



ATTRACTING AND RETAINING EMPLOYEES: A STUDY ON EXPECTATIONS OF GEN Y

Nishchala Sripathi* T. Suchitra Rani**

*Senior Lecturer, Amity Global Business School, Hyderabad.

**Assistant Professor at Amity Global Business School, Hyderabad.

Abstract

In this era of competitiveness and uncertain economic trends, organizations need to understand that human resources are crucial for their sustenance and growth. Organizations which realized this importance of employees are investing more time, energy, talent and money in this area than ever before. Obviously, without a responsive, top-notch workforce, it is impossible for management to fully execute and sustain any business plan. This is evident from the responsiveness of employees of two contrasting organizations which hit the recent headlines viz. “A tale of two investment banks-Lehman Brothers & Merrill Lynch”. Without employees supporting organizational goals enthusiastically, plans are likely to remain just plans but are not converted into reality. Any organization which hesitates to invest in human resources is certainly destined to pay even higher costs in the future.

Gen Y workers are an entirely new breed: multi dimensional, multitask oriented, demanding, diverse, technically astute. They are less likely than Gen X or baby boomers workers to believe that the employers are employee-friendly. “Love Your Job, But Never Fall In Love With Your Company Because You Never Know When Company Stops Loving You” says Mr. N.R - Narayana Murthy, Mentor – Infosys Technologies, which indicates that more than the organizational performance the job should be quite attractive to the incumbent to choose. This new generation has many opportunities to explore and obviously looks at a job as a bundle of attractive components viz. Job Content, Compensation and Rewards, Work Culture, Suitability, Training, Development and Growth. This list is not exhaustive.

An attempt has been made to understand the expectations of the ever demanding Gen Y with respect to their prospective employer organization. The study is conducted on a group of students attending a job fair in Hyderabad which include students with diverse academic backgrounds. One of the objectives of the study is to communicate organizations about the choices of Gen Y regarding their dream jobs. The factor analysis has clearly indicated the dominate factors which attracts the aspirant to choose an organization from among the choices available. Thus, the organizations need to design the jobs and attract the right talent from Gen Y.

The development and execution of a corporate strategy depends on human capital. Companies need to anticipate their human resource needs, develop motivational environments, and create adequate measurement policies to ensure that they stay ahead of their competitors.

A talented human resource base can be a competitive advantage in any economic environment. However, building this base is a challenge when companies are faced with changing internal requirements, increasing employee demands, and competition for employees. Companies must anticipate their resource requirements and establish a long-term approach to securing them. This includes establishing a brand in the labor marketplace. It also includes investing in talent—just as they would invest in any valuable corporate asset—by providing varied motivational factors. A long-term approach should also include systems to monitor the needs of employees to help ensure that HR policies continue to reflect employee goals.

In 1998 research by McKinsey & Co. –‘The War for Talent’ - involving 77 companies and almost 6,000 managers and executives in the US, highlighted the importance of the coming skill shortage crisis. The strategic overview report identified that the principal corporate resource over the next 20 years will be talent which through the demographic changes identified would become more difficult to find and costly to battle for (Michael, Handfield- Jones & Axelrod, 2001).

Workforce experts estimate that the cost of replacing a worker is 1.5 times the annual salary of the worker. To minimize your turnover costs and maintain a productive workplace, employers need to look beyond the salary and benefits.

Work can be a satisfying and positive experience for employees when their work expectations are being met. Salary and benefits are the obvious compensations that an employee expects from his or her employer, but there are a host of immaterial things that can provide job satisfaction.

Many employees expect a pleasant work environment. No one wants to wake up each morning dreading going to work. Different personalities expect different types of work environments. Some people work better under pressure and



welcome the opportunity to be challenged. Giving employee the opportunity to express their ideas in a workplace that emphasizes results over personal relationships may give them satisfaction.

