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# A study on the retention strategies for millennials with special reference to IT sector in the state of Tamilnadu

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*Abstract: Organisations face a daunting challenge in retaining millennial generation. Due to the impulsive attitude, technological immersion and the way they were brought up, the millennials have a unique set of expectations from the workplace. Given this context, this study aims to identify the expectation of the millennials for retention in the organization and the HR practices that are to be implemented in the IT organisations for retaining them. The study includes 132 respondents from the IT sector of Tamilnadu. A questionnaire was used to collect data. Based on the analysis, the study recommends a few practices that are to be implemented to retain the millennial work force in the IT industry.*

*Keywords: Millennials, retention strategies, generation difference.*

## 1. INTRODUCTION

The technology sector is often the most attractive investment destination in any economy. The IT sector comprises of IT services and Business Process Outsourcing (BPO) and is expected to grow to USD 100 Billion and contribute to 10 percent of India's Gross Domestic Product (GDP) by the year 2025 (IBEF, 2021). The United States accounts for two-third of India's IT services exports. Khanna (2021) reports that the IT-BPM sector could be staring at a 22 percent attrition rate by the end of 2021.

The workforce of organisations is dynamic with a steady outflow of elderly employees retiring and a fresh inflow of the younger cohorts of graduates. The organisations are also agile and keep on changing their policies to provide job satisfaction to the employees, in order to retain them. Employee retention is affected by a number of factors, the most important one is flexible HR practices. Organisations use various tactics such as high salary, flexible work time and so on, to retain the employees. Despite all this the millennial generation seems to leave the organisation within 1-2 years of their joining.

The expectations of Millennials from their employment experience is significantly different from the expectations of other generations. They are educated well, adept in technology, confident, energetic and good in multitasking. Though they like a challenging job, they also want a good work-life balance which promotes their well-being. A few studies predict that by the year 2020 among three millennial employees two would quit the job and hence it is going to be a tough challenge for organizations to retain this tech savvy work force. Nearly one third of the global workforce is made of millennials and so this tendency of two employees

quitting out of three is a cause of concern. Hence it is essential to understand the expectations of the millennials and design effective interventions to manage and retain them so that the turnover is reduced. It is in this context that the study aims to understand the expectations of the millennials from the workplace  for their retention and to identify the strategies to be adapted by the IT organizations for retaining this valuable and growing workforce.

**Literature review**

Ozcelik (2015) found that organizations should implement HR policies that implement effective branding strategies to bridge the gap between the different generations constituting the workforce so that all the employees are emotionally and enthusiastically connected with the organization. The author also says that the employee engagement activities will make the millennial generation to show greater commitment in their workplace. Organizations should tailor their communications so that they are able to engage employees and enhance their commitment towards the mission and vision of the organization. Communication strategy should also focus on promoting inclusion and transparency. While recruiting organizations should focus on the person job fit for the organization (Cloutier,  Felusiak, Hill and Jones, 2015). Dimitriou and Blum (2015) found that millennials value good working conditions, appreciation in their job, and they like to take initiatives but do not favour strict rules and policies. They give no importance to job security and loyalty as they are job hoppers and they like to explore various opportunities.

According to Waldron (2016) a work environment that facilitates fun at work can result in higher levels of job satisfaction among the millennials. Companies are embracing informal work cultures so that the millennials don't feel that fun in the workplace is not a solution for them to relieve stress but it is an integral part of the organisation. The millennials are well adept with technology and hence are highly participative in social media and online networks. These characteristics can also be used to engage them effectively. By offering fun workplace, flexible work life balance and career growth organizations can retain this generation (Jones, 2017). According to Sinha (2021), millennials give more importance to work-life balance. If the work place does not allow them to realize or enjoy this balance, then they might leave the organization.

According to Monroe (2010), millennial generation is more driven by upward mobility in job, identity of their work and higher benefits will make them stick to the organisation for a longer period. They also expect to complete their work in expeditious way. Millennials want their work to mean something and they are career-oriented people. They are self-motivated and willing to learn at a faster rate than other generations. So, understanding and being sensitive to their needs is more important (Huybers, 2011). According Nolan (2015), the millennial generation will be occupying more than 75% of the workforce within few years. A work environment that promotes work-life balance, meaningful job roles, development and advancement in career will go a long way in retaining the employees. The strategies used to engage and retain the baby boomers and Generation X will not be effective to retain the millennials. So if organizations want to retain Gen Y, then they have to develop innovative strategies that are conducive for the Millennials.

