# The Roar of Millennials: Retaining Top Talent in the Workplace

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*Millennial employees, generally defined as those born between the mid-1970s and early 2000s, will soon comprise half of the workforce. While both positive and negative stereotypes are assumed of young workers, innovative organizations need to have a retention plan in place to accommodate the booming workforce. This white paper projects the high cost of employee turnover on businesses and reviews sources of dissatisfaction amongst Millennial employees. It then proposes a general retention strategy that organizations can use as a starting point for discussion.*

## EXECUTIVE SUMMARY

*Whether an organization likes it or not, ready or not, Millennial employees are roaring.*

Millennials, generally defined as those born between the mid-1970s and early 2000s, will soon comprise half of the workforce. While both positive and negative stereotypes of these young workers are circulating, innovative organizations need to have a plan in place to employ and retain their booming entry into the workforce.

*Why?* The cost of employee turnover is high, and given the entrepreneurial spirit and talent of top performers, businesses will need to remain competitive in their HR strategy to remain relevant. While it is easy to simply ignore the growing needs and requirements of this generation, pioneering companies understand that if they do not customize their benefits packages, someone else will.

The purpose of this white paper is to project the high cost of employee turnover on businesses and review sources of dissatisfaction amongst Millennial employees. It then proposes a general retention strategy that organizations can use as a starting point for discussion. This retention strategy incorporates work-life balance, internal branding and meaningfulness in duties, benefits and perks to include development and advancement, and management training for both the Millennial employee and superiors.

## INTRODUCTION

*Jessica is a highly motivated, 29-year-old Marketing Manager at a well-known nonprofit organization. In contrast with her older co-workers, taught by autocratic leaders, Jessica's childhood and education were centered on forming friendships and close relationships with superiors. Her familiar, casual personality is occasionally viewed as disrespectful by her older colleagues, who get irritated when she communicates via text and email, instead of picking up the phone or stopping by their offices. Despite conflicting communication preferences, Jessica gets along relatively well with the older staff.*

*It did not take long for Jessica's direct supervisor, Linda, to learn that Jessica appreciates and thrives off of positive feedback and reassurance in her work. It makes Jessica feel like what she is doing is valued, and feedback helps her grow as a professional. Linda also learned very early on that she could count on Jessica to go above and beyond for the organization.*

*Jessica moved the nonprofit forward by leaps and bounds with her innovative ideas, especially those stemming from new technology and digital campaign initiatives. She proved to be a valuable asset to the organization very quickly.*

*Linda knows that it is just a matter of time before Jessica is offered a new, better paying position and will go off to greener pastures.*

*"Jessica needs to develop and advance," she thinks to herself, "but as much as I'd like to move her up, how would everyone else react?"*

This fictional case study pulls from an array of Millennial employee stereotypes and reveals truths to the workstyles and requirements of younger employees. "Millennials" can generally be defined as individuals born between the mid-1970s and early 2000s. Employees born between these years are often characterized in groups and negatively stereotyped because they have been known to "job hop." On the surface they do not appear to be loyal contributors to organizations because of their desire for change. At the same time, Millennials have also been described in positive terms and are characterized for their far advanced skills in technology and their eagerness to advance and develop.

Managers and Human Resource professionals at innovative organizations understand the high impact that these young employees have on business efforts and strive to build a retention strategy that keeps top talent in place. The Millennial generation is expected to comprise half of the U.S. workforce by 2020, so strategizing to fit this demographic is crucial for businesses to understand and accept (Ferri-Reed, 2015). Management must adapt leadership styles that complement Millennial workstyles if organizations are going to succeed (Thompson & Gregory, 2012).

How can leadership retain top Millennial employees, who at their very core have a tendency to be fickle and are competitively sought after?

In the next section, the high cost of employee turnover in organizations is explored to provide financial implications to not having a retention strategy. This white paper then proposes a general retention strategy to serve as guidelines for businesses that are ready to connect with Millennial employees.