Review of Literature

Characteristics of Generation Y Employees

There is little previous academic work on the characteristics and work expectations of Generation Y. They are technologically savvy, independent, self-reliant and entrepreneurial thinkers (Martin, 2005). Morton (2002) claims they want jobs that provide training, fair compensation and a positive company culture. They want bosses who are open and positive and who empower them (Morton, 2002). They thrive on change and uncertainty (Harris, 2006), challenging work and creative expression, and hate micro-management (Martin, 2005). Martin (2005) claims that Generation Ys do want clear directions and managerial support but they also demand the freedom and flexibility to get the task done in their own way and at their own pace. While they work well alone, they work better together; they are more accustomed to team playing than previous generations. She argues that organizations need to customise training and career paths for this generation of employees (Martin, 2005). Generation Y employees expect to give and receive loyalty based on honesty and respect (rather than on time served with a company). They will show loyalty and dedication as long as they are achieving their goals but then they will go elsewhere for a new challenge (Kerslake, 2005). Amar (2004) argues that the motivation that attracts, retains and engages younger employees is quite different from that of previous generations. He levels that there are three sources of work motivation: the job; the outcomes of the job (i.e. rewards and sanctions) and the organisational system (including policies, practices, culture, image position in its market and industry). The biggest motivator of the younger generation is the lack of controls on them as this frees their mind and allows them to engage in activities that bring about innovation. Job security is not a motivator and they do not expect long-term employment. Baruch (2004b) argues that these employees seem to be less interested in a lifelong job, and more interested in challenging and meaningful assignments for their self-development. Prior work suggests that both men and women Generation Ys seek a more balanced lifestyle between their work and non-work lives and have different expectations from their work role than Generation Xs and other older employees (Morton, 2002; Kerslake, 2005; Anon, 2006). More so than with any other generation, work for Generation Y is regarded as financing and complementing lifestyles (Kerslake, 2005; Anon, 2006). Morton (2002) suggests that they want to enjoy their work but not let it rule their lives. Generation Y are said to be socially conscious (Anon, 2006), while Morton (2002) asserts that Generation Ys value diversity, equality and tolerance in both professional and personal aspects of their lives.

To Sum up the Key Characteristics of Gen Y

In the new global labour market, those with high demand skills in tight labour markets have been big winners where they have been able to provide organisations with competitive advantage (ACIRRT, 1999). These workers, known as gold collar worker because of their status in the labour market (and increasingly from the Generation X and Y age categories), are characterised as having high level of specialist skills with ability to apply these skills to issues and problems which are critical to organisational competitive advantage (Drucker 1998).

- Pragmatic and hard working, with emphasis placed on independence and individuality
- Ethnically more diverse than any previous generation, displaying a high degree of tolerance towards different cultures, lifestyles and behaviors
- Economically more optimistic than previous generations, holding a positive outlook on their lives and their future as a result of growing up in a time of prosperity
- Remarkably sophisticated consumers with a high level of brand awareness. Healthy spenders and important agents of purchasing influence
- Comfortable operating in the world of fragmented media, particularly when it comes to latest technologies. Expected to be responsible for integrating the Net into everyday life.
- Sometimes known as 'gold-collar workers' this latter group of workers has benefited considerably from technological change and economic deregulation. Often found in the cutting edge of computer technology in banking or in publishing, 'gold collar workers' have found high paying jobs which stimulate and challenge them. They often spend extremely long hours at their job, they are young, ambitious and very well paid. Their loyalty, however, is owed less to their employer than it is to their career. As a result they are highly mobile, lured by new jobs, which offer technical challenges or opportunities for self-development (1999: 3).
- The management of these key resources therefore assumes greater significance. As Newell, Robertson, Scarbrough and Swan (2002) note, the term 'gold collar worker' implies that these workers need to be managed carefully and be provided with excellent working conditions (Boxall, 1996). Newell et al (2002) have similarly argued that it is not possible to develop competitive advantage without consideration of the people that form the core of a firm's knowledge base.