According to McCollum and Na'Desh, (2015) understanding the current culture, creating a shared vision of revised culture, and moving purposefully towards the preferred culture that will meet the needs of the entire generation is the need of the hour. This generation also looks for continuous support from their supervisors. In the opinion of Davis and Ruiz (2017), creating a positive work place condition and supportive supervisors will retain the millennial

generation. In some cases, employee compensation and flat structure organisation will increase the retention of the employees.

Thompson (2011) states that to some extent chasing millennials is a fruitless search as they are destined to leave anyway. With the change in job market, organisations have to change and adapt new strategies but the Millennials give more importance to career growth, incentives and their reputation in workplace. Hess (2012) found that millennials give more importance to career development. The trainings they wish to undergo should lay the ground work for their development in future and not only related to the current job. Millennials prefer a flexible and engaging work environment in which they can develop their professional skills. They also prefer superiors who encourage their accomplishments and an organization that rewards performance (Linden, 2015). According to Samuel and Rani (2016), significant differences were observed between the millennials and the older generations. The millennial generation showed higher discrepancy in Person- Organization fit than the other generation. The Indian Millennial generation is confident and ambitious to prove their worth. The millennials are giving more importance to "materialism" than "altruism". They give more importance to today's life than tomorrow. Achievement and possession belong to materialism whereas  benevolent and universalism belong to altruism (Khera and Malik, 2017)

According to Luscombe, Lewis and Biggs (2012), there was a difference in the expectation of each individual in work place. But then the essential elements of retaining the millennial generations are fair treatment from employers, and flexible working conditions. This generation also depends on social media for communication. Naim (2014) suggests that the capacity of social media to share user-generated content and openness can be leveraged upon to engage and retain the millennials. The social media tools like blogs, discussion forums, blogs, LinkedIn, Twitter etc plays a large role in retention. According to Simmons (2016), the most effective methods to retain millennials in the organisation can be "open lines of communication, targeted training and a good organisational culture". If organisation uses these strategies the millennials feel motivated to stay in an organisation. Being a tech savvy generation social media has a significant positive effect on collaboration between millennials in the organisation which leads to perceived learning, that in turn will make them more committed to the organisation (Naim and Lenka, 2017)

The review of literature showed that across the world and across disciplines, fun filled work place, an organizational culture that promotes work life balance, upward mobility, flexible work environment, career advancement, supportive supervisors and engagement through social media are the various strategies that would help organizations retain millennials. Based on the review the study has the theoretical framework as shown in Figure 1.
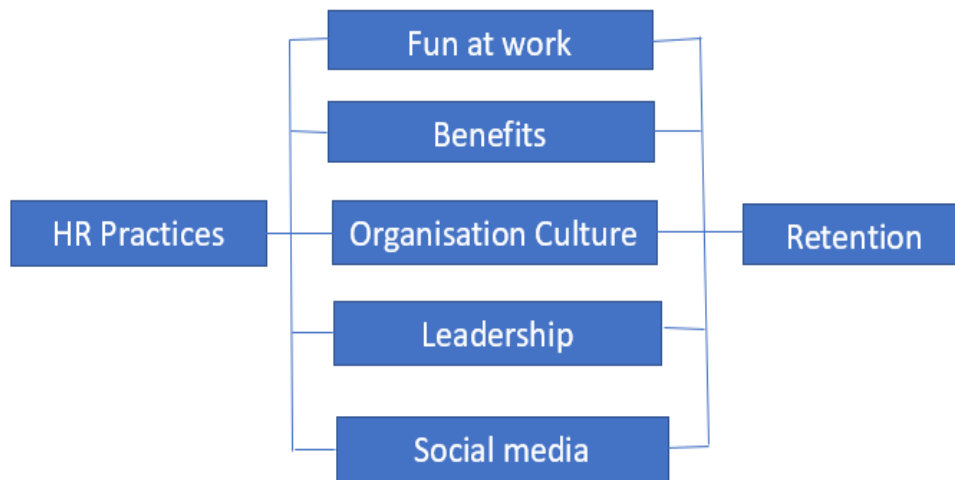
Figure 1: Model linking HR practices and retention factors.

With the framework the study aims to achieve the following objectives
1. To validate the factors preferred for retention by the millennial generation and to identify their expectations
2. To study the difference in factors preferred for retention across gender and age.
3. To understand about the strategies that will helps to retain millennials.

