

Examining the Organizational Attributes and Engaging Generation Y in the Banking Sector

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Abstract

The prime objective of this paper was to examine the organizational attributes that motivate Generation Y (Gen Yers) to contribute innovatively in the Malaysian banking industry. To achieve the objective of this study primary data were collected through a valid questionnaire items. A total of 94 respondents from Kuala Lumpur, Petaling Jaya and Miri were involved. Descriptive statistics, exploratory factor analysis and multiple regression analysis were used to test the research hypotheses. In this study, three independent variables namely culture, opportunity and interest and one dependent variable creativity were used. These variables were extracted from the exploratory factor analysis. The study reveals that culture and interest are appeared as significant contributors while opportunity is appeared as insignificant attribute. The empirical evidence of this paper enhances Managers' and Human Resource personnel's understanding of Gen Yers attitudes towards the banking industry. Such knowledge would help banks to get the best out of this group of employees and gain a competitive edge to stay ahead of the fast changing industry. Finally, this study reports findings from the first study in Malaysia on Generation Y in the banking industry.

Key words: Banking, Generation Y, organization's attributes, work attitudes

Introduction

There is no doubt that the banking industry is playing a crucial role in the development of the national economy in every country (Khalique et al. 2013). Currently banking industry is facing global challenges, such as, technological advancement, cyber threats, online transactions, etc. Like other countries Malaysian banking industry is moving into a more competitive environment where banks are offering a greater variety of financial products and services. Banks develop differentiated strategies in order to create a niche and to stay ahead of the competition. A strategy such as service differentiation is the key to building a strong competitive position in today's competitive environment. Banks with a limited number of branches develop young mobile sales personnel, mainly Generation Y (Gen Yers), instead of purely depending on extra physical branches to reach out to the market. A current challenge that has caught nearly every organization off guard today is Gen Yers, and organizations have to try new methods and skills to attract, motivate and more

importantly, retain Gen Yers (Yoga, 2010). A global study shows that 61 per cent of CEOs have enormous difficulty in attracting and retaining them (Twenge and Campbell, 2008). Gen Yers look at the concept of a career differently, and generally have a reduced sense of urgency in forging a career path. They want to live more than work (Van Geysel, 2009). Salary and status are not high on their priority list as their parents provide free lodging, pay for their car installments, and education loan repayments (Van Geysel 2009, Weyland 2011). The Malaysian Gen Yers represents 34% of Malaysia's workforce (Ranstad, 2012), like their counterparts in the rest of the world they don't want to be patronized (PwC 2009). Job longevity is not an important consideration for the Malaysian Gen Yers (Kelly Services, 2012). Ahmad and Bakar (2003) observe that voluntary turnover is a major problem for companies in Malaysia. For the Malaysia banking sector job-hopping has become rampant, with an annual average turnover rate of 12.12% for the period between June 2010 and July 2011 (Goh, 2012).

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Malaysian banking industry is playing a vital role in the development of national economy. The Malaysian banking industry has been operating in a relatively stable environment for decades. However, today the industry is facing drastic changes due to aggressive competition in a newly deregulated environment and business challenges. Competitive pressures and demand on capital for sustainable growth have intensified. The Asian Financial Crisis in 1997 proved to be the impetus needed to consolidate the banking industry. Waves of mergers and acquisitions (M&As) were carried out as the Malaysian government learnt of the vulnerability of local financial institutions to exogenous factors and this has increased the process of consolidation in the Malaysian banking sector (Shanmugam, 2003). The result is the formation of 10 anchor banks from a total of 54 financial institutions at the end of 2001. Factors such as globalization, liberalization and information technology developments have contributed to the need for more competitive, resilient and robust financial systems in Malaysia.

Mergers and acquisitions activities have resulted in a big impact on the structure of the Malaysian banking industry. According to Shanmugam (2003), Bank Negara Malaysia (BNM) decided to force banks to merge. On 29 July 1999, BNM announced that there should only be 6 banks in Malaysia and these were termed as 'anchor' banks such as: Maybank, Bumiputra Commerce Bank, Public Bank, Perwira Affin Bank and Southern Bank. However, following much pressure and lobbying, the Malaysian government decided to increase 'anchor' banks from 6 to 10 in February 2000. M&As continued and ongoing exercises were determined by market forces, for example, the acquisition of Southern Bank by CIMB Bank Berhad in March year 2006. Hence, anchor banks were reduced from 10 to 9. With the recent acquisition of EON Bank Berhad by Hong Leong Bank Berhad, the number was further reduced from 9 to 8 anchor banks.

