ADVANCED PROJECT

Motivating Millennials and Management Recommendations to Decrease Turnover and Increase Employee Retention

DePaul University

F-11: Can design and produce a significant product that gives evidence of an advanced competence.

F-12: Can demonstrate knowledge of motivating millennials and compile a guide for management to use in the workplace to understand, motivate and retain millennials.

Abstract

This paper provides an analysis of millennials in the workplace. It describes their

essential characteristics and values to provide guidance and recommendations to HR departments

and management of CME Group on how to reduce millennial turnover and retain top talent.

Millennials will make up most of the workforce in the near future. The paper analyzes the

reasons for millennial turnover in organizations, motivating factors of millennials and

management recommendations on how to lead and manage millennials. This paper further

provides a global analysis of millennials focused on where CME Group has a global presence.

Based on the individual characteristics of millennials in different parts of the world, this paper

presents management recommendations and retention techniques that are specifically tailored to

millennials in those regions.

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A. Introduction

The general area of interest relates to motivational factors in millennials in an

international work setting. Many scholarly articles are discussing the key characteristics of

millennials and how they differ from previous generations. Based on the characteristics that

millennials share, there are various recommendations to management on how to lead, motivate

and retain millennials in the workplace. There appears to be a higher turnover rate among the

millennial workforce, which causes enormous hidden turnover losses to organizations.

Therefore, all companies should have an interest in workforce retention. Leading a global team

consisting of mostly millennials will pose a significant challenge to management in the future as

more and more millennials enter the workforce. This project will specifically address motivating

factors in millennials and management recommendations in the form of an artifact. The project

will consist of an analysis paper and a program implementation guide for companies that are

interested in fostering a great work environment for millennials. Comparing millennials in

different countries will provide a guideline to overcome cross-cultural differences when working

with millennials in different countries. The target audience for this project will be Management

along with HR departments of companies that are working with millennials and are interested in

attracting and retaining top talent and decreasing the turnover rate in their organizations. The

primary method of investigation for this advanced project will be library research on motivating

factors in millennials, turnover rates in organizations, management recommendations on how to

engage with millennials.

B. Millennial turnover rates in organizations

There appears to be a positive correlation between job satisfaction and turnover rates

among millennial employees in the U.S. Job characteristics, compensation and benefits have a

positive impact on job satisfaction (Lewis, 2019). Voluntary turnover represents a problem in

organizations as they incur costs related to additional recruitment and training needs, loss of

knowledge and business disruptions which could impact productivity in an organization

(Aladwan, Bhanugopan, & Fish, 2013). Therefore, all companies should have an interest in

workforce retention, understand the changing dynamics of their workforce and evaluate their HR

and operational practices accordingly.

C. Key characteristics and values of millennials

Workplace interviews of millennials show that the key characteristics of millennials are

independence and sense of urgency, tech-savviness, the strive for responsibility and disliking

micromanagement (e.g. Martin, 2005; Suleman & Nelson, 2011). Other characteristics that may
be classified as stereotypes were listed in the literature as neediness, disloyalty, entitlement and
casualty, self-centeredness and lack of motivation. (Bannon & Meltzer, 2011; Cozetwith, 2012;
Myers, 2010; Hershatter & Epstein, 2010; O'Connor & Raile, 2015). Millennials are
characterized as being well-educated and having high aspirations, are technologically advanced
and socially responsible (Suleman & Nelson, 2011).

a. Primary motivating factors

The articles in the literature show that flexibility, interesting tasks also referred to as
meaningful or impactful work, are key motivating factors for millennials. Constant learning,
development and growth opportunities are also listed among the top drivers (White, 2018).
Flexibility is broadly defined to include flexible work schedules, work methods, as well as
other work arrangements that relate broadly to work-life balance (Kultalahti & Viitala, 2015).
With millennials entering the workforce, a narrow definition of flexibility which refers to only
balancing work and childcare is not enough any longer (Bal & DeLange, 2015). Flexibility
goes both ways for millennials; on the one hand, millennials appreciate a flexible work
schedule. Still, on the other hand, they are willing to work longer if needed for an appropriate
reward such as extra time off or an additional bonus (Kultalahti & Viitala, 2015). It is also
important to mention that, while flexibility enhanced engagement in millennials, research has
found partial support that flexibility increased performance in older workers (Bal & DeLange,
2015). Millennials are also driven by causes that appeal to the benefits to others rather than
benefits to self (Paulin et al, 2014). This could be an essential finding for organizations in the
not-for-profit area.

b. Secondary motivating factors

Pay and job stability are not considered primary motivating factors. Job stability was only mentioned by a negligible number of individuals (Kultalahti & Viitala, 2015). A survey of 500 student employees at the Bringham Young University showed similar results as the research by Kultalahti & Viitala (2015) and Martin (2005) that while pay is valued, it is not the top motivating factor (Mulvenon & Bowman, 2017).

