



Solving the mystery of millennial retention

Change is a regular part of life, but sometimes the wrong changes at work can hurt your business. High employee turnover rates not only cost money and time, but can also negatively damage the performance of current employees. On average, the process of hiring and training a new employee amounts to 20% of that employee's annual income. Of course, this figure may climb based on responsibility, expertise regarding the position, and level within the company. Not to mention, new hires also require months of training and may lack much-needed and hard-to-obtain experience in the position. This paper will explore how you can take a science-based approach to increasing millennial retention and improving employee productivity, morale, and growth.

Turnover-related costs erode earnings

Efforts to effectively bring the hired employee up to the desired knowledge level and work quality of the prior employee often takes HR down a long and expensive road. The impact on the organization's culture must also be considered in the costs of losing an employee. Often the months of training and struggle with just the daily functions add up to more work, additional hours, and increased responsibility—with no increase in pay—for current employees.

In many cases, portions of a job and specific activities may simply be ignored due to lack of resources. Think of the last time you were short staffed. Not being able to “get everything done” is a common feeling among all levels of workers. Consequentially, these issues create cultural stress and most often decreased performance in current workers. If left unaddressed, this cycle may lead to additional resignations and additional loss of productivity. According to Business News Daily, “Stress has been called the ‘health epidemic of the 21st century’ by the World Health Organization and is estimated to cost American businesses up to \$300 billion a year.”¹ It may sound strange that stress has become a health epidemic, but in the current economic climate, organizations are asked to do more with less. When employees are lost, stress increases.

Employers today are struggling with the management issues of the millennial generation. This generation is one of the largest and most relevant concerns in the modern workforce. Stated simply, employers are dealing with the effect of millennials and their impact on turnover rates across industries. This generation has presented some unique challenges and issues for employers, which have caused many employers to shift HR strategies and approaches to more effectively meet the needs of the modern worker.

What's with the millennials?

Right or wrong, fair or unfair, millennials have gained a reputation of being a generation of job-hoppers. There is quite a bit of research on the millennial generation thus far, in terms of the contribution the generation is providing to the work force. Interestingly, statistics seem to support the job-hopping, can't-stay-in-one-job, not-satisfied notion. In fact, six in ten millennials are open to new job opportunities. In non-research terms this could be interpreted as always being on the lookout for a new and better job. Of course, technology, through the use of mass job postings, job boards, social media, and many other related methods, has helped empower the job-hopper approach. Millennials have grown up with the web and use it as the primary method of communication, where shopping, conversations, and even movies can be obtained at the touch of a finger. Millennials that have grown up in this environment naturally “have their feelers out” for a new job at all times.

In its fifth annual edition, the Deloitte Millennial Study (2016) found that two in three millennials expected to leave their current job by 2020, 13% in less than six months, and 25% in less than one year.² The study also found that millennials in emerging markets were least loyal to their current employers, with 64% of millennials in America expecting to leave in the next five years. These statistics have caused employers to sit up and pay attention. To avoid lots of hiring, training costs, and lost opportunities, they need to take a different approach.

Generally, the research portrays the millennial generation as unsatisfied, distracted, and difficult to keep interested as an employee. Regardless, the fact remains that millennials now contribute to one-third of the workforce, making the solution for their high turnover rates a top priority for today's businesses. As the years pass, this profound issue will continue to grow in importance. The more experience, expertise, and increased position within companies millennials acquire, the more critical it will be for employers to retain these future key employees. If not addressed and improved, this will create monumental issues where future leadership, key knowledge base, and expertise are lost to competing companies.

Central to the issue is the idea that millennials are shorter term in their approach. Typically, millennials tend to have a habit of thinking about next year or next month rather than the next ten years. That is compounded by the fact that many hold the ideal that "the grass is always greener" and the "rewards are always greater" in some other business or some other role. And it often is. Surveys show how millennial job-hoppers can increase their income faster by jumping ship rather than staying in the same position for over two years.³

Practically, employers feel they have to deal with workers that are unconcerned with stability. Instead, the focus is on climbing up the economic ladder as quickly and effortlessly as possible. In effect, the motto of working hard and sticking it out seems to have been replaced. Employers may view millennials as using them for training and experience, simply to facilitate their next move. But maybe employers are looking at the problem from the wrong angle or not asking the right questions to better understand the issue.