Career Expectations of Generation Ys

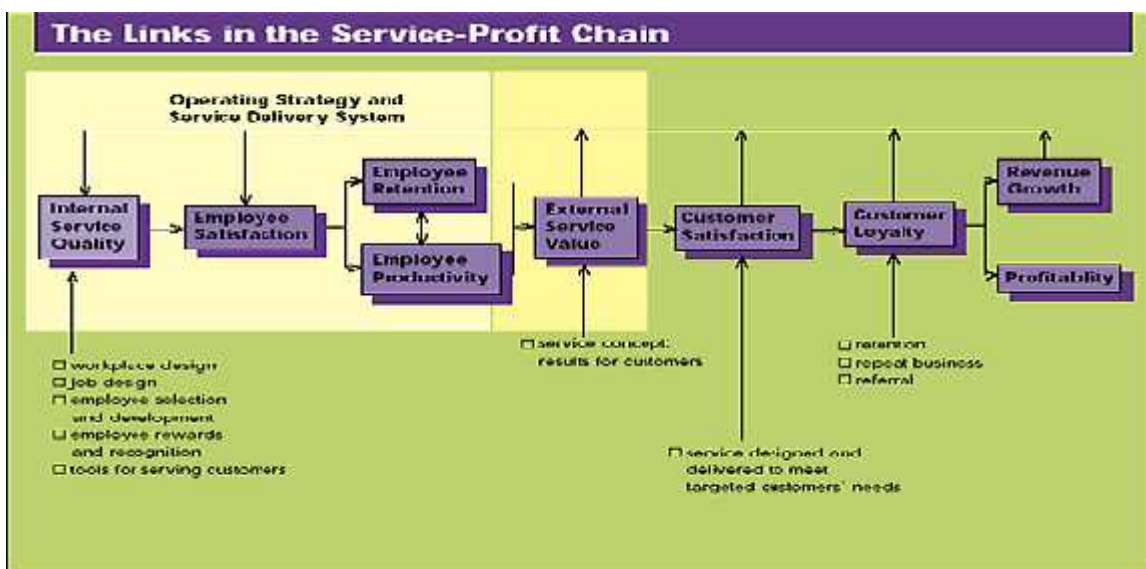
According to Nicholson and Arnold (1989), career transition from higher education into employment goes through various phases: preparation or anticipation, encounter, adjustment and stabilisation. A career involves a process of progress and development of individuals (Baruch, 2004a). Arnold (1997) defines a career as a sequence of employment related positions, roles, activities and experiences encountered by a person.

Baruch (2004a) argues that the social context in which people grow and develop influences their values, norms and beliefs which, in turn, influence their career aspirations, career choice, and progress. With regard to their careers, Generation Ys have a drive for career success and security, craving opportunity and responsibility (Kerslake, 2005). Traditional career structures, where a person made a series of upward career moves usually within a single company have, since the beginning of the 1990s, been supplanted by the boundaryless career (Arthur, 1994). More transactional and short-term relationships are common place nowadays and people now expect an organisation to serve them – rather than the other way round – which might only be for two-to-three years (Baruch, 2004a). Another theoretical approach is the protean career which was recognised properly in the 1990s (Hall and Mirvis, 1996). This approach focuses on the individual, not the organisation, who takes responsibility for their own career. Baruch (2004a) contends that it is not restricted to the realm of paid work or work and non-work domains. He also argues that along with the hierarchical ladder climb, other criteria are now held to be important: inner satisfaction, life balance, autonomy and freedom. If these criteria are related to Generations Ys, it may be found that many organizations are still following the traditional patterns of seniority, work experience, etc., which are against the Generation Y's value of equality (Morton, 2002) . hence, this study is an attempt to see how the Generation Y's expectations would be at the start of the career i.e., while picking up their first job after their professional course. These may be useful for the organisations to incorporate into their company culture and philosophy so that they could perhaps attract and try to retain the better talent to have a competitive edge in human asset.

Employee Satisfaction and Profitability

A Purdue University business professor's research shows a direct link between employee satisfaction and motivation and a company's profits – even if the employees have no direct contact with customers. James Oakley, a Krannert School of Management assistant professor of marketing, surveyed 100 employees of American companies and investigated the companies' corporate culture. He said the results showed "a direct link between employee satisfaction and customer satisfaction and between customer satisfaction and improved financial performance."

The service-profit chain establishes relationships between profitability, customer loyalty, and employee satisfaction, loyalty, and productivity. The links in the chain (which should be regarded as propositions) are as follows: Profit and growth are stimulated primarily by customer loyalty. Loyalty is a direct result of customer satisfaction. Satisfaction is largely influenced by the value of services provided to customers. Value is created by satisfied, loyal, and productive employees. Employee satisfaction, in turn, results primarily from high-quality support services and policies that enable employees to deliver results to customers. (See the chart, "The Links in the Service-Profit Chain.")



