



Research Article

Securing the Future: Retention among Generation Y Employees

Zarina Abdul Munir, Nur Eli Shafira Fairuz, Shereen Noranee, Veera Pandiyan
Kaliani Sundram and Rozilah Abdul Aziz

Center for Management and Administrative Studies, Faculty of Business and Management, Universiti
Teknologi MARA Selangor, Puncak Alam, Selangor

Correspondence should be addressed to: Zarina Abdul Munir; zarin453@salam.uitm.edu.my

Received date: 17 January 2017; Accepted date: 7 November 2017; Published date: 23 February 2018

Academic Editor: Mazni Alias

Copyright © 2018. Zarina Abdul Munir, Nur Eli Shafira Fairuz, Shereen Noranee, Veera Pandiyan
Kaliani Sundram and Rozilah Abdul Aziz. Distributed under Creative Commons CC-BY 4.0

Abstract

The prime purpose of this study is to consider the changes in management paradigms that will be required to successfully motivate as well as retain Generation-Y employees (Gen-Y) to achieve the goals of the organization. Given the strategic importance of human resource management in creating competitive and sustainable service organizations, the entry of Gen-Y to the working world, will entail extensive research for the organization to determine better strategies to retain them. A questionnaire survey was administered conveniently to 250 Gen-Y employees. This study analysed the relationship between recognition, relationship with co-workers as well as tech-savvy and employee retention. The Pearson Correlations analysis showed that all the three factors of recognition, relationship with co-workers as well as tech-savvy, have a positive relationship with employee retention. Regression analysis revealed that the factor which most contributes to Gen-Y retention is recognition ($\beta=.629$, $p<0.01$) followed by relationship with co-workers ($\beta=.252$, $p<0.01$) and lastly tech-savvy ($\beta=.629$, $p<0.01$). The researchers provide some recommendations for future research to be implemented by applying the emotional intelligence theory or social capital theory that could moderate the relationship between the independent variables and dependent variables.

Keywords: Recognition, Relationship with Co-workers, Tech-savvy, Employee Retention, Generation Y.

Introduction

Generation Y, also known as millennials, encompasses individuals born between 1980 and 2000 (Angeline, 2011). Generation Y is the most recent demographic to become part of the workforce, and already has a solid

presence (Paper, 2014). Generation Y is better-educated, has more professional training and tends to be more optimistic and cooperative compared to its Baby Boomer or Generation X counterparts (Raines & Filipczak, 2000). Brown (2009) highlights the fact that Generation Y is the most highly educated generation to be

employed, due to the fact that most millennials have undergone tertiary education and have at least a diploma or degree. Generation Y individuals also have a preference for more casual work environments and have high expectations that their employer will consider and cater for their well-being (Angeline, 2011).

Generation Y brings a special collection of abilities, expectations and talent that will live up to standards of organizational performance (Zee, Nelson, Wong & Yang, 2016). The process of convincing employees to stay with an organization in the long term, or until a certain task is completed, is known as employee retention (Kossivi, Xu, & Kalgora, 2016). The effectiveness and productivity of an organization relies on the ability to retain talented Generation Y employees. It is important to cultivate an understanding of the skills of Generation Y employees and what expectations they have regarding their jobs. This is in order to guarantee an organization's existing and potential productivity, and those organizations must take steps to mould and attune Generation Y employees to reach this goal.

Retention of Generation Y employees in Malaysia proves to be problematic. Over 60% of Generation Y workers leave their organizations, contrasted with the national average of 4.5 years across all generations (Wiggins & Wiggins, 2016). Baldonado (2013) emphasizes the importance of organizations which address this issue. Generation Y employees must have enhanced work performance which allows them to bring a positive work environment to their workplace (Shanks, 2007). In addition, current scholarly research provides limited resources or organizations to learn how motivation levels can impact job satisfaction, and consequently how to boost retention factors in Generation Y (Ioni, 2013). Sujansky and Ferry-Reed (2009) point out that organizations which fail to make alterations in the retention of Generation Y employees will experience billions of dollars in losses. It is vitally important to link employee retention with relationship

with co-workers, recognition and tech-savvy.

Literature Review

Employee retention is the process of giving support and encouragement to employees so that they remain in one organization for an extended time period or until particular tasks have been completed (Das & Baruah, 2013). Retaining valuable and talented employees is crucial, since they are rare resources in the global age (Sinha, 2012). The retention and good management of employees, especially among Generation Y, is important to sustain an organization's competitiveness (Kyndt, Dochy, & Michielsen, 2009).

