

Factor Influencing Staff Retention among Generation Z in the Banking Industry

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Abstract

This study aims to investigate the factors influencing staff retention among generation Z in the banking industry in Malaysia. If an organization wishes to be maintained and continue to exist, it must make efforts to satisfy the requirements that are set forth by its staff. The purpose of this paper is to study the factors that influence Generation Z workers' likelihood to remain employed in the banking industry. In order for businesses to successfully retain the younger generations in the workforce, it is necessary for such businesses to have an understanding of the special requirements and motivations of the younger generations. A quantitative methodology was used to collect the data for this study, and survey questionnaires were distributed to the participants. The response rate was 64 percent, with 385 out of 600 questionnaires being returned, which was determined by using a random sample technique. The target demographic is the workforce of Bank X in Malaysia, which is comprised of members of Generation Z. This study will contribute to the existing body of knowledge on the topic of staff retention and provide advice to banking organizations on how to execute targeted initiatives to retain Generation Z personnel.

Keywords: Staff Retention, Generation Z, Organizational Culture, Training And Development, Job-Fit.

Introduction

Many companies worry about workforce retention. Organizations must retain talented and experienced workers. Most organizations do not cherish their employees, so they leave when better opportunities occur. Human resource solutions can assist in retaining employees in this situation. A company's human resource department is vital. Human resource management can affect staff morale. Staff retention begins with screening qualified candidates and continues with a number of techniques and programs to keep employees engaged and motivated (Malik et al., 2020). Industrialization and more jobs have enhanced employee retention. Due to their talents, experience, and expertise, companies must retain employees.

When employees feel undervalued, they start looking for different jobs (Sultana & Goswami, 2020).

Generation Z was born in the mid-1990s and early 2010s. Dates vary by source but are usually between 1995 and 2010. Generation Z was born during the rise of technology and social media, hence they are often seen as technologically dependant. This made them a "digital native" generation. "Gen Z," "post-Millennials," and "iGen" were also used (Benítez-Márquez et al. 2022). Generation Z is entering the workforce as the youngest and most famous generation. Due to its widespread impact, Generation Z has been a growing research topic. Due to the Internet and mobile phone growth, Generation Z has easy access to information. Generation Z, like earlier generations, has evolved unique behaviours and psychological traits due to their early exposure to different social, economic, and historical contexts. Generation Z has been shaped by technology and is individualistic, ambitious, money-conscious, and multitasking. Technological advances shaped this generation's tech-savvy. They benefit from working together with personal autonomy in a flexible, ethical, and executive-monitored workplace (Nedelko et al, 2022).

Randstad (2022) reported that 30 percent of Generation Z respondents changed careers to enhance work-life balance. After the pandemic, employees, especially younger ones, prioritize flexible work arrangements. Most employees today want more control over their time. Employees may dislike returning to the workplace full-time, which may increase attrition because people prefer flexible work arrangements. Generation Z workers who are just starting out are more inclined to move workplaces frequently to find co-workers who meet their requirements (54 % of Generation Z expect mental health and wellness from their employment).

Malaysian workers seek new jobs for three reasons: flexible work hours, attractive pay, and experienced management. Due to the rising workload, job insecurity, or lack of plans, some Malaysian workers may prefer to work after supper. Longer hours may get more done, but they're bad for mental health and relationships. Workers may tire and lose interest in their tasks. Overworked workers are more inclined to seek a new job with a lighter workload or a more compassionate employer to reclaim their time for physical and mental health. Because over workers have worse health outcomes (Lazauskaitė-Zabielské et al., 2023). The turnover rate for non-officer bank workers reached 17.4 percent in 2020, indicated "finding and recruiting the right personnel" was their top talent acquisition priority. The banking business tends to hire more experienced individuals, making this harder for younger people (Murad, 2021).

Understanding the viewpoint of Generation Z employees with relation to retention is crucial for banking institutions. If banking organizations ignore employee retention, they will have major problems. Businesses may suffer in a number of ways, including a detrimental impact on their reputation, staff unhappiness, and employee performance. Even though a lot of researchers have worked in this area, many organizations find this occurrence to be highly concerning.