Source: *Service Profit Chain* by James L. Heskett, Thomas O. Jones, Gary W. Loveman, W. Earl Sasser, Jr., and Leonard A. Schlesinger



Objective of the Study

There are two important objectives of the study.

First, it aimed at understanding preferences of potential stakeholders of the organization viz., the prospective employees, with respect to their expectations of the dream job, so that they would wish to join the organization which provides such a job and stay loyal to it and deliver quality goods/services to the customers.

Second, earlier studies reveal that compensation is not the single most influencing reason for any prospective employee to choose a job from a set of available opportunities. While skilled talent is abundant in our country, retention of employees has been the real challenge to an organization. The study has been aimed at identifying the factors which would ensure job satisfaction in the employees which in turn leading to profitability. Thus the study provides basis for the organizations to include the expectations of prospective employees while designing the jobs.

Methodology

Sample Profile

A sample size of 230 students from a group of students attending a job fair in Hyderabad and Secunderabad twin cities, which included students with cross-section of academic backgrounds (which includes Bachelor of Arts, Sciences and Commerce's along with Engineering) was considered for the survey. Students age group was between 21 – 29 years consisting of both male and female. Students were interviewed and administered with a structured questionnaire.

Data Analysis and Interpretations

The collected data was analyzed in the following way for obtaining results

1. The frequency of the Gender, Graduation of the students, Choice of Industry after their Post Graduation was represented in the form of table.
2. Cross-tabulation, Chi-Square test was implemented to understand whether there was any association between the graduation and choice of industry
3. Factor Analysis was used to reduce the 25 factors

Table 1: Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	163	70.6	70.6	70.6
Female	68	29.4	29.4	100.0
Total	231	100.0	100.0	

From the above table it is understood that out of 231 student respondents majority (163, 70.6 percent) of them were boys and the rest are female students (68, (29.4 percent)

Table 2: Graduation

Graduation	Frequency	Percent
B.Com	82	35.5
B.Sc	67	29.0
B.A	19	8.2
B.E	35	15.2
Others	28	12.1
Total	231	100.0

The above table helps to understand the graduation completed by the respondents. It is clear that less than half (82) 35.5 percent of the respondents are from B.Com (Bachelor of Commerce) background; where as 62 (29 percent) are from B.Sc (Bachelor of Science) background. On an average the B.A (Bachelor of Arts) students seems to be less with only 19 students coming from this background.

Irrespective of their graduation (B.Com, B.Sc, B.A and B.E) the graduates preferred post graduation course in management.



Table 3: Choice of Industry

	Frequency	Percent
Banking	44	19.0
Finance	43	18.6
IT&ITES	43	18.6
FMCG	41	17.7
Pharma	18	7.8
Retailing	30	13.0
Others	12	5.2
Total	231	100.0

From the table it is evident that majority of the respondents being less than one-fourths of the students (44, 19 percent) preferring Banking sector closely followed by Finance and IT & ITES (43, 18.6 percent). FMCG is the preference of 41 (17.7 percent) students, while 30 students opted for retailing.

Table 4: Graduation * Choice of Industry Cross tabulation

Graduation	Choice of Industry							Total
	Banking	Finance	IT&ITES	FMCG	Pharmacy	Retailing	Others	
B.Com	18	23	7	14	3	10	7	82
B.Sc	12	10	6	15	9	13	2	67
B.A	1	0	7	7	1	3	0	19
B.E	5	7	14	1	2	4	2	35
Others	8	3	9	4	3	0	1	28
Total	44	43	43	41	18	30	12	231

Table 5: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	59.560(a)	24	.000
Likelihood Ratio	67.479	24	.000
Linear-by-Linear Association	.811	1	.368
N of Valid Cases	231		

a 16 cells (45.7%) have expected count less than 5. The minimum expected count is .99.

From the above table 4 it was clear that irrespective of the graduation completed, the students have preferred different industry sectors and the same is proved statistically when the cross-tabulation and chi-square test were applied. The Value of .000 is less than the table value of .05 which proves that there is no association between the graduation and the choice of industry.

The finding that the respondents are willing to take up careers across different sectors is a good sign for industry.