Retention factors for Generation Y include relationships with co-workers, recognition and tech-savvy, which are linked to the improvement of job satisfaction, loyalty and commitment to career (Sandhya & Kumar, 2011). Generation Y will have the tendency to remain at jobs which they enjoy doing. Retention policies can also save cost for an organization (Eyster, Johnson, & Toder, 2008). Employee Retention Programs (ERP) are beneficial because they will ultimately cost less than hiring new workers, since the organizations already know the needs and abilities of existing employees (Sandhya & Kumar, 2011). Employee Retention Programs (ERP) work to sustain and handle strategies which meet employees' needs in order to encourage them to stay loyal to the organization (Sandhya & Kumar, 2011).

Recognition is the approval for accomplishments and acknowledgement for hard work received by employees (Bakanauskienė, Bendaravičienė, & Bučinskaitė, 2016). Research indicates that it is deeply meaningful to employees to receive praise and acknowledgement, even in simple gestures (Tessema, Ready, & Embaye, 2013). Employers can develop awards and recognition system in order to cater for this need among Generation Y employees as a form of motivation (Alam, Shahrani, Saeed, & Akter, 2013). Lefton (2012) points out that simple

acknowledgements such as saying thank you are very effective. Generation Y employees seek approval from their superiors, colleagues, relatives and friends (Kilber, Barclay & Ohmer, 2014). Such acknowledgement is necessary so that the employee will feel fulfilled and appreciated. Recognition can also lead to better satisfaction and employee engagement levels, higher customer service quality and greater productivity. Communication also improves when these employees become more willing to speak up and contribute ideas (Tessema et al., 2013). They will also be more cooperative and helpful to their co-workers. Absenteeism will decrease as commitment and job satisfaction increases. Keller (2006) highlights that recognition enhances employees' self-esteem and motivates them to make more efforts. When they are acknowledged for some work they have done, they will feel more confident about moving on to new tasks because they feel appreciated by their employers. Tessema et al. (2013) highlights recognition as a successful retention strategy for Generation Y. A study has proven that employees tend to remain loyal to an organization when there exists acknowledgement from the employer (Alam et al., 2013). Lefton (2012) points out that recognition makes employees feel valued, engaged and satisfied and this strengthens their desire to remain with the organization.

Ariani (2015) defines relationship as a continuous process which must be developed, sustained and dissolved by employees through communication. Generation Y places importance on relationships with co-workers because it brings a positive influence to the work environment. Generation Y employees are often treated like interns and not taken seriously when they first enter an organization. They desire to be respected and appreciated in co-worker relationships. Generation Y prefers to include an element of friendship in their relationships with colleagues because it adds a sense of security and commitment to their work (Ariani, 2015). Important elements of a good co-worker relationship include cooperation, which helps

Generation Y learn to work well with others and learn from them. This will improve organizational productivity and employees' intentions to remain longer at their jobs (Fernandez, 2009). Good and enjoyable co-worker relationships help employees feel more engaged with the organization (Ariani, 2015). Good relationships also lead to more healthy workplace interactions which encourage long term employment (Myers & Sadaghiani, 2010). For Generation Y, relationships with colleagues are a vital factor in improving their performance and engagement levels at the workplace (May et al., 2004). Fernandez (2009) highlights that support from colleagues will increase Generation Y's enjoyment of their work and consequently prompt their engagement with the organization. Ariani (2015) also supports the fact that employee engagement increases significantly with positive and strong workplace relationships with co-workers. Myers and Sadaghiani (2010) conducted a study which proves how increased interaction in the workplace is fostered by good colleague relations, and how this manifests in long term employment in organizations. As such, relationships with coworkers is a vitally important factor when it comes to the improvement of meaningful work performance and workplace engagement (May et al., 2004).

Previous literature has established Generation Y as confident, collaborative and independent (Cheong, Hasliza, Yusuf, & Desa, 2011). Özçelik (2015) notes that this generation is highly- tech-savvy due to being raised with mobile phones, the Internet and computers for much of their lives. This prompts them to consistently seek more learning opportunities which is a form of motivation in itself (Özçelik, 2015). Generation Y is being confronted with a very precarious economic condition compared to generations before it (Cheong et al., 2011). To best equip themselves for any challenges, Generation Y want to be capable of mastering information technology. Researchers posit that Generation Y is a key element in transforming and advancing organizations (Cheong et al., 2011). It is important that

organizations stay up to date with technological developments in order to meet the demands of Generation Y. Staying updated with technological innovation can also improve learning, development and retention among employees (Cheong et al., 2011). It is crucial that organizations allow Generation Y to be part of applying new technological developments and applications in order to stay up to date while also meeting the needs of those employees (Jerome et al., 2014). Kian et al. (2012) point out that employees tend to remain with organizations which cater for their need for using advanced technology

that also makes their jobs more engaging. As such, being tech-savvy is an important factor in the retention of Generation Y employees in organizations (Jerome et al., 2014).