**TABLE 1**
**COMMON NEGATIVE MILLENNIAL STEREOTYPES**
**(Thompson & Gregory, 2012)**

Managers often stereotype Millennial employees into groups, portraying them as unmanageable employees. However, these same negative characteristics can also be the source of success in the work place if acknowledged and redirected.

| | | | |
|---|---|---|---|
| **Disloyal** | According to Pew Research, 60 percent of Millennial employees do not plan on staying at the same employer throughout their career. | **Entitled** | Formative years were filled with positive reinforcement and attention; however, pressure and high expectations were also projected. |
| **Needy** | Millennial employees expect feedback and to be told how to approach projects. This may be the result of a difference in education styles. | **Casual** | Advances in technology may have resulted in a Millennial employee's desire for informal work space and flexibility. |

## BACKGROUND

According to John Hester's (2013) "The High Cost of Employee Turnover," the cost of employees leaving a company can be as much as 250% of an employee's annual salary. This number can be frightening to businesses, especially during the rise of Millennial employees as the largest percentage of workers employed. The entrepreneurial nature and inconsistency of this generation of workers can be frustrating for businesses. Even with the most conservative estimate of approximately 30% of an employee's annual salary, turnover costs are high (Hester, 2013).

Not only must an organization replace the employee who has left the company, there are also hidden costs associated with turnover, including productivity loss, safety issues and alternative factors such as morale damage (O'Connell & Kung, 2007). This must be acknowledged to fully account for associated costs. The Bureau of Labor Statistics reports that the average cost to replace an employee is $13,996 (O'Connell & Kung, 2007). In *Industrial Management*, three main factors contribute to the high price of turnover: staffing, vacancy, and training (O'Connell & Kung, 2007). The company must now spend time and resources in replacing the hire through recruiting, and the period of time that the position is vacant can attribute to a loss of productivity and business. Further, the new employee must undergo training to reach 100 percent production, which takes time and orientation (O'Connell & Kung, 2007).

Ignoring the question on how leadership can retain a top Millennial employee can equate to high dollar amounts that will accumulate over time.

**EXAMPLE**

John Smith earns $45K a year salary.
Conservatively, replacing John will cost "Company A" $13,500.
Depending on his value to "Company A", it can be as much as $112,500.

## MILLENNIAL RETENTION STRATEGY GUIDELINES

### Guideline #1

*Source of Dissatisfaction: Work-Life Balance*

A source of dissatisfaction at work amongst Millennial employees is the conflict between the employees' work-life balance expectations and how they perceive to be supported by management in this area (Gilley, Hall, Jackson & Gilley, 2015). Work-life balance can be defined as employees spending sufficient time at work while also spending enough desired time on other obligations and pursuits, such as family, friends and hobbies (Smith, 2010).

*A Manager's Responsibility*

Supervisors have a direct influence on the way employees feel they are supported in achieving balance between family priorities and work-related responsibilities, Managers need to be aware of the options available and the influence they have on job satisfaction (Gilley et al., 2015). While research suggests that all generations of employees desire work-life balance, findings show that few managers respond adequately to increasing demands for flexibility (Gilley et al., 2015). Response is highly encouraged to develop favorable outcomes. Through coaching, support of employee growth and development, and being fair and trustworthy, managers not only support employees in this area but can also equate their efforts to higher levels of productivity, lower rates of absenteeism and enhanced employee retention return on investment to 788% (Gilley et al., 2015). Organizations can also benefit from more happy, healthy and ethically-decisive employees, and lower turnover and healthcare costs (Smith, 2010).

*Solution*

Organizations can address this source of dissatisfaction by offering flexible work arrangements for employees in lieu of salary earned. Flexible work arrangements can include flexible start and end times, telecommuting, working from home, part-time hours and special summer hours or vacation days. By adapting these benefits in exchange for an increase in salary, both the employer and the employee are at an advantage. Organizations in turn can market their internal branding as being employee-friendly and responsive to growing responsibilities at home.