## 2. RESEARCH METHODOLOGY:

The population for the study is the millennial generation employees in IT sector. The data was collected from the millennials working at IT sectors in Tamil Nadu who were born between 1980 to early 2000. Non probability snowball sampling technique was used. The questionnaire was primarily sent to the known contacts and from them to the other employees in the organisation. The study had 132 qualified responses. The demographics is shown in Table 1

Table 1: Demographics of the study

| Age Group | Male (Freq) | Female (Freq) | Total |
|---|---|---|---|
| 21 - 25 | 33 | 31 | 64 |
| 26 - 30 | 34 | 10 | 44 |
| 31 & Above | 14 | 10 | 24 |
| Total | 81 | 51 | 132 |

Based on the framework of the study a questionnaire was constructed. The factors supported by the literature were included in the questionnaire. The data collection process was executed by sending google forms to various millennial employees who are working in IT firms. The jargons were explained with a note given in the questionnaire itself and the data collection was completed in a month's time. The data collected was entered into statistical software for analysis. The results are presented below

## 3. ANALYSIS AND DISCUSSIONS

*4.1 Factors for retention preferred by millennials:*

A percentage analysis was done to find out the factors that are preferred by the millennials for retention.

Table 2: Factors for retention-Preferred by millennials

| S. No | Variables | Mean |
|---|---|---|
| 1 | Fun workplace | 4.10 |
| 2 | Benefits | 4.26 |
| 3 | Social media | 3.60 |
| 4 | Leadership | 4.07 |
| 5 | Organisation culture | 4.07 |

From the table 2 it is evident that fun working environment, benefits in the organisation, social media communication, leadership and the organisation culture are the factors which are generally preferred by the millennials for retention. Hence the framework in figure 1 is validated for the present sample of millennials from the IT sector of Tamilnadu. Among these factors benefits in the organisation is greatly preferred by the millennials. From the benefits available in the organisation a percentage analysis is again done to find out the importance of higher pay and other benefits.

Table 3: Expectation of higher pay

| Value label | Frequency | Percent |
|---|---|---|
| No | 37 | 28.03 |
| Yes | 95 | 71.97 |
| Total | 132 | 100.0 |

From the table 3 it is inferred that 71.97% of millennials give importance to higher pay. The millennials prefer other benefits from the organization as shown in Table 4

Table 4: Other benefits from the organization

| Value label | Frequency | Percent |
|---|---|---|
| No | 39 | 29.25 |
| Yes | 93 | 70.45 |
| Total | 132 | 100.0 |

The millennials' expectations from the organizations is outlined below
➢ 93.1% millennials expressed that they **help other employees** in their work-related problems which shows that they give more importance to benevolence.
➢ 91.6% respondents said that they would like to choose **training** based on their future career growth.
➢ 89.3% respondents expect **upward mobility** to stay longer in the organisation.
➢ 87.1% millennials expect that the **celebrations** in the organisation are to be informed to them. This shows that they like to be included in the organization.

➢ 88.6% of millennials expects their **role to be important, look for immediate feedback and** enjoy the **employee engagement** activities implemented by the organisation.
➢ 84.8% millennials opined that their tenure depends on their **supervisor's support.**
➢ 71.9% millennials expect **higher starting salary**.
➢ 43.9% millennials **expect pet allowance** as one of the benefits from the organisation.

*4.2 Difference in the retention factors based on gender and age:*

An ANOVA test was conducted to find out the factors preferred by different age groups for retention and the following results are observed.

Table 5. Difference in factors preferred based on age-Male.

| Factors | | Sum of Squares | df | Mean Square | F | Sig |
|---|---|---|---|---|---|---|
| **Fun work place** | Between Groups | 3.69 | 2 | 1.85 | 2.22 | .115 |
| | Within Groups | 64.81 | 78 | .83 | | |
| | Total | 68.51 | 80 | | | |
| **Benefits** | Between Groups | .79 | 2 | .39 | 1.20 | .308 |
| | Within Groups | 25.65 | 78 | .33 | | |
| | Total | 26.44 | 80 | | | |
| **Social media** | Between Groups | 4.16 | 2 | 2.08 | 1.67 | .195 |
| | Within Groups | 97.07 | 78 | 1.24 | | |
| | Total | 101.23 | 80 | | | |
| **Leadership** | Between Groups | 1.29 | 2 | .65 | 1.55 | .220 |
| | Within Groups | 32.67 | 78 | .42 | | |
| | Total | 33.96 | 80 | | | |
| **Organisation culture** | Between Groups | 1.67 | 2 | .84 | 1.97 | .146 |
| | Within Groups | 33.13 | 78 | .42 | | |
| | Total | 34.81 | 80 | | | |

From the table 5 it is seen that the significance value is greater than 0.05 for all the factors of retention. So, the there is no significance difference between the factors that are preferred by the different age groups of males.