Conceptual Framework

The current study was carried out on the basis of a theoretical framework model which shows both the dependent and independent variables. The theoretical framework model below explains the relationship between those dependent variables and independent variables.

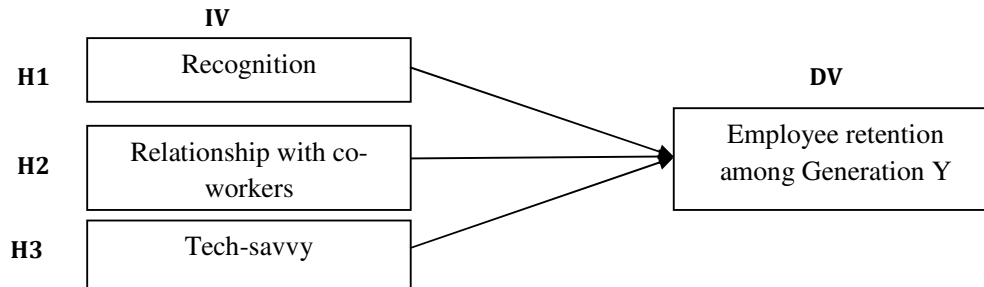


Figure 1: Research Framework

Methodology

Non-probability sampling technique was used by the researchers, whereby there is no probability for elements in the population to be selected sample subjects (Sekaran & Bougie, 2010). Questionnaires were distributed conveniently among 250 Gen-Y employees around the Klang Valley. The questionnaires were divided into four major components based on the 5-point Likert scale. The components are (a) Generation Y retention which was adapted from Kyndt, Dochy, Michielsen and Moeyaert (2009). (b) from Bright (2012) and Teck-hong and Waheed (2011) for Recognition, (c) Relationship with co-

workers adapted from May, Gilson and Harter (2004) and (d) Tech-savvy adapted from (Walczuch, Lemmink & Streukens, 2007).

Results

Results of the study are derived from the statistical analysis carried out on the obtained data and hypotheses testing. The quality of measurement is determined through analysis of the factor analysis, reliability analysis on the measurement and descriptive analysis. The last part focuses on hypothesis testing, reliability analysis, correlation analysis and regression analysis.

Table 1.1: Reliability Test

Variables	Cronbach's Alpha	No. of items	No. of items deleted	Remarks
Generation Y Retention	0.701	5	-	Good
Recognition	0.858	9	-	Good
Relationship with co-workers	0.893	10	-	Good
Tech-savvy	0.657	9	-	Acceptable

The table above shows that all 5 items of Cronbach's Alpha coefficient for Generation Y employee retention is 0.701. The value is more than 0.7, so the reliability is considered to be good. Thus, the questionnaire is valid to measure retention. Next, the 9 items of Cronbach's Alpha coefficient for recognition are 0.858. The value is more than 0.7, so it is considered good and the questionnaire is valid to measure recognition. In the case of relationships with co-workers, the Cronbach's Alpha obtained is 0.893 in measuring 10 items, and this is also considered as valid and with good reliability.

The item for tech-savvy shows a value for Cronbach's Alpha as coefficient with 0.657, where it measured 9 items. This result is considered as acceptable. The questionnaire is deemed valid to measure tech-savvy among Generation Y. According to Nunally and Bernstein (1997), the value of Cronbach's Alpha 0.7 and above is considered reliable. Therefore, Cronbach's Alpha coefficients 0.6 are considered acceptable. In other words, the value of Cronbach's Alpha that is below 0.5 is considered the lowest value of acceptability.

Table 1.2: Correlation for Factors that Influence Retention among Generation Y Employees

	Employee Retention	Recognition	Relationship with Co-workers	Tech-Savvy
Employee Retention	1			
Recognition	.629**	1		
Relationship with Co-workers	.252**	.407**	1	
Tech-Savvy	.181**	.212**	.265**	1

** Correlation is significant at the 0.01 level (2-tailed).

The results for correlations between variables in this study are illustrated in Table 1.2. The findings show that there exists a moderate significant relationship between recognition and employee retention ($r = .629, p < 0.01$). This is an indicator that the possibility of retention for Gen-Y employees is higher when the recognition that is given to them is also high. As such, Hypothesis 1 is supported.