Literature Reviews

Staff Retention

Staff retention is the ability to keep an employee with a company. Today's competitive business environment requires retention. Rombaut and Guerry (2020) stated that employee retention gives organizations a competitive edge and shows goal achievement. Retention is important because it affects a firm's efficiency in both monetary and non-monetary values.

Staff retention is how companies keep key employees. These policies and practices aim to keep staff for as long as feasible. Al-Kurdi et al (2020), reported that more companies are focusing on staff retention tactics. One of the most prevalent methods is reaching out to workers to improve job happiness and retention. This is linked to the firm's efforts to help its employees, which can be seen in the number of people who depart or join. Retention helps human resource planning by anticipating the gap between future workforce demand and supply based on the organization's goals (Akanda et al, 2021).

According to Mustafa et al (2024), staff retention is mostly influenced by salary, organizational support, and flexibility policies. It increases when they have a say in workplace decisions. To strengthen their organizations and prepare for issues with employees who leave or quit, employers should adopt retention and recruiting methods. Good staff retention goes beyond an organization's efforts after an individual is hired and established.

Organizational Culture

Aboramadan et al (2020), described organizational culture as shared beliefs and how members act against outside parties. Employee commitment is the desire to stay with an organization. It shows a worker's commitment.

Nungchim & Leihaothabam (2022), highlighted that organization culture as an emotional bond between employees and the company that makes them feel obligated to help it succeed. Organization culture now determines employee loyalty. Low organization culture leads to high turnover and high hiring and training expenditures (Mengjiao et al, 2023).

To realize the benefits of their labour, managers must be able to retain talented individuals who perform well. Collaboration is increasing in flat organizations. Teamwork lets employees interact, cooperate, and support one other without management help (Strengers et al. 2022).

Training and Development

According to Aktar (2023), internal or external training improves managers' and employees' job skills. Training and development aim to boost job satisfaction. Training and development were expected to cost the company, but it appears to be paying off. Career development opportunities are one of the top predictors of employee retention, making training and development a complicated and hard resource activity that can significantly impact a company's profitability. Organizational commitment practices have more impact than training and development (Kanapathipillai & Ferdous, 2020).

Learning helps an organization adapt to a changing environment. An organization's strategic edge is its ability to recognize, absorb, and utilise important information. Employees contribute to an organization's competence. Top management creates a learning culture via

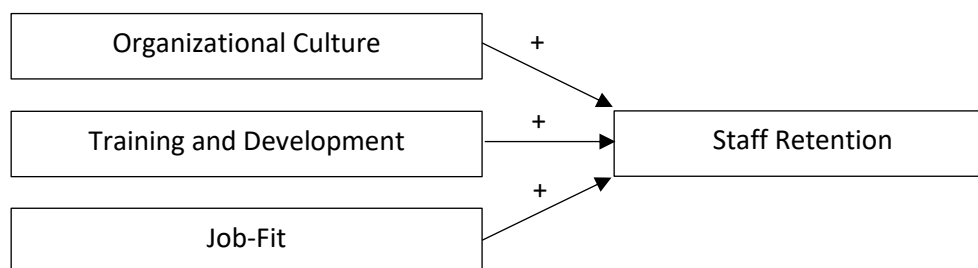
their behaviour, and workers support this culture by trying to learn (Choiriyah & Riyanto, 2021).

Job-Fit

Aidina and Prihatsanti (2022), stated that employee satisfaction is their feelings about their work. Due to many elements that affect job satisfaction, management must be more aware of employees' pleasure and unhappiness. Graczyk-Kucharska and Erickson (2020) found that Generation Z employees are motivated by job-fit (e.g., "enjoy work," "having a sense of purpose"), relationships at work (e.g., "team climate," "conflict with co-workers," "leadership"), work-related factors (e.g., "workload," "equity of rewards"), and achievement (performance appraisal, career growth, recognition).

