journal of Management*, 26(3), 463-488.
- Guthrie, J. (2001), High-involvement work practices, turn-over, and productivity: Evidence from New Zealand. *Academy of Management Journal*, 44, 180-190.
- Gwavuya, F. (2011), Leadership influences on turnover intentions of academic staff in institutions in Zimbabwe. *Academic Leadership Journal*, 9(1), 1-15.
- Halaby, C.N. (1986), Worker attachment and workplace authority. *American Sociological Review*, 51, 634-649.
- Heneman, H.G.III<sup>rd</sup>, Judge, T.A. (2000), Compensation attitudes: A review and recommendations for future research. In: Rynes, S.L., Gerhart, B., editors. *Compensation in Organizations: Progress and Prospects*. San Francisco, CA: Jossey-Bass. p61-103.
- Hewitt Timely Topics. (2004), Strategies for cost management of the HR function. Available from: [http://www.hrledger.com/library/HR\\_Costs\\_Hewitt\\_2004.pdf](http://www.hrledger.com/library/HR_Costs_Hewitt_2004.pdf).
- Hirsh, W., Jackson, C., Jackson, C. (1995), *Career in Organizations: Issues for the Future*. Brighton: Institute for the Employment Studies.
- Huselid, M.A. (1995), The impact of human resource management practices on turnover, productivity and corporate financial performance. *Academy of Management Journal*, 38(3), 635-872.
- Hussain, T., Asif, S. (2012), Is employees turnover intention driven by organizational commitment and perceived organizational support. *Journal of Quality and Technology Management*, 8(2), 1-10.
- Igbaria, M., Greenhaus, J.H. (1992), Determinants of MIS employees' turnover intentions: A structural equation model. *Communications of the ACM*, 35(2), 34-51.
- Irvine, D.M., Evans, M.G. (1995), Job satisfaction and turnover among Nurses: Integrating research findings across studies. *Nursing Research*, 44(4), 246-253.
- Iverson, R.D. (1996), Employee acceptance of organizational change: The role of organizational commitment. *The International Journal of Human Resource Management*, 7(1), 122-149.
- Johari, J., Yean, T.F., Adnan, Z., Yahya, K.K., Ahmad, M.N. (2012), Promoting employee intention to stay: Do human resource management practices matter? *International Journal of Economics and Management*, 6(2), 396-416.
- Johnsrud, L.K., Rosser, V. (2002), Faculty members' morale and their intention to leave: An explanation. *Journal of Higher Education*, 73(4), 518-542.
- Karen, H.C. (2000), Compensation, incentive and organizational change: Ideas and evidence from theory and practice. Working Paper. Available from: <http://www.amazon.com/Compensation-incentives-organizational-change-evidence/dp/B0006RJRYC>.
- Khatri, N., Chong, T.F. (2001), Explaining employee turnover in an Asian context. *Human Resource Management Journal*, 11(1), 54-74.
- Kian, T.S., Wan Yusoff, W.F. (2012), Generation X and Y and their work motivation. Paper Presented at Proceedings International Conference of Technology Management, Business and Entrepreneurship 2012[ICTMBE 2012]. Available from: <http://www.eprints.uthm.edu.my/3431/1/MGT071.pdf>.
- Kim, S., Price, J.L., Mueller, C.W., Watson, T.W. (1996), The determinants of career intent among physicians at a U.S. Air Force Hospital. *Human Relations*, 49(7), 947-975.
- Lambert, E.G., Hogan, N.L., Barton, S.M. (2001), The impact of job satisfaction on turnover intent: A test of a structural measurement model using a national sample of workers. *The Social Science Journal*, 38(2), 233-250.
- Lansbury, R.D. (1988), Performance management: A process approach. *Asia Pacific Journal of Human Resource*, 26(2), 46-54.
- Lashley, C. (2002), *A Feeling for Empowerment*. UK: Thomson Learning.
- Lavelle, J.J., McMahan, G.C., Harris, C.M. (2009), Fairness in human resource management, social exchange relationships, and citizenship behavior: Testing linkages of the target similarity model among nurses in the United States. *International Journal of Human Resource Management*, 20, 2419-2434.
- Lee, T.W., Mowday, R.T. (1987), Voluntarily leaving an organization: An empirical investigation of steers and Mowday's model of turnover. *Academy of Management Journal*, 30(4), 721-743.
- Lyons, T. (1971), Role conflict, need for clarity, satisfaction, tension and withdrawal. *Organizational Behavior and Human Performance*, 6, 99-110.
- Martin, T.N.Jr. (1979), A contextual model of employee turnover intention. *Academic Management Journal*, 22(2), 313-324.
- Martin, C.A. (2005), From high maintenance to high productivity: What managers need to know about generation Y. *Industrial and Commercial Training*, 37(1), 39-44.
- Milkovich, G.T., Gerhart, B.A., Newman, J.M. (2011), *Compensation*. New York. McGraw Hill, Irwin.

- Milman, A. (2003), Hourly employee retention in small and medium attractions: The central Florida example. *International Journal of Hospitality Management*, 22(2), 17-35.