Taking a closer look, we see that more often, millennials have a hard time finding the right fit. Many of the current selection systems for hiring employees attempt to hire based on the wrong criteria. Therefore, new hires are thrust into roles where they are dissatisfied, feel unproductive, or experience a lack of success. By not being properly matched to the right job, millennials find themselves in roles that are not natural and offer no growth. According to data presented in the next section, providing millennials with a good fit to the job is the most effective way to harness the power of this talented workforce while assisting an entire generation to find fulfillment and success.

Extending millennial tenures

Some employers seem to be overly concerned about "baiting" millennials into staying in a job that does not fit them well. Employers inadvertently force them into roles then create perks, incentives, and programs to attempt to keep an unhappy worker on a job. This is why fit to the job should be the first consideration. Education and experience are important factors, but fit tells you if they will stay and produce in the job as opposed to quickly moving on to the next stop.

By focusing on behavioral fit first, the organization is better able to reduce turnover and increase the desire for the millennial worker to stay longer while producing at a strong level. Finding the right behavioral fit is only obtained by using technology and behavioral analysis to systematically match perspective employee's behavioral characteristics to those statistically proven successful by the workforce currently employed in the position. Once analyzed, employers can compare candidates across any number of positions within an organization to obtain the best fit and statistically the highest probability of staying longer on the job.

Infor® Talent Science leverages its patented software to give organizations an easy to use and scalable system that makes this possible across all positions. It is one thing to theoretically discuss how to positively affect the millennial generation; more importantly, the aim was to study the effectiveness of this system by tracking millennials in the hundreds of thousands currently in the workforce.

The data unlocks the truth

To study behavioral fit to the job for the millennial generation, data was collected from January 1, 2014, until January 1, 2016. For practical purposes, millennials were born between 1980 and 2000 with 95% being considered hourly workers and 5% being classified in management roles. To avoid any sampling errors, a large sample of data from millennial workers on the job were collected. In total, there were (n = 217,776) millennial workers studied in 379 unique roles. It was important to collect a large sample to have statistically valid results.

The millennial workers studied were employed in a wide variety of industries across many different geographies. Job turnover rates, both voluntary and involuntary, were included. Based on methodology driving Infor Talent Science, each millennial in the study was given a system prediction as to how closely the workers match the job, prior to employment within each role. Each individual was also categorized as “Recommended” or “Not Recommended.” Those Recommended were predicted to last longer in the position than those not. By comparing the turnover rates for the two groups, a determination could be made as to the effectiveness of Talent Science in assisting employers to retain millennials longer on the job.

The data showed that when employers used Infor’s behavioral-based approach, they experienced a statistically significant 24.96% decrease in overall turnover between those Recommended and those Not Recommended. Infor Talent Science, with its patented process of linking behavioral dimensions with performance metrics to determine a target Behavioral DNA®, proved effective in identifying the right person for the job specifically in the millennial candidate pool, thus resulting in better retention rates. Based on the millennials studied (n = 217,776) it was found that utilizing this science-based approach to focus on the best fit and the “right” position proved to decrease overall turnover across many positions and a large sample size of millennial workers.

Benefits of keeping a millennial workforce

By increasing millennial employee retention, businesses can maintain a more consistent and positive work environment. In turn, this reduces stress levels in the workforce and gives employers an effective tool to build toward the future. Specifically, reduced time is spent on recruiting and training new employees, while work going unfinished or being pushed off onto other employees will also be minimized. Additionally, millennial workers will be better matched to jobs in their careers to help increase their satisfaction and internal effectiveness in the role.

Millennial employee retention helps maintain a business's productivity levels and positive morale among workers. A clear perk is that a business can boost its productivity when employees are a good fit and feel the benefits of being right for the job. Instead of viewing millennial workers as job hoppers, the data points more toward millennial workers as being seekers of better job fit. By fitting an employee's behavioral characteristics to the statistical patterns of a particular job, employees create a more positive, enjoyable, and productive working environment that helps the company lower expenses while adding to the bottom line.

[Learn more about the impact of science-driven hiring tools](#)



1. http://www.huffingtonpost.com/gina-soleil-/workplace-stress-the-heal_b_8923678.html
2. <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-millennial-survey-2016-exec-summary.pdf>
3. <https://www.forbes.com/sites/kaytiezimmerman/2016/06/07/millennials-stop-apologizing-for-job-hopping/#f5f108465698>

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