EMBRACING CHANGES IN HUMAN RESOURCE PRACTICES AND TRANSFORMATIVE APPROACHES IN MANAGING MULTI-GENERATIONAL WORKFORCE

Jennifer Chan Kim Lian
Borneo Tourism Research Centre
Faculty of Business, Economics and Accountancy

ABSTRACT

Managing human resource has become increasingly complex due to the changes in the demographic profile of the workforce, impacts of the external and internal forces on the business environment and the emerging virtual economy. Above all, the existing workforce (Generations Y and X) has undergone a major shift in values, expectations, career paths and opportunities due to changes in the social and economic environment in Malaysia; thus these influence the human resource management practices and development significantly. Hence, this paper explores the key influence factors on managing human resource and offers insight into the relevant transformative approaches in human resource management practices and development to ensure sustainability of organizational performance. Based on the literature review and empirical data, the paper discusses a range of key factors shaping the existing human resource management practices. These factors can be termed into 3 categories: a) prevalent external factors, namely globalization, technological advancement, changes in social, economic, political and legal environment; b) the contextual changes and contending forces such as demographic shifts, industry image and workforce composition and c) the emerging factors that include multi-generational differences, diversity of workforce, retention of staff, creating effective work environment and brand image. It also points out the critical areas of changes in managing human resource. Several transformative approaches are recommended to align the human resource practices and development, especially in the context of hospitality organizations. These include the changing roles and functions of human resource management and suggest that greater attention should be given to employee relations, work-life balance, intergenerational training and career development.

Keywords: Changes in human resource practices, managing multi generational workforce, external and internal factors, transformative approaches, workforce demographic shift

1.0 Introduction

Human Resource Management (HRM) is the function within an organization that focuses on the recruiting, managing, and providing direction for the people who work in the organization (Tounta, 2015). Human resource management (HRM) practices play a vital role in attracting, motivating, rewarding and retaining employees (Noe, 2008). Human resource is regarded as strategic and valuable assets to be developed within an organization. Managing human resources have become increasingly complex due to the changes in demographic profile of the workforce, impacts of the external and internal forces on business environment and the emerging of the virtual economy. Indeed, the existing workforce (Generations Y and X) has undergone a major shift in values, expectations, career paths and opportunities

due to changes in the social and economic environment in Malaysia; thus these influence the human resource management practices and development. Managing of the human resource landscape is further shaped by the generational diversity that consists of four different generations of workforce, namely the Traditional or Silent Generation, Boomer, Generation X and Generation Y. Based on the Department of Statistics (2016), out of a total of 14.67 million in the workforce, the estimated percentage of the three different generations of workforce are: 28.4% contributed by Boomer, Generation X contributes to 59.6 % and Generation Y contributes to 15.7% of the total working individuals in Malaysia. These different generations exhibit major differences in their beliefs, mindsets, values, attitudes, preferences and aspirations in many areas from work to lifestyle (Arsenault, 2004). The differences and similarities between motivations and expectations of different generations of workers have been recorded (Tay, 2011; Twenge, Campbell, Hoffman, and Lance, 2010). The shift in workforce composition in terms of the different generations exhibit different values, work behaviour and attitudes which complicate the existing human resource management practices and development extensively. Generational diversity within the workplace is becoming an organizational phenomenon (Joshi, Dencher and Franz, 2011). It has become a greatly challenging task for existing human resource management in particular, in terms of creating an effective and coherent working environment among these three generations (Sakdiyakron and Wattanacharoensil, 2017). The functions and roles of human resource management are widely discussed and researched. Despite of all these changes, there is dearth understanding of key influence factors on managing human resource and the relevant transformative approaches in human resource management practices and development, to ensure sustainability of the organization performance. Paramount to this, it is crucial to examine the underlying key factors influencing the existing practices of human resource management and the changes required that reflect the generational diverse workforce and business landscape environment. These findings provide deeper understanding of managing human resource within the multigenerational workplace and the relevant transformative approaches taken by the human resource management in enhancing organization performance and employee satisfaction.