- Milman, A., Ricci, P. (2004), Predicting job retention of hourly employees in the lodging industry. *Journal of Hospitality and Tourism Management*, 11, 23-41.
- Mohd Zin, M.D., Othman, S.Z., Pangil, F. (2012), Compensation practices and transformational leadership influences on intention to stay: The mediating role of perceived organizational support. *Knowledge Management International Conference (KMICe)*, Johor Bahru, Malaysia. Available from: <http://www.kmice.cms.net.my/ProcKMICe/KMICe2012/PDF/CR190.pdf>.
- Mueller, C.W., Iverson, R.D., Price, J.L. (1999), The effects of group racial composition on job satisfaction, organizational commitment, and career commitment: The case of teachers. *Work and Occupation*, 26(2), 187-219.
- Nedd, N. (2006), Perceptions of empowerment and intent to stay. *Nursing Economics*, 24(1), 13-18.
- Ng'ethe, J.M., Namusonge, G.S., Iravo, M.A. (2012), Influence of leadership style on academic staff retention in Public Universities in Kenya. *International Journal of Business and Social Science*, 3(21), 297-302.
- Nguni, S., Slegers, P., Denessen, E. (2006), Transformational and transactional leadership effects on teachers' job satisfaction, organizational commitment and organizational citizenship behavior in primary schools: The Tanzanian case. *School Effectiveness and School Improvement*, 17(2), 145-177.
- Noe Pasand Asil, S.M., Akhlagh, E.M., Maafi, S. (2013), Analyzing the relationship between human resource management (HRM) activities and employee's intention to stay in the organization through organizational commitment. *International Journal of Agriculture and Crop Sciences*, 4(19), 2247-2254.
- Oluwafemi, O.J. (2013), Predictors of turnover intention among employees in Nigeria's oil industry. *Organizations and Markets in Emerging Economies*, 2(8), 42-63.
- Phoon, Z. (2013), Building for Gen Y: *New Straits Times*. Available from: <http://www.nst.com.my/latest/building-for-the-gen-y-1.355347>.
- Price, J.L., Mueller, C.W. (1981), A causal model of turnover for nurses. *Academy of Management Journal*, 24, 543-565.
- Riaz, A., Haider, M.H. (2010), Role of transformational and transactional leadership on job satisfaction and career satisfaction. *Business and Economic Horizons*, 1(1), 29-38.
- Robbins, S.P., Coulter, M., Vohra, N. (2009), *Management*. India: Dorling Kindersley Pvt., Ltd., Pearson Education.
- Sadler, P. (2003), *Leadership*. 2nd ed. London: Kogan Page Limited.
- Shaw, J.D., Delery, J.E., Jenkins, G.D., Gupta, N. (1998), An organizational-level analysis of voluntary and involuntary turnover. *Academy of Management Journal*, 41(5), 511-525.
- Steel, R.P., Ovalle, N.K. (1984), A review and meta analysis of research on the relationship between behavioral intentions and employee turnover. *Journal of Applied Psychology*, 69, 673-686.
- Tangthong, S., Trimetsoontorn, J., Rojniruntikul, N. (2014), HRM practices and employee retention in Thailand: A literature review. *International Journal of Trade, Economics and Finance*, 5(2), 162-166.
- Tett, R.P., Meyer, J.P. (1993), Job satisfaction, organizational commitment, turnover intention, and turnover: Path analysis based on meta-analytic findings. *Personnel Psychology*, 46(2), 259-293.
- Tumwesigye, G. (2010), The relationship between perceived organizational support and turnover intentions in a developing country: The mediating role of organizational commitment. *African Journal of Business Management*, 4(6), 942-952.
- Vigoda-Gadot, E., Ben-Zion, E. (2004), Bright shining stars: The mediating effect of organizational image on the relationship between variables and army officers' intentions to leave the service for a job in high-tech industry. *Public Personnel Management*, 33(2), 201-222.
- Walsh, K., Taylor, M.S. (2007), Developing in-house careers and retaining management talent: What hospitality professionals want from their jobs. *Cornell Hotel and Restaurant Administration Quarterly*, 48(2), 163-182.
- Weisman, C.S., Alexander, C.S., Chase, G.A. (1981), Determinants of hospital staff nurse turnover. *Medical Care*, 19, 431-443.
- Williams, M.L., McDaniel, M.A., Nguyen, N.T. (2006), A meta-analysis of the antecedents and consequences of pay level satisfaction. *Journal of Applied Psychology*, 91, 392-413.
- Yahaya, R., Chek, I.T., Samsudin, N. (2013), The Relationship Between Leadership Behavior and Organizational Commitment at a Higher Education Institution. Available from: [http://www.internationalconference.com.my/proceeding/icmef2013\\_proceeding/2ndicmef\\_proceeding/003\\_057\\_2ndICMEF2013\\_Proceeding\\_p024.pdf](http://www.internationalconference.com.my/proceeding/icmef2013_proceeding/2ndicmef_proceeding/003_057_2ndICMEF2013_Proceeding_p024.pdf).
- Yukl, G. (1998), *Leadership in Organizations*. Englewood Cliffs, New Jersey: Prentice Hall.