Generation Y (Born Between 1980 and 2000)

The details of the Greatest Generation, Boomers, and Gen X are fairly well developed. The characteristics of the newest members of the workforce, Gen Yers are less clear with a lot of confusion over how to best describe them. This is illustrated by the number of monikers that have been used to label them, including: Generation Why; the Millennial Generation; the MySpace Generation; the Nexters; the Internet Generations; and the Greater Generation (Sullivan *et al.*, 2009). While the exact birth years that make up Gen Y are not defined, the general measure is those born in and after 1980 (O'Connor, 2009).

Gen Yers have grown up with technology and are used to having technology as a large part of their lives (Wong, Gardiner, Lang and Coulon, 2008). They are also considered to be the most technologically adept (Sullivan *et al.*, 2009) and are much more likely to have a Facebook or MySpace page, to bring their iPods to work and text messages to their friends (Twenge and Campbell, 2008). They are technologically savvy and highly creative (Weyland, 2011) and their technology centered world has strongly influenced how they communicate. They use technology that they can control and which can be accessed when it suits them (e.g. the use of texts). Thus, Gen Yers are master networkers who can spread the word, whether it is positive or negative, at a speed faster than most of us can imagine.

Gen Yers are also known as the 'misunderstood generation' and a major global study shows that 61 per cent of CEOs have enormous difficulty in attracting and retaining them. Gen Yers demonstrate higher self-esteem, narcissism, anxiety and depression, and have a lower need for social approval (Twenge and Campbell, 2008). Millennials are as socially active as Boomers were in their day – confident, team-oriented and used to having structure in their lives (Jayson, 2006). They are seen to be comfortable with change and are less likely to see job security as an important factor (Hart, 2006). Salary and status are not high on their priority list as their parents' financial support will always keep them afloat (Weyland, 2011).

As employees, Gen Yers are typified as valuing skill development and enjoying the challenge of new opportunities. Similar to the Boomers, they are viewed as driven and demanding of the work environment and are also likely to be optimistic (Smola and Sutton, 2002). Displaying a high level of confidence, Gen Yers are described as enjoying collective action and are highly socialised (Hart, 2006; Smola and Sutton, 2002; Tulgan and Martin, 2001). Moreover, they are seen to value having responsibility and having input into decisions and actions (McCrinkle and Hooper, 2006). Gen Yers work well alone, but they work better together as they desire collaboration (Martin, 2005). This is because they love the challenge of figuring out 'the best way to do the job' either alone or as a team.

Theoretical Foundation and Methodology

The beginning of the generational debate are attributed to Karl Mannheim (1952), who introduced the theory of generation and argued that generations could provide a clear framework to analyze social and intellectual movements. This theory states that individuals belonging to the same generational group develop a common view of the world as a result of sharing the same historical moments and cultural events. Individuals sharing a common view of the world tend to exhibit similar attitudes and behaviors at work. Building on these arguments, the theory of generation was used to investigate Malaysian Gen Yers perceptions towards 10 organizational attributes of banks. These attributes are partially adopted from the work of Terjesen, Vinnicombe, and Freeman (2007). Terjesen *et al.*, (2007) investigated the perceptions of graduating university students in Australia and the UK on the attributes of the companies that they intended to work with. However, at the initial stage of this kind of research by using exploratory factor analysis we recapitulate these 10 attributes into three independent variables namely, culture, opportunity, interest and one dependent variable namely creativity. These variables were extracted through exploratory analysis technique.

Data Collection Method

In this study 94 individuals were involved. The data were analyzed using descriptive statistics, exploratory factor analysis and multiple regression analysis by using IBM SPSS Statistics Version 22. The questionnaires were divided into two main sections. Section A refers with the respondents' demographic information, Section B shows the questionnaire items which were used to capture the constructs by using Five Point Likert Scale.

The Findings

For the purpose of this paper we are going to discuss only three predictor constructs namely culture, opportunity, interest and one predicted namely creativity that were extracted

through exploratory factor analysis that motivate Generation Y to stay in the banking industry. The demographic profile of the respondents is shown in

Table 1 Demographic Profile of Respondents

Gender	Male	Female			
<i>Frequency</i>	34(36.2%)	60(63.8%)			
Bank	Malaysian Bank	Foreign Banks			
<i>Frequency</i>	62(66.0%)	32(34.0%)			
Position	Sale Executive	Asst. Sale M.	Sale Manager	Clerical	Others
<i>Frequency</i>	26(27.7%)	1(1.1%)	3(3.2%)	37(39.4%)	27(28.7%)
Education	Secondary	Undergraduate	Postgraduate		
<i>Frequency</i>	34(36.2%)	48(51.1%)	12(12.8%)		
Ethnicity	Malay	Chinbese	Peribumi	Others	
<i>Frequency</i>	17(18.1%)	54(57.4%)	21(22.3%)	2(2.1%)	
Years Exp.	< 1	1- 2	3-5		
<i>Frequency</i>	23(24.5%)	23(24.5%)	48(51.1%)		
Employment Status	Contract	Permanent			
<i>Frequency</i>	8(8.5%)	86(91.5%)			
Mon. Income	< RM1500	RM1501- 2500	RM 2501- 3000	RM 3001- 3500	RM 3501 <
<i>Frequency</i>	6(6.4%)	43(45.7%)	26(27.7%)	9(9.6%)	10(11.1%)