However, there is a low significant relationship when it comes to employee retention and relationship with co-workers ($r = .252, p < 0.01$). This shows that good relationships with colleagues also solidifies Gen-Y employees' intentions to stay in the organization, or vice versa. In this case, Hypothesis 2 is supported although there is a low relationship. Lastly, tech-savvy proved to have a very weak link to

employee retention ($r=.181$, $p<0.01$). This can be interpreted to show a weak correlation between co-worker relationships and employee retention. The significant value is at .000. Tech-savvy

carries the value of ($r=.181$, $n=250$, $p<0.01$), showing a weak relationship between employee retention and levels of tech-savvy. The significant level .004.

Table 1.3: Regression Analysis

R Square = .398	Adjusted R Square =.391		F = 1.075	
	Coefficient	Beta	t-Stat	Sig.
Recognition	.631	.624	11.450	.000
Relationship with Co-workers	-.021	-.017	-.303	.762
Tech-Savvy	.076	.054	1.037	.301

Table 1.3 shows the result of the R value being equivalent to .631, R Square with .398 and an adjusted R Square value with .391. R Square value for the model is 39.8%. Therefore, 39.8% of variation in the dependent variable (Employee Retention) is explained by variation in the independent variables. Another 60.2% can be predicted by other factors.

a. Dependent Variable: Employee Retention among Generation Y

Table 1.3 shows that the factor with high impact on employee retention is recognition, as the regression coefficient is less than 0.05 which is .000. The value of each predictor must be less than 0.05 in order to be significantly reliable. However, in terms of relationship with co-workers and tech-savvy, its effect is insignificant, where the significant is .762 and .301 respectively. Therefore, it did not have an impact on employee retention. On the other hand, recognition has a higher impact with Beta value .624 ($\beta=.624$) compared to tech-savvy with Beta value .054 ($\beta = .054$) and relationship with co-workers with Beta value $-.017$ ($\beta= -.017$).

Discussion and Conclusion

On the basis of descriptive statistics, the highest mean obtained was by recognition, with .642. Relationship with co-workers carried a value of .374 and tech-savvy obtained the lowest value with .370. This reflects employees' needs for recognition in order to encourage them to stay in an organization, compared to tech-savvy or having good relationships with co-workers.

The Pearson Correlation analysis indicates a correlation between recognition and employee retention at a value of .629. The correlation between relationships with coworkers and employee retention showed a value of .252. As such, tech-savvy is considered insignificant, with no existing correlation. In conclusion, only two factors correlate, namely recognition and relationship with co-workers.

Multiple regression analysis indicates only one factor with a high impact on employee retention, namely recognition, which carries a regression coefficient of less than 0.05 which is $p<0.001$. Recognition also shows a higher impact with Beta value .624 ($B=.624$). As such, recognition is a vital factor in encouraging Generation Y employees in an organization to stay for

the long term, compared to relationship with co-workers and tech-savvy.

In order to retain Generation Y employees, it is suggested that employers improve their systems of awards and recognition (Alam et al., 2013). For example, management can send letters of appreciation to employees' homes as a sign of acknowledgement (Kilber, Barclay & Ohmer, 2014). Team building programs can be organized to foster positive bonding and close relations with colleagues in the organization (Tinuke, 2013). Such programs may be considered to be a waste of time by employees, but a lack of connection and trust among colleagues can impact motivation and lead to a deterioration in productivity and morale (Tinuke, 2013). As for tech-savvy aspects, Bell (2007) suggests conducting more high-tech training for technical skill development. Such initiatives can also prompt employees to take charge of their personal advancement by learning new things which can help further their career and deal with any gaps in their abilities (Bell, 2007).

Acknowledgement

Our special thanks go to Universiti Teknologi MARA, Selangor, Malaysia and Research Management Institute, UiTM Shah Alam. This study draws from grants awarded by the university. Project code: 600_IRMI/MYRA 5/3/LESTARI (0025/2016).