2.0   Human resource management practices and issues faced

Human resource management (HRM) practices are a set of planned strategies and policies implemented by an organization's human capital, which efficiently and effectively contribute to the achievement of organizational objectives (Mondy and Noe, 2005). Hence, it leads to the desired outcome of organization performance, employee performance and customer satisfaction. Basically, HRM practices involve compensation, performance appraisal, training and development, all of which are considered as foundation strategies to ensure that organizations have talented human resource that enhance organization productivity and innovativeness (Francis, 2014). Human resource practices is defined as "…a set of distinct but interrelated human resource practices that together select, develop, retain and motivate a workforce (Way, 2002 , page 765-766). HRM practices are implemented at two levels, namely at the strategic level, and human resource level, as perceived by the employees (Wright and Nishii, 2005). There are two streams of research on human resource practices, firstly, the individual human resource management practices and secondly, bundles of human resource management practices(Kusluvan, Kusluvan, Ilhan and Buyruk, 2010). The human resource model shows the key functions of human resource practices which include attracting and recruitment, compensation, training and development, as well as performance evaluation.

Extensive research has been conducted in HRM on various dimensions such as job security, information sharing, and work-life balance. However, there is limited research carried out on the implications of the HRM practices in multi-generation diversity, and changes in both micro and macro business environment practices (Sanjeevkumar, 2012; Juhdi, Hansaram and Othman, 2011). Literature show that dimensions of HRM implicate strongly on employees' attitudinal and behavioural outcomes (Francis, 2014). Likewise, the importance of researching human resource practices has been highlighted in several studies

(Goldblatt, 2010; Kusluvan, Kusluvan, Ilhan and Buyruk, 2010 and Baum, 2002). However, human resource practices in general has been characterized as "ambiguous and inflexible" (Conlin and Baum, 2003) and often unplanned and unstructured with lack of cohesive strategy, which is known as "adhocism" that affects its recruitment, retention, training and career progression (Baum, 2012). Arguably, human resource development cannot be achieved solely via the existing human resource management model. It is postulated that factors such as the industry nature, dynamic changes within the industry, and characteristics of labour markets, constantly shape and change the HR development practices. Indeed, the industry is compounded by a wide range of new emerging complex issues and (Baum, 2002) challenges that are both internal and external, which are related to human resource.

The World Federation of Personnel Management Association (WFPMA, 2009) survey pointed out the top ten HR challenges are leadership development, organizational effectiveness, change management, compensation, health and safety, staff retention, learning and development, succession planning, staffing: recruitment and skill labour. Evidently, the macro environment within which organizations exist are becoming increasingly complex and dynamic, thus, human resource management and human capital can improve the organization's ability to sense changes in critical environmental variables that require changes in HRM practices and organization activities (Wright, McMahan, McWilliams, 1994).

Review of literature show a range of critical issues faced by human resource management, and these issues affect the practices of managing human resource, which subsequently influence human resource development. Generally, there are four different groups of workforce in an organization, namely the Traditional workforce, the Baby Boomers, Generation X, and Generation Y, which lead to generational diversity of the workforce in an organization. These different generations of workforce display behaviour differently and their expectations including different work values, attitude towards work and career decision resulting in clashes in workplaces (Sakdiyakorn and Wattanacharoensil, 2017). Similarly, the demographic shift such as aging populations, competition and quality of workforce, coupled with the multi-generational workforce, create unique and diverse working environments for the human resource management in terms of meeting the different expectations, motivations and values of the different groups. The generational difference, for example the clear and distinct characteristics of Generation Y who look for challenging work, communication, employee relations and engagement, are vital in the work place environment. Their emphasis is on flexible work schedules, and they value enjoyment and culture. Likewise, diversity management and the work-life balance concept have been crucial in human resource management practices and development (Mazur, 2015). Developing the professional career and career development are becoming an important aspect of HRM practices to address human capital development in an organization. In fact, career planning and development activity is inseparable to human resources planning, but HR managers also need to take into account the individual and generational workforce differences in regards to the interests and personality of the workforce.

All the issues raised have strong implications on HRM practices and its internal policies and procedures. Yet, there has been little integration effort on generational differences; as most organizations have paid little attention to this issue. Consequently, an intergenerational disagreement emerges which negatively affects the organization's outcome in terms of employee job satisfaction, their level of work commitment and staff turnover. This implies that embracing changes in HRM practices and transformative approaches are necessary to create effective and coherent working conditions among these generations. HRM departments need to re-examine their practices, roles and functions to align to these changes and become relevant. A more holistic framework that allows them to manage and develop the workforce based on the changing demographics is needed.