Table 6: Difference in factors preferred based on age-Female

| Factors | | Sum of Squares | df | Mean Square | F | Sig |
|---|---|---|---|---|---|---|
| **Fun work place** | Between Groups | 5.91 | 2 | 2.98 | 3.40 | .042 |
| | Within Groups | 40.93 | 47 | 0.87 | | |
| | Total | 46.84 | 49 | | | |
| **Benefits** | Between Groups | 0.46 | 2 | 0.23 | 0.49 | 0.615 |
| | Within Groups | 21.93 | 47 | 0.47 | | |
| | Total | 22.38 | 49 | | | |
| **Social media** | Between Groups | 3.66 | 2 | 1.83 | 1.30 | 0.283 |
| | Within Groups | 66.34 | 47 | 1.41 | | |
| | Total | 70.00 | 49 | | | |
| **Leadership** | Between Groups | 1.35 | 2 | 0.67 | 1.16 | 0.321 |
| | Within Groups | 27.21 | 47 | 0.58 | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | Total | 28.55 | 49 | | | |
| **Organisation culture** | Between Groups | 0.26 | 2 | 0.13 | 0.29 | 0.746 |
| | Within Groups | 20.94 | 47 | 0.45 | | |
| | Total | 21.20 | 49 | | | |

The results in Table 6 show that there is a significant difference between the age group of females in the factor "fun work place" since the significance value is less than 0.05. To find the difference in the age group of female homogeneity test was performed.

Table 7: Difference in the factor fun work place across different age groups

| Factor | Age groups | N | Mean | Std. deviation | Std. Error | Lower Bound | Upper bound | Minimum | Maximum |
|---|---|---|---|---|---|---|---|---|---|
| **Fun workplace** | 21-25 | 31 | 4.13 | .92 | .17 | 3.79 | 4.47 | 2.00 | 5.00 |
| | 26-30 | 10 | 4.55 | .72 | .23 | 4.03 | 5.07 | 3.00 | 5.00 |
| | 31 and above | 9 | 3.44 | 1.16 | .39 | 2.55 | 4.33 | 2.00 | 5.00 |
| | Total | 50 | 4.09 | .98 | .14 | 3.81 | 4.37 | 2.00 | 5.00 |

From table 7 it is inferred that the age group of 26-30 give higher importance to the fun working environment whereas the age group of 31 and above give less importance to the factor fun work place.

**Recommendations.**
- **Short term benefits**: The millennials give more importance to short term benefits. Hence organizations can introduce policies that would yield short term benefits.
- **Workplace culture**: A person-culture fit is recommended because organization culture is an important determinant of retention.
- **Skill development**: The millennials prefer upward mobility skill development programs which can be introduced. This would result in enhancing the skills of the workforce and also yields a competitive edge to the organization.
- **Role importance**: The companies can provide opportunities for millennial employees by giving them ownership and leadership positions, which can make them understand the importance of their roles.
- **Mentoring:** The companies can implement a two-way mentorship program which can lead to exchange of ideas between juniors and seniors resulting in a better organisation environment.
- **Performance based rewards**: Millennials are expecting performance-based rewards such as seminar, free courses, travel opportunities, discussion lunches etc.HR should focus on providing such rewards for a better performance from millennials.
- **Communication platform**: The HR department has to be very cautious in deciding which social media has to be used for communicating with millennials as they are not preferring social media for communication related to their organizational role

- **Designing HR policy**: While framing HR policies importance should be spotlighted on millennial generation expectations. This can be successful only if it is implemented right from orientation and induction itself.

## 4. CONCLUSION:

This study found that fun working environment, benefits in the organisation, social media communication, leadership in the organisation, and organisation culture as important factors for retaining the millennials in the organization. Even though the millennials are called as tech savvy generation it was shocking to find that they don't prefer social media for organization related communication. Organisational culture was found to play a significant role in retention of the employees.  It is very difficult to change organisational culture in one go. This can be done by implementing small changes like changing the office layout where open communication is possible, discussion lunches which will promote exchange of ideas in an informal manner. By observation we see that even high monetary benefits at times is not sufficient to retain the employees. The retention depends on the organization's effort to make their workforce perceive that they play an important role in the development of the organization. This study has important implications for the IT organizations whose workforce mostly constitutes of millennials. Understanding them and crafting policies according to them could help the organizations reduce the turnover and gain a competitive edge.

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