Exploratory Factor Analysis

Exploratory factor analysis with principal components was performed to select the best variables for this study. The 25 initial items were explained in 67.18 % for 4 common factors obtained from a Varimax rotation with Kaiser Normalization. The KMO indicates a good correlation between the items

(KMO = 0.918) and Bartlett's test (1736.42) has an associated level of significance of 0.000 which leads to the rejection of the hypothesis that the correlation matrix is the identity matrix (p < 0.001), suggesting that there is a correlation between some variables. The results of exploratory factor analysis are shown in Table 2.

Table 2 Rotated Component Matrix

Items	Component			
	1	2	3	4
Sensible company rules, regulations procedures and policies	.80			
Invest heavily un the training and development of their employees	.80			
Clear opportunities for long-term career progression	.78			
A pure meritocracy reward and promotions based on performance	.76			
Widely regarded as a highly prestigious employer with good reputation	.72			
Conducive working environment	.71			
Dynamic, forward-looking approach to their business	.71			
Care about their employees as individuals	.67			
Full appercciation of work done given by management	.67			
Opportunity, in the early, to move around the organization and work in different areas or roles and providing opportunities to grow through learning new things	.66			
Provide job security and responsibility	.64			
Interesting and variety in daily work	.62			
Use your qualification/diploma/degree skills	.61			
Friendly, informal culture	.60			
Assistance, advice given by management to solve personal problem	.54			
Freedom to work on your own initiative	.52			
A small organization		.77		
Require you to work standard working hours only		.68		
Relatively stress free working environment		.66		
Opportunity for international travel		.61		
Opportunity to work and live abroad		.59		
Very high starting salary		.54		
Internationally diverse mix of colleagues		.45		
Employ people with whom you feel you will have things in common			.84	
Scope for creativity in your work				.90

Regression Analysis

Multiple regression was used to examine the influence of predictors on the dependent variables. In regression model the coefficient of determination (R^2) indicates the goodness of fit. Findings shows that the coefficient of determination ($R^2 = 0.427$) of the variance in the creativity is jointly explained by

the employed three independent variables with F value = 22.401 at Sig. = 0.001. The R^2 indicated that 42.7% of the variance in creativity was explained by the contributions of culture, opportunity and interest. Table 3 depicts the regression model.

Table 3: Results of Multiple Regression Analysis

Variables	Coefficients (β)	t. values	Significance level
(Constant)	0.534	0.949	0.345
Culture	0.661	5.144	0.000
Opportunity	0.024	.247	0.806
Interest	0.208	2.150	0.034
$R^2 = 0.427$			
F - Statistics = 22.401			0.001

The results of Table 3 reported that the regression coefficient of culture ($\beta = 0.661$, $t = 5.144$, $p < 0.05$), and interest ($\beta = 0.208$, $t = 2.150$, $p < 0.05$) are appeared as significant contributors in the regression model. While one predictor variable namely opportunity ($\beta = 0.024$, $t = 0.247$, $p > 0.05$) appeared as insignificant contributor in the model.

Conclusion and Implications

The aim of this study was to explore Malaysian Generation Y bank employees' perceptions of desirable organizational attributes of banks. We were able to draw out many interesting findings which are coherent with existing literature. Malaysian Gen Y value work culture and interest, while they don't give importance to opportunity. The Generation Y believes that culture and interest are the main source of creativity in an organization. Implications for bank management include understanding Gen Yers concept of work-life balance. They want to work for a bank that makes work enjoyable. Banks should provide growth opportunities, then Gen Yers will be excited by the desire to take on new challengers to expand their capabilities. Managers should also provide them with challenging assignments. However, this study has several limitations. First, the study employed the convenience sampling method that might have biased the study result. Another limitation is that the study has drawn from a relatively small sample on bank employees in Kuala Lumpur, Petaling Jaya and Miri only, therefore limiting the generalizability of the findings to other geographical areas and contexts. For future research, it is suggested that this study may replicate in other industries using bigger sample size. By conducting a detail study, more solid managerial implications and higher generalizability of the findings can be obtained.

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