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3.0   Research objectives and method

The research objectives are:
To identify key factors influencing the existing human resource management practices;
To propose relevant transformative approaches in human resource management practices and development from the empirical data.

The research method involved the review of key literature relating to factors influencing the current human resource management practices. The empirical data presented was part of the research project on developing sustainable hospitality human resource practices and framework, funded by a fundamental research grant.

The sample size consisted of staff of the various departments in hotels and was determined by the data saturation of each data collection method, as shown in Table 1 below. A total of 151 respondents were involved in the data collection; 59 respondents were from five star hotels, 34 respondents from four star hotels and 58 respondents were from three star hotels. Face-to-face in-depth interviews were conducted to gain understanding of the key factors influencing the managing of human resource, and the changing roles and functions of the human resource management practices within the multi-generational workforce diversity. The data was collected through interviews with the supervisors and operational staff from 3-5 star rated hotels in Sabah, Pahang, Kuala Lumpur , Selangor and Penang.

4.0   Findings and Discussions

4.1   Key factors influencing the existing human resource management practices

Human resource management in an organization is being influenced by both external and internal changes. The external factors influencing the changes include rapidly transforming business landscape, globalization, the changing nature of consumer tastes and habits, technological advancement, as well as political stability; whilst the common internal factors include staff turnover, retention of employees, multicultural workforce, and retrenchment of the employees.

An extensive review of literature shows a range of dominant factors influence the existing HRM practices. These factors can be termed in three categories : a) prevalent external factors, namely globalization, technological advancement, changes in social, economic, political and legal environment; b) the contextual changes and contending forces such as demographic shifts, industry image and workforce composition and c) the emerging factors that include multi-generational differences, diversity of workforce, retention of staff, creating effective work environment and brand image, as presented in Figure 1 below . In view of these factors, as HRM aims to ensure organization success through people, the roles and functions of HRM must change accordingly by taking into consideration three categories: prevalent factors, the contextual factors, and emerging factors. However, the context and requirements of each industry differs from industry to industry. As a result HR managers have to confront with more heterogeneous functions and involvement in the employees' personal life. New technologies have decimated many lower-end jobs with frustrating regularity due to technological advancement, adaptability, and different expectations of knowledgeable workforce. More importantly, workforce diversity is a multifaceted phenomenon. This becomes a particular issue in HRM as it has legal, moral and business implications for an organization. Diversity affects all areas of the organization, from recruitment to compensation, to the affect it has on the corporate culture, morale and competitiveness. Hence, developing policies, monitoring behaviour, and informing people of ethics are necessary to ensure that a business is fair and legal.

Figure 1 Human Resource Management Practices and Influencing Factors
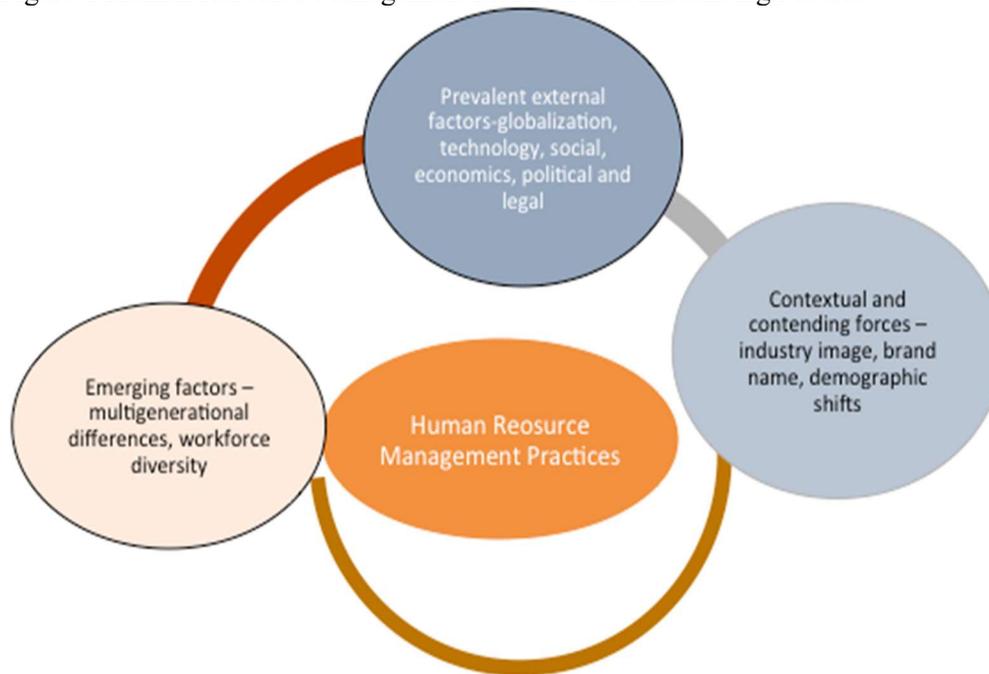
4.2   Transformative approaches in human resource management practices and development