**TABLE 2**
**WORKING BEYOND STEREOTYPES (Ferri-Reed, 2014).**

| **LEADERS SHOULD:** | Shake off the stereotypes |
|---|---|
| Encourage open communication | Give negative feedback with discretion |
| Provide direct and sincere positive feedback | Withhold assumptions |

**Guideline #2**

*Source of Dissatisfaction: A Lack of Meaning*

The person – job and person – organization fit, and creating meaningfulness in duties is important for HR professionals to comprehend, especially in relation to the retention of Millennial employees. Research shows that there is a relationship between meaningful work, performance and retention amongst employees (Scroggins, 2008). Meaningfulness, or perceived function and purpose in assignments, has increasingly become more important to employees, and a recent study concludes that it is critical to engagement and turnover (Scroggins, 2008). Of 40,000 subjects interviewed, only 17 percent were highly engaged in their work, and highly engaged employees were almost twice as likely to remain at organizations (Scroggins, 2008). This data illustrates the severe impact that a lack of meaningful job duties can have on an organization.

*Branding a Company's Human Resources*

Internal branding can be defined as adding a higher emotional value to the organization's relationship with its employees; it is a corporation's strategy to ensure intellectual employee buy-in (Özçelik, 2015). Internal branding can create a sense of belonging and understanding of an organization's mission and values, as employees begin to feel deeply committed, prideful and want to take part in pioneering the organization's brand (Özçelik, 2015).

Millennials strive to be passionate about what they do and yet are highly responsive to the "grass is greener" external opportunities. Human resource professionals must therefore play a role in carrying internal branding throughout the staffing process. Professionals must integrate internal branding in the recruitment and selection process by attracting and developing targeted individuals with respect to their personal values, and continue the branding with performance management that provides continuous feedback and coaching (Özçelik, 2015). Managers can create meaningfulness for their subordinates through openness in management style, egalitarianism and autonomy, immediacy, collaboration with others and connectedness (Price, 2013). This not only addresses the Millennials' need for feedback, but they can also evaluate their own progress and develop a sense of autonomy and purpose in their work. On the same note, Millennials should be given meaningful assignments, technology, flexible working arrangements and career advancement opportunities as ways to both retain the employee and create an internal brand of personal development (Özçelik, 2015).

*Solution*

Organizations can develop their internal branding and increase meaningfulness for employees by matching employee job tasks with business goals. By connecting mission with responsibilities, employees can see firsthand how they actively play a part in carrying out the company's vision. By creating work that matters to individuals in a responsive environment, the Millennial employee will better identify with the organization.

**Guideline #3**

*Source of Dissatisfaction: Low Enticement*

Perks and benefits can be used as a way to attract and retain Millennial employees. Millennials think much differently about benefits packages than members of past generations, and avoiding risk is a high priority (Howe, 2014).

In a 2012 study conducted by MetLife, researchers concluded that Millennials are the most worried generation about unforeseen financial risk, including uncovered medical costs and illness and disability (Howe, 2014). Further, this generation notably is concerned about the "long term". For example, more than half of respondents poled in the same survey answered that they are "very concerned" about having enough money for their children's education (Howe, 2014).

Organizations must be aware of this information when building their benefits packages and targeting individuals if they want to compete for top talent. Forty-nine percent of Millennials said that retirement was an important factor in their job choice and that a good benefits package and stability ranked high on influencing their decision on which employer to pick (Howe, 2014). If organizations do not build packages in ways that support Millennials' needs, dissatisfaction may occur.

*Getting It Right: Enova International Inc.*

Perks go hand-in-hand with benefits as a way to entice and retain Millennial employees. Enova International Inc., a Chicago-based online lender, employs a majority of Millennial workers in its staff. Sarah Doll, Senior Director of Talent Management, suggests a three-part formula as a way to keep the workforce productive and happy through development, recognition and perks (Lytle, 2015).