D. Management recommendations

Most literature starts with looking at the values millennials display, and the stereotypes associated with them such as low work ethic, entitlement, self-centeredness, neediness disloyalty and being casual (Thompson & Gregory, 2012). Important and relevant factors are feedback, recognition and some address the stereotypes as low work ethic, self-centered, lazy and entitlement. Regular feedback and recognition and understanding the millennial generation are essential aspects to motivate and retain this group of workers (Amundsen & Martinsen 2015; Thompson & Gregory, 2012; Suleman & Nelson, 2011). Reducing micromanagement to a minimum and empowering millennial worker with more responsibility is a recommendation to managers as well. Developing a 'key relationship' between millennials and their direct manager will drive productivity and employee retention (Martin, 2005). Overall, managers need to adapt their management style to retain millennials. Reducing miscommunication between millennials and non-millennials by understanding them and addressing generational differences, will reduce frustrations and wasted work time, thereby increasing productivity (Mulvenon & Bowman, 2017). The discovery that non-financial rewards such as flexibility, learning and career opportunities have a positive impact on the attractiveness of a job offer is an essential finding for many organizations

(Schlechter, Thompson & Bussin, 2015). Organizations should change or update their HR policies

and practices accordingly, to attract top talent.

E. Global Analysis and Comparison of Millennials

This section will investigate millennials around the world and will primarily focus on

regions where the CME Group has a large footprint by looking into cultural components in

various countries. This analysis will assist in better comprehending the millennial mindset on

an international level, reduce organizational turnover and change existing management

practices if needed. On top of that, it will investigate mechanisms that will motivate, retain

and engage millennials to perform at their ideal competence.

a. United States

i. Background and Characteristics

In the United States, 75% workforce will be represented by the millennial population

by 2025, and currently, there are 73 million millennials in America, which is the largest

generation within the labor force (Emmons, 2019). Increased turnover rates are costing the

industry over $30 billion annually (Adkins, 2016). The turnover rate in 2018 was 21 %, with

60% attributing job change for different opportunities (Emmons, 2019).

ii. Management recommendations – Motivation and Retention Techniques

Managers must improve opportunities for higher engagement through leisure

opportunities, incentive packages, as well as work-life balance schemes. Providing

educational and training opportunities that help improve their portfolio to succeed within the

business place market rather than the organization only. Managers should provide continuous

feedback with the flexibility to change. This feedback procedure should be done regularly

instead of annually to engage with the millennials continuously. This helps executives and

management officials understand the millennial perception, understanding, and expectation

levels. A culture of trust, ethics, sincere interest in millennials retain them for more extended

periods with a correlative increase in agility, productivity, and innovation within the

organization.

b. Europe

i. Background and Characteristics

European millennials entered the workforce when the society exited freefall,

communism, oligarchs, and dot-com bubble burst. As such, financial security and political

stability were explicit in the economy at that period, which was mirrored in the labor market

as well. Most vulnerable generation within the current global downturn in terms of

unemployment. Just like earlier generations, millennials responded positively to the

importance of payment, authority, faithfulness, as well as beginning a platform for support and

development (Eckert & Deal, 2012). However, they also represent a group that is more vocal,

disrespectful to authority, and technologically engaged as opposed to the prior generations.

ii. Management recommendations – Motivation and Retention Techniques

Organizations need to harness the power of a multigenerational workforce. Hiring

millennials will create mixed-aged teams that help them cater to a diverse customer base.

Millennials will soon comprise the majority of the workforce as they take on the varying role of

different sectors within the economy. Instead of losing them to foreign multinationals and

ventures; European organizations need to create a higher number of openings and prospects for

them. Hiring and creating opportunities for them will help the organization sustainably adapt better to the marketplace demands in the future. Millennials are not hard to understand. Developing a mental checklist for differing motivators to offer allows millennials them to select what suits them best, thereby retaining them longer within the organization. Build benchmarks but with flexibility, which pushes them to do their best.

c. United Kingdom

i. Background and **Characteristics**

Fifty-nine percent of workers are deemed as likely to move jobs despite the economic uncertainty and the majority of this percentage represent the millennial generation aged between 18-34 (Esguerra, 2018). Lack of career support and advancement force millennials to job-hop instead of staying in the same position for a longer duration. 'New hire effect' prevalent in UK millennials, wherein they resign within the first two years as job requirements don't meet their expectation level (Visier, 2018). Millennial cognitive, behavioral, and insightful attributes sometimes reflect in the right direction as opposed to decisions made by the older generations. For example, it is projected that 73 percent of young people under the age of 24 voted to continue within the European Union for the 2016 Brexit referendum, and a total of 82 percent of young people aged between 18 and 24 would vote to remain if there were presented a second referendum (Curtice, 2018; Panjwani, 2018).