Chumba (2022) reviewed job qualities are a proven motivator. Skill variety, task identity, task relevance, autonomy, and feedback boost work motivation, job satisfaction, and performance. Job satisfaction was found to increase staff retention. According to Krishnan et al. (2023), job satisfaction affects work attitude and productivity. Remuneration, relationships with co-workers and immediate superiors, advancement opportunities, and job satisfaction motivate positive outcomes.

Theoretical Framework



Methodology

This research emphasized on the collection and analysis of numerical data to test the hypotheses. This quantitative research work examined relationship between the independent variables, which are organizational structure, training and development, and job-fit and the dependent variable, which is staff retention among Generation Z within the banking industry.

Questionnaire instrument was used to collect primary data. From a given population of 50,941, the sample size required was 381 (Krejcie & Morgan, 1970). Online questionnaire (Google Form) was used to gather data from the selected sample. These questionnaires were extracted from the previous journals and valid for the research. A total of 385 completed questionnaires were received out of a total of 600 sets of questionnaires distributed to the intended respondents. This indicates a response rate of 64 percent. Secondary data was studies to develop the theoretical framework for this study. The collected data was analysed through statistical software SPSS 24.0.

Data Analysis

Demographic Profile

A total of 266 (69.1%) female respondents participated in the study followed by 119 (30.9%) male respondents. The report highlighted that majority of ages between 20 to 29 years old (383 respondents or 99.5%) compared to only 2 respondents (0.5%) below 20 years old. Most of the 267 (69.4%) respondents were undergraduates, while 118 (30.6%) respondents were postgraduates. The working location by state indicated most of the 260 respondents (67.5%) working in Kuala Lumpur followed by 125 (32.5%) respondents in another states. The job position indicated trainee remain most of the respondents (314 respondents or 81.5%) compares to executive levels (71 respondents or 18.5%). The length of 1 year service in the banking industry indicated most of the respondents (318 respondents or 82.6%), 1 to 5 years (65 respondents or 16.9%), and 5 to 10 years (2 respondents or 0.5%). The report indicated that 316 respondents (82.1%) had monthly income below RM2,500.00, 53 respondents (13.8%) had monthly income between RM2,500.00 to RM5,000.00, 14 respondents (3.6%) had monthly income between RM5,000.00 to RM7,500.00, and 2 respondents (0.5%) had monthly income between RM7,500.00 to RM10,000.00.

Hypotheses

In this research, the variables are tested for their relationship with each other. Below are the set of hypotheses developed:

H₁: Organizational culture has a positive relationship with staff retention

H₂: Training and development have a positive relationship with staff retention

H₃: Job-fit has a positive relationship with staff retention

Pearson Correlation

Table A

Variables	Organizational Culture	Training and Development	Job-fit
Staff Retention	.349**	.483**	.605**

Findings

Hypothesis 1

This hypothesis states that organizational culture has a positive relationship with staff retention, explaining if organization provide higher culture to Generation Z in banking industry, then the staff retention will also be higher. This forecast is supported by the result shown in table A ($r=0.349^{**}$), it demonstrated that the correlation is significant at 0.00.

According to Soelistya et al (2024), enterprise department culture directly affected job satisfaction, stress, and attrition. It improves work happiness. Organizational culture includes structure, such as size and authority, and ideology, such as willingness to change. Employees report their behavioural expectations. These expectations affect how workers work and assist new hires understand the company's goals (Ghumiem et al., 2023).

Facebook had promoted going quickly and breaking things. This allows them to actively pursue growth and contribute to a continuously changing industry. Allowing people to fail fast encourages profuse ideation to keep up with the industry's rapid growth. This will also help staff understand the sector and offer ideas to quickly seize industry opportunities. Facebook allowed employees to make crucial decisions and assume responsibility by letting them fail

fast and take risks. These cultures helped Facebook flourish. For instance, making Facebook mobile-friendly and the expansion of the smart phone business have helped them make a lot of money from advertising.

Hypothesis 2

This hypothesis states that training and development has a positive relationship with staff retention, explaining if organization provide higher training and development to Generation Z in banking industry, then the staff retention will also be higher. This forecast is supported by the result shown in table A ($r=0.483^{**}$), it demonstrated that the correlation is significant at 0.00.