Table 6: Factor Analysis

	Component									
	1	2	3	4	5	6	7	8	9	10
Pay packet	.615	.135	-.013	-.229	.117	.197	.127	.279	-.221	-.183
Long history	.481	.120	.238	-.144	-.240	-.268	.029	.263	.355	.102
Career opportunities startups	.458	.275	-.247	.175	-.271	-.209	.151	.062	-.170	.064
Financial benefit or learn	.554	.034	.059	-.244	.217	.189	.182	-.165	-.061	.160
Growth in startups	.490	.143	-.156	.150	-.213	-.190	-.208	-.461	-.007	.099



Learning hectic	.366	.196	-.190	.323	-.331	.124	.339	.031	.051	-.091
Induction training	-.139	.439	.005	.117	-.338	-.383	-.109	.241	-.001	-.453
Role clarity	-.194	.478	.189	-.246	-.171	.280	.048	-.117	.212	-.199
Training positive impact	-.287	.573	.103	-.418	.016	-.097	.188	.140	-.026	.099
Learning creates interest	-.260	.564	-.240	.062	.137	-.002	-.127	-.033	-.257	.176
Career Growth	-.285	.431	-.143	.036	.011	-.071	.323	-.101	-.134	.506
Job expectations	.118	.085	.579	-.007	.239	.093	-.053	.367	-.053	.144
Achievements financial	.151	.204	.424	.081	.244	-.016	-.241	-.379	-.146	-.141
Suit my choice	-.077	.110	.384	.563	.082	-.265	-.064	-.098	.040	.190
Suitable job	.038	.058	.367	.538	-.005	.176	.349	.090	-.009	.137
Routine work training	.144	.113	-.201	.383	-.023	.504	-.189	.132	.012	.061
Nature of work	.367	.245	-.393	-.032	.151	.136	-.113	-.108	.494	.091
Additional monetary benefits	-.169	.185	.132	.260	.120	.241	-.073	-.005	.511	-.069

Table 7: Attributes of the Four Factors

Job Content	Training, Development and Growth.	Work Culture	Suitability of Job
Pay packet	Induction training	Job expectations	Suit my choice
Long history	Role clarity	Achievements financial	Suitable job
Career opportunities startups	Training positive impact		
Financial benefit or learn	Learning creates interest		
Growth in startups	Career Growth		
Learning hectic			

The above tables 6 and 7 help to understand the different factors which are dominant for attracting and retaining the Gen Y employees. Though ten factors have been identified by Factor analysis out of which only four main factors were evolved by considering the proximity of the attributes of the ten factors identified. Details are presented in table 7 containing the four factors: Job Content, Training, Development and Growth, Work Culture and Suitability of Job. Out of the twenty five items considered for factor analysis six items (Routine work, Succession planning, Freedom at work, First offer, Entry level and Life time employment) got a score less than .5.

Out of the four factors, Job Content (Boxall, Macky and Rasmussen (2003) have identified, in a review of the labour turnover and retention in New Zealand that one of the main reasons why respondents left their employer was to pursue more interesting work elsewhere.) and Training, Development and Growth (Another key factor in the retention of skilled workers is the provision of training and development. Edgar and Geare's (2005: 372) study of aspects of HRM that are important to employees identified training and development to be of 'paramount' importance. Boxall et al (2003) also identified training opportunities as a determining issue in the decision made by employees to leave their employer.) were playing a dominant role in deciding on the job to be chosen from a choice of alternatives.

Conclusion

Organisations today are competing with each other in attracting suitable talent to occupy responsible positions. The employees, the organizational stakeholders deliver the value to the customers who ultimately decides the sustainability and the profitability of the organization. Studies have proved that there is a strong link between the job satisfaction and the



profitability of the organization (service profit chain analysis). Gen Y constitutes a new breed of employees with varied preference and choices both personal and professional. The above reveal that the Gen Y employees are more towards Job Content, Training, Development and Growth, Work Culture and Suitability of Job with a specific focus on first two. The study clearly indicates that the organizations should craft strategies to attract the right stakeholders i.e., the employees by designing the jobs and the career paths in accordance with the choice of the Gen Y.