Based on interview responses and profile accumulation techniques through surveys from 3-5 star rated hotels from the various departments, the existing human resource management practices are being influenced by these prevalent external factors: the impact of globalization in terms of cross cultural communication, technological advancement, and government implementation of minimal wages which contrast to the existing point system of pay system. The contextual changes and contending forces include: brand image, demographic changes in the labour force where Generation Y has changed the landscape of the workforce; employee engagement and empowerment; caring management; career development; training and development. The emerging factors which surfaced from the responses include: multi-generational differences; caring management; employee retention; work-life balance; meaningful and challenging job; as well as work environment and talent management. These are evidences from the following responses of human resource managers:

"Working environment, career advancement, brand or image of the company, training and development have greatly influenced most of the employees' decision to apply and as reasons to stay working with the present employer" (Human Resource Manager of 5 star rated hotels).

For the 3 star rated hotels:
"The working environment and training and development" were the reasons for the employees to continue to work in the company as responded by the human resource manager.
"Employees perceive that training and development provides better opportunities for career advancement; they are generally concerned more on their prospect of career advancement or personal growth. Besides working environment, benefit packages are also important for them." (Human resource managers of 3 and 4 star rated hotel)

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Empirical evidence in existing human resource practices include: to attract, recruit and retain human resource in the hotel industry.

Table 1 – Human resource practices in attracting, recruitment and retention of staff in 3-5 star rated hotels

Star rated hotel	3-star rated hotel	4-star rated hotel	5-star rated hotel
Comfortable working environment	Yes	Yes	Yes
Nature of jobs are interesting, fun and to some extent is quite challenging	Yes	Yes	Yes
Brand or image of hotel –Islamic concept	Yes (Islamic)	No	Yes
Job advancement opportunities	Yes	Yes	Yes
Empower staff and caring management	No	Yes	Yes
Organized Succession planning	No	Yes	Yes
Open Communication culture	Yes	Yes	Yes
Rewarding creativity and performance based personal incentives (incentive to perform Umrah)	No	Yes	Yes
Work-life balance (staff can spend more time with family through proper work scheduling)	Yes	Yes	Yes

Based on the above, this implies that changes in HRM practices must be reflected within the three major aspects, namely, human dimensions - employees' psychological perspectives (characteristics and value of work), the nature of work or job design, and workplace environment. Guest (1997) has pointed out that employee retention and commitment have been found to be related to the use of appropriate or relevant HRM practices. It is postulated that transformative approaches in managing human resource is unavoidable and changes are inevitable due to the generational workforce diversity.

Interestingly, majority of the human resource managers shared their retention practices by focusing on rewarding staff creativity. This is evident in the Generation Y workforce, who are usually able to come up with creative ideas. Whilst the provision of career development opportunities and organizing relevant and meaningful training are vital as part of human resource development, having a caring management is also important due to the diverse generation workforce. Consequently, management needs to be more sensitive to the individual needs and attention of their human resource. In short, if staff expectations are not properly addressed or understood, the competent staff may leave for another company. As highlighted by one of the human resource managers:

"My roles are to encourage and motivate staff since I am dealing with human feeling and emotions that will affect their working performance; and we need to follow the current situation, and changes are necessary in managing today's human resources."

The following are a few recommendations for managing different generations of workforce:
Firstly, human resource management practices must ensure personality and organization fit, as an important criteria during the selection and recruitment process, besides the skills and knowledge of the

person. This is to ensure the generation personality and behavioural aspects fit in with the organizational culture.

Secondly, establishing good employee relations, both formal and informally has become pertinent for HRM practices. Human resource managers should be a good listener and advisor to the employees. Employee relations are vital in enhancing the generational workforce diversity. The new generations of employees (Gen Y) would like their voice to be heard; they like to establish good supervisory relationship, teamwork and team spirit in the work place.