References

1. Alam, S., Shahrani, A., Saeed, A., & Akter, S. (2013). Relationship between Employee Recognition and Employee Contribution in Service Industry, *1*(April), 1–8.
2. Angeline, T. (2011). Managing generational diversity at the workplace: expectations and perceptions of different generations of employees, *5*(2), 249–255. <http://doi.org/10.5897/AJBM10.335>
3. Ariani, D. W. (2015). Relationship with Supervisor and Co-Workers , Psychological Condition and Employee Engagement in the Workplace, *4*(3), 34–47. <http://doi.org/10.12735/jbm.v4i3p34>
4. Baldonado, A. M. (2013). Motivating Generation Y and Virtual Teams, *2013*(July), 39–44.
5. Bakanauskienė, I., Bendaravičienė, R., & Bučinskaitė, I. (2016). Employer's attractiveness: Generation Y employment expectations in Lithuania 2 . Attracting Generation Y employees: theoretical considerations, *X*, 6–22.
6. Bell, B. S. (2007). Advances in Technology-Based Training Advances in Technology-Based Training.
7. Brown, S. (2019). Generation Y in the Workplace.
8. Cheong, T. W., Hasliza, D., Yusuf, M., & Desa, H. (2011). A Study on " Generation Y " Behaviours at Workplace in Penang Associate Professor , School of Business Innovation and Technopreneurship , Universiti Malaysia, *5*(11), 1802–1812.
9. Das, B. L., & Baruah, M. (2013). Employee Retention: A Review of Literature, *14*(2), 8–16.
10. Eyster, L., Johnson, R. W., & Toder, E. (2008). Current Strategies to Employ and Retain Older Workers.
11. Fernandez, S. (2009). Comparing Generation X to Generation Y on work-related beliefs .
12. Ioni, M. (2013). <http://eprints.qut.edu.au/56909/>, *55*, 272–290.
13. Jerome, A., Scales, M., Whithem, C., & Quain, B. (2014). Millennials in the Workforce: Gen Y Workplace Strategies for the Next Century Generational Differences, *5*(1), 1–12.
14. Kilber, J., Barclay, A., & Ohmer, D. (2014). Seven Tips for Managing Generation Y, *15*(2012), 80–91.
15. Keller, J. M. (2006). What Is

- Motivational Design ? 1, 1–12.
16. Kossivi, B., Xu, M., & Kalgora, B. (2016). Study on Determining Factors of Employee Retention, (May), 261–268.
 17. Kyndt, E., Dochy, F., & Michielsen, M. (2009). Employee Retention : Organisational and Personal Perspectives. <http://doi.org/10.1007/s12186-009-9024-7>
 18. Lefton, C. (2012). Strengthening the Workforce HE CONCEPT OF MEANINGFUL, 30(6).
 19. Myers, K. K., & Sadaghiani, K. (2010). Millennials in the Workplace : A Communication Perspective on Millennials ' Organizational Relationships and Performance, 225–238. <http://doi.org/10.1007/s10869-010-9172-7>
 20. Nunnally, J.O (1978). 'Psychometric theory'. New York: McGraw-Hill
 21. Özçelik, G. (2015). Engagement and Retention of the Millennial Generation in the Workplace through Internal Branding, 10(3), 99–107. <http://doi.org/10.5539/ijbm.v10n3p99>
 22. Paper, W. (2014). What You Need to Know About the Millennials.
 23. Raines, C., & Filipczak, B. (2000). Generations at Work: Managing the Clash of Veterans , Boomers , Xers . and Nexters in Your Workplace Chapter 6 : Where Mixed Generations.
 24. Sandhya, K., & Kumar, D. P. (2011). Employee retention by motivation, 4(12), 1778–1782.
 25. Shanks, N. H. (n.d.). and Motivation, 23–36.
 26. Sinha, C., & Author, C. (2012). Factors Affecting Employee Retention : A Comparative Analysis of two Organizations from Heavy Engineering Industry, 4(3), 145–163.
 27. Sujansky & Ferri-Reed (2007). Keeping the millennials : why companies are losing billions in turnover to this generation—and what to do about it / Joanne G. Sujansky, and Jan Ferri-Reed. p. cm.
 28. Tessema, M. T., Ready, K. J., & Embaye, A. B. (2013). The Effects of Employee Recognition , Pay , and Benefits on Job Satisfaction : Cross Country Evidence, 4(1), 1–12.
 29. Tinuke, M. (2013). Towards Effective Team Building in the Workplace, 1(4), 1–12.
 30. Wiggins, J. E., & Wiggins, J. (2016). Exploring Generation Y Leaders ' Motivation and Retention Within the Service Industry This is to certify that the doctoral dissertation by.
 31. Zee, N., Wong, Y., Mgt, M. M., Block, A., Mall, C., Kinabalu, K., ... Kinabalu, K. (2016). Issues and Challenges Faced by Generation X While Managing Generation Y Chief Executive Officer , Jesselton College, 7(2), 167–170.