ii. Management recommendations – Motivation and Retention Techniques

Millennials will garner a higher amount of respect and loyalty if you are upfront and honest. It is essential to maintain an open dialogue that helps millennials design a plan that best fits their talents. Managers should help them cultivate the skills they want to learn and

implement it within organizational operations. Millennials need to find meaning in their work, and if that is absent, most of the time, they will leave. Recognizing the intuition millennials have in understanding the current globalized scenario is essential. Knowing that will help organizations navigate global waters effectively.

    d. **Middle East**

        i. **Background and Characteristics**

The Middle Eastern region, composed of the Arab communities, are deeply entrenched in values of Islam, solidarity, and family. Further, the government of these monarchy-based rule regions has incentive programs that prioritize their citizens over foreign expatriates, be it in job selection, retainment, promotions, amongst others. There is a lower turnover rate for millennials in Middle Eastern countries due to the priority they are given in terms of higher pay, travel remuneration, medical insurances, educational incentives, amongst others. Because of this, we can high retention, entrepreneurial ventures, and business success by millennials in the Middle Eastern region. For example, the King of Saudi Arabia, as well as the majority crown princes of adjoining Arab countries, are millennials who are born after the year 1980. As such, they are given respectable positions and are ensured a platform that allows them to invest their intellect, effort, and optimized capabilities. The highest number of millennial entrepreneurs are found in Middle Eastern regions. Sixty-three percent of business owners starting their ventures in the Middle East at age 35 or below, while some were beginning it when they were still in schools and universities, according to a recent report by HSBC Private Bank (ILTM, 2018).

ii. Management recommendations – Motivation and Retention Techniques

Having a diverse group of workers results in higher returns as opposed to having a generic group of citizens. Therefore, more top positions with incentives and attractive remuneration should be offered to employees from other regions as well. Favoritism towards a particular group of individuals create barriers that hamper organizational culture and productivity. Managers and executives should avoid this at all times. Workforces are undergoing radical transformations, be it in terms of diverse employees, demographics, and technology. What happens internally within the organization gets reflected externally as well. Creating a platform that enriches their sense of personal development is essential. Millennials are motivated by challenges and should be presented with them occasionally to arrive at optimal solutions.

e. India

i. Background and Characteristics

The advent of globalization, westernization, and technology proliferation has progressed traditional value-oriented notions to newer ones in emerging in India. India enjoys a fast-growing economy, mainly because of its democratic notions and westernized influences, which are positively affecting the younger generation (Chirol, 2018). However, India is separated between a new India and an old India. In old India, social hindrances such as poverty, gender inequality, environmental constraints, lack of prospects serve as an inhibitive catalyst towards entrepreneurship and optimal employment opportunities (Kuruvilla & Jacobs, 2007). Further, they have higher responsibilities such as financial burden from families, tuitions, and other expenses, which cannot allow them to remain idle. They, therefore, cannot leave the menial jobs they are given and continue in the same position for years. On the other hand, New Indian

millennials display characteristics that are westernized in nature (Chirol, 2018). The turnover rate is high amongst them. A recent Mercer survey emphasizes that no less than 54% of Indian workers are thoroughly deliberating on quitting their jobs, and that number points to 66% in the millennial age bracket (Smith, 2012).

ii. Management recommendations – Motivation and Retention Techniques

Internal factors (work) and external factors (working environment) need to be improved that instigate millennials to contribute to their optimal capacity. New India has a lot of potential, and the majority of its potential comes from the current generation of millennials. Not only are they ambitious but are technologically savvy who operate at their optimal when compensated relatively. Social opportunities are subpar in India due to the cultural and economic divide the country faces. To hire millennials who hail from low-income families below the poverty line, organizations need to be more aware so that they give priority to them as part of the ethical and moral value system. Indian millennials who hail from 'New India' have enhanced personalities that need to be acknowledged to retain them for a more extended period. Stronger connection by the millennials towards the organization needs to be created through higher pay, acknowledgments, team challenges, coaching, amongst others.

F. Conclusion

Understanding what drives millennials which will represent half their workforce soon, will help organizations better manage and retain the talented workers while reducing turnover and cost to hire. Training managers to lead this homogenous group will drive productivity and achieve better results in projects as well. This information can be used for better designing management training in organizations.

Human resource departments in corporations will be able to train better and manage millennials and their

managers and facilitate the collaboration between millennials and non-millennials.

G. Artifact

The artifact of this Advanced Project will be a program implementation guide in the form

of a "How to Motivate and Engage Millennials". The purpose of the manual is to help managers

better understand key characteristics of millennials, provide recommendations on how to lead

and motivate them to increase job satisfaction, loyalty and decrease turnover ultimately. The

guide will contain a definition and brief description of millennials, their characteristics and

values. Next, the guide will address motivating factors and provide management

recommendations on how to address, motivate and engage with millennials in the workplace,

including guidance on how to lead and provide feedback to them. The guide will also focus on

millennials worldwide, with particular attention given to countries where CME Group has a

strong presence. Critical takeaways for managers are listed in on a summary page.

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