Aktar (2023), observed that training workers enhances their skills and knowledge, making them more job ready. Training and work performance help retain young employees. Performance appraisal and future growth, leadership support with the work environment, training and development, recruitment policy, employee benefits, management support, and job security are the most important factors in retaining employees.

Aleem and Bowra (2020), discovered that training and development greatly affect staff retention and commitment in public, private, foreign, and Islamic banks. Training improves employee career growth, capabilities, and capacity to meet business goals and improve customer services.

Facebook's six-week boot camp on boarding program is the industry's longest to ensure job fit and engagement. This boot camp lets candidates work on real-world projects while learning Facebook coding. This helps candidates understand how their position fits, identify their abilities and pick which part of the organization they'd like to work in, and make a big impact.

Hypothesis 3

This hypothesis states that job-fit has a positive relationship with staff retention, explaining if organization provide higher job-fit to Generation Z in banking industry, then the staff retention will also be higher. This forecast is supported by the result shown in table A ($r=0.605^{**}$), it demonstrated that the correlation is significant at 0.00.

Previous studies found that work satisfaction affected turnover intention. Mustafa et al. (2024) found that job satisfaction is an emotional attitude of love and fun toward work, which is reflected in work morale, discipline, and performance. An organizational commitment increases productivity and decreases turnover intention. If people are happy with their jobs, they will be loyal to the firm and work hard to achieve its goals.

In the case of Facebook, after their rigorous boot camp, they let candidates choose their squad. Candidates can identify their greatest match within the business and collaborate with the right personnel on their selected projects. The Hackamonth self-directed internal movement (Sullivan, 2013), which allows staff to roam throughout the company after project completion, also helps Facebook expand. As they progress in the company, employees can choose initiatives that suit their strengths. The technique also encourages individuals to fail fast in determining their preference by allowing them to exit the project if they discover it is

not a good fit. Facebook improved productivity, efficiency, and job effectiveness by addressing job fit.

Conclusion and Recommendation

The analysis of the selected variable and their impact on staff retention will help banking industry to implement a good practice to ensure employee will stay for a longer duration. It was indicated in this research that the variables have a positive influence on staff retention. Remuneration and social and psychological fulfilment can inspire employees to stay with a firm, perform effectively, and help it succeed. Facebook's ability to recruit, motivate, and retain people should be emulated.

Based on Facebook's success, organizations should consider ditching the certificate-heavy recruitment procedure. This allows companies to hire the greatest staff. Human resources management may examine candidates' examination transcripts during their learning centre employment to ease certification criteria.

Facebook's thorough training program stresses job scope clarity to harness the right personnel to contribute to growth and achieve goals. Before enabling a transfer, an organization caps service time in a department. After two years, an employee can request for a transfer to their desired department. While the capping is understandable to promote stability, the organization should consider a shorter time of 1 year. Cutting the capping emulates Facebook's best fit model.

Agile and design thinking encourage empathy, ideation, and a flatter organization structure, which challenges employees, improves their learning curve through success and failure, and motivates them to do their best. To avoid missed chances in a high-paced industry like banking, organizations must adopt a fail fast culture. Allowing this boosts an organization's chances of standing out from competitors and leading its industry.

The spill over effect of inculcating the fail fast atmosphere allows people to quickly learn from mistakes and succeed on the job. Accepting failures and encouraging individuals to participate based on their strengths will increase job satisfaction. 360-degree feedback should replace traditional employee ratings and rewards in performance management. This will encourage evaluation openness and change employees' attitudes toward their jobs and the organization.

To attract and retain talent, wages and perks must be improved. Since individuals are more conscious that health equals money, companies that give unlimited insurance coverage to their employees are more desirable. The workplace encourages serendipitous interactions. The Facebook Campus also features multiple micro-kitchens in various locations. This allows employees to brief their co-workers, inquire about their projects, and possibly acquire new ideas for problem-solving.

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