In describing activities offered, Doll explains that employees at Enova International Inc. have the opportunity to engage in workshops that help develop soft skills or advances in technology and are recognized through award systems in which they can cash in on prizes such as iPods and designer purses (Lytle, 2015). By placing attention on individuals' professional development, the company creates an atmosphere of advancement and adheres to the Millennials' need for growth.

Enova International Inc. also integrated a relaxation hub complete with massage chairs and exercise balls for employees, and leadership allows employees time off to volunteer at a nonprofit of their choice once a month to help connect departments through common interests. Also included in business perks are free breakfasts, snacks and beverages, dry cleaning services, yoga classes, and manicures Through these efforts, Enova International has an engagement level of almost 80 percent, which is much higher than the U.S. average overall (Lytle, 2015).

*Solution*

This white paper does not suggest that Millennial employees need to be catered to or handed benefits on a silver platter. It does, however, suggest that high levels of enticement and an open business environment that promotes activity and self-development leads to increased engagement and production. HR professionals and supervisors should keep this in mind in developing and maintaining their company culture. Benefits that cover employees in the long term and help avoid financial risk, such as retirement options, should be considered. Perks that motivate and entice young employees to apply can also retain Millennial workers.

**Guideline #4**

*Source of Dissatisfaction: Management Styles*

The true retention of employees lies within the manager (Thompson & Gregory, 2012). It is the manager that supports work-life balance, carries positive internal branding through day-to-day operations, and has a say in how benefits, perks, development and advancement are utilized. People do not leave jobs, they leave managers (Thompson & Gregory, 2012). If the management style of direct supervisors is not conducive with the way Millennial employees work, and if support is lacking in this area, this source of dissatisfaction can be detrimental to an organization.

### *Customizing Leadership*

Managers should be coaches that provide guidance and encouragement to their staff (Gilley et al., 2015). A top priority of managers should be to support employee growth and development, which is necessary for the Millennial employee who places great emphasis on the need to advance. The key to Millennial commitment and retention is the relationship they have with their direct supervisor (Thompson & Gregory, 2012).

Managers must look past common Millennial stereotypes (disloyalty, neediness, entitlement and casualty) and understand that their leadership of this generation is crucial for organizations to succeed in the near future (Thompson & Gregory, 2012). They must also understand that these stereotypes are just that – stereotypes. Managers must invest time and effort to create meaningful relationships and trust with their staff, coach in a way that develops skills while also allowing Millennial employees to maintain their autonomy, and customize their leadership to each individual rather than a collective group (Thompson & Gregory, 2012).

### *Solution*

Managers must invest in and believe in the employees they lead. They must treat employees as individuals with unique needs and talents, rather than generational stereotypes. It is relationships that retain Millennial workers.

Managers can implement reverse mentoring to encourage cross-generational relationships. The purpose of reverse mentoring is knowledge-sharing, especially through technological advancements, in which a Millennial employee serves as a mentor to an older, senior colleague (Murphy, 2012). Reverse mentoring can be used to develop Millennial skills in leadership and as an innovative strategy to encourage cross-generational relationships (Murphy, 2012). Generational differences are lessened and new perspectives are shared by both parties, developing Millennial leadership skills.

## CONCLUSION

Whether positive or negative stereotypes are attached to Millennial employees, the reality is that this generation will comprise half of the workforce in five years. Organizations must compete with one another to attract top talent by providing incentives that will retain key individuals.

Businesses can support work-life balance by providing flexible work arrangements. They can build their internal brand to create meaningfulness and a responsive work environment by strategizing to build mission and talent connections. Through benefits and perks, the Millennial employees' needs are addressed and development and advancement is encouraged. Customized leadership styles are recommended for management, who should also encourage leadership development in Millennial employees. This can be achieved through reverse mentoring and training programs that focus on responding to individual concerns and the formation of working relationships.

The roar of the Millennials is only getting louder, and innovative organizations know that they must be ready to respond.

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