Thirdly, career development provides a future orientation to human resource development activities (Zheng and Kleiner ,2001). The employee career development which has been much ignored or less attention given by the human resource management needs to be given greater attention. The new generations of workforce take their professional and personal growth seriously. Thus, supportive career activities through human resource practices are crucial, especially in human capital development. This is shown in one of the respondents:

"Our management is approachable (Respondent SLKKO3); *"Our boss very open-minded, approachable. We can share anything problems with them directly and discuss my career"* (Respondent TPHO2); "*The supportive and encouraging superiors guide me and I am able to plan my career"*

Fourthly, human resource management needs to change the delivery of training by introducing more experiential learning, digital based and enhanced intergenerational training and mentoring as part of human resource development. Furthermore, they need to ensure that the job design is fun and there is an open work environment. HRM also need to be more innovative in their approach in job designing and working hours, due to the shift in the demographic profile and the work-life balance concept and expectation of the employees. In terms of the nature of work, human resource management need to ensure that the work assignment is meaningful, challenging and varied as pointed out by a few respondents that:

"…the nature of job…it's fun, enjoy and challenging" (Respondent CM3); "Happy environment…having a friendly staff" (Respondent SLKKM2).

This is further supported by Miller and Wheeler (1992) who found that meaningful work and opportunities for promotion influence employee retention.

Changes made in terms of work hours by the human resource management to implement work-life balance is also vital as it provides flexible work arrangements and work scheduling, as pointed out by one of the respondents: "Operation hour is flexible. Staff can spend more time with family" (Respondent TM1).

Fifthly, there is a need to ensure that communicative culture is introduced in the workplace, due to the different generational workforce which requires frequent communication. This is to ensure intergenerational differences are well understood; and makes the workplace conducive for employees with different work values and attitudes towards work.

Finally, it is suggested that the compensation approach be more related to personalized incentive and benefits. Furthermore, human resource management is expected to have more regular feedback on the employee performance, and recognition system should become part of the performance management system.

5.0   Conclusions

This paper reports the changes required by human resource management and practices based on literature reviewed and empirical data. It suggests that human resource practices should focus more on rewarding creativity, creating managements with caring attitudes towards employees, organizing relevant training and career development opportunity for the workforce. Whilst changes required include improving employee retention and technology facilities, providing Generation Y oriented working environment, talent management strategies, employee succession planning and value creation strategies. Employee turnover and labour shortages, technology application, sustainable green hospitality practices, globalization, political changes and terrorism are some of the emerging issues faced. The proposed sustainable hospitality human resource model emphasises both the organization resource and its environment.   Moreover, individual staff serves as guide to enhance the human resource practices and human capital development; and subsequently, sustainable human resource planning is achieved.

It identifies three categories of factors influencing the changes of HRM practices, namely the prevalent factors, contextual and contending changes and the emerging factors. Each of these factors leads to implications upon the managing of human resource in an organization. The paper proposes several recommendations for managing different generational workforce to improve the HRM. It is pertinent for the HRM department to recognize these influencing factors and consider the recommendations as to embrace changes in HRM practices accordingly. HRM plays a vital role in organization performance by focusing on effectively utilizing its human workforce within the organization (Mazur, 2015). Hence, these findings serve as important guidelines and recommendations to the changing roles in HRM practices. In particular, the rapid changes in both the micro and macro environment of business environment and the diverse generation workforce make the human resource management practices and development challenging. These challenges have implicated the roles and functions of the human resource management department as well as HRM practices. Therefore, transformative approaches in managing human resource that include the changes in human resource policies, procedures as well as practices, are necessary. All these must be framed in such a way that they are of relevance and are practical, especially to address the diverse generational workforce. Indeed, majority of human resource departments and organizations still adopt the traditional approaches of HRM, consequently, its roles and functions remain unchanged thus, affecting the organization performance and outcomes.

These findings benefit the human resource managers and policy makers and help them to enhance human resource practices and management; subsequently to achieve sustainable human resource as outlined in EPP10 – Tourism and Hospitality Cluster human capital in Malaysia. This paper suffers several limitations. The empirical qualitative data collected was restricted to only one industry. The nature of qualitative data limits the generalization of the findings. Hence, the paper suggests a comparative study using mixed methods to be extended to other industries.

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