References

1. Amar, A.D. (2004), "Motivating knowledge workers to innovate: a model integrating motivation dynamics and antecedents", *European Journal of Innovation Management*, Vol. 7 No. 2, pp. 89-101.
2. Anne Fisher, "Want a new job? Give your old one a makeover," *Fortune*, 5 January 2007.
3. Anon (2006), "Y bother?" *Accountancy Magazine.com*, May, p. 131.
4. Arnold, J. (1997), *Managing Careers in to the 21st Century*, Paul Chapman, and London.
5. Arthur, M.B. (1994), "The boudaryless career", *Journal of Organizational Behavior*, Vol. 15 No. 4, pp. 7-22.
6. Barke, M., Braidford, P., Houston, M., Hunt, A., Lincoln, I., Morphet, C., Stone, I. and Walker, A. (2000), *Students in The Labour Market – Nature, Extent and Implications of Term-Time Employment among University of Northumbria Undergraduates*, Research Brief No. 215, Department for Education and Employment, London.
7. Baruch, Y. (2004a), *Managing Careers: Theory and Practice*, FT Prentice Hall, London.
8. Baruch, Y. (2004b), "Transforming careers: from linear to multidirectional career paths: organizational and individual perspectives", *Career Development International*, Vol. 9 No. 1, pp. 58-73.
9. Boxall, P. (1996) The Strategic HRM debate and the resource-based view of the firm. *Human Resource Management Journal* 6(3): 59-75.
10. Boxall, P. Macky, K. & Rasmussen, E (2003). Labour turnover and retention in New Zealand: The causes and consequences of leaving and staying with employers. *Asia Pacific Journal of Human Resources*. 41 (2): 195 – 214.
11. Cathleen Benko and Anne Weisberg, "Implementing a corporate career lattice: the Mass Career Customization model," *Strategy & Leadership*, Emerald Group Publishing Limited, Vol. 35 No. 5 2007, pp. 29-36, Q
12. Susan Eisner (2005), "Managing Generation Y," *SAM Advanced Management Journal*, Vol. 70 No. 4.
13. Danielle Sacks, "Scenes from the culture clash," *Fast Company*, January 2006.
14. Edgar, F. & Geare, A. (2005), Employee voice on human resource management. *Asia Pacific Journal of HumanResources*. 43 (3): 361 - 380.
15. Gwen E Lock. (2003), "Living, Valiving and Sharing" – A case Study of retaining IT Professionals in the British Columbia Public Service, *Columbia Public Service*, Vol. 8, No. 3, pp 152-155.
16. Hall, D.T. and Mirvis, P.H. (1996), "The new protean career: psychological success and the path with a heart", in Hall, D.T. (Ed.), *The Career is Dead – Long Live the Career*, Jossey-Bass, San Francisco, CA.
17. Harris, J. (2006), "Future imperfect", *The Guardian*, 30 September.
18. Kerslake, P. (2005), "Words from the Ys", *Management*, May, pp. 44-6.
19. Larry Rulison, "Gen Y in search of flexibility," *Philadelphia Business Journal*, 22 September 2003.
20. Michaels, E; Handfield-Jones, H. & Axelrod, E. (2001). *The War for Talent*. Havard Business School Press. Mass: USA.
21. Morton, L.P. (2002), "Targeting Generation Y", *Public Relations Quarterly*, summer, pp. 46-8.
22. Martin, C. (2005), "From high maintenance to high productivity: what managers need to know about Generation Y", *Industrial & Commercial Training*, Vol. 37 No. 1, pp. 39-44.
23. Newell, S., Robertson, M., Scarbrough, H. & Swan, J. (2002). *Managing Knowledge Work*. Hampshire: Palgrave.
24. <http://community.sgdotnet.org/forums/p/4155/12921.aspx>.
25. http://harvardbusinessonline.hbsp.harvard.edu/hbsp/hbr/articles/article.jsp?articleID=94204&ml_action=get-article&pageNumber=1&ml_subscriber=true&referral=2533.
26. http://www.corexcel.com/articles/html/work_expectations.htm.
27. www.purdue.edu/UNS/html4ever/2004/040913.Oakley.sat.html.
28. <http://www.achievemax.com/newsletter/00issue/attract-retain-talent.htm>.
29. <http://www.buseco.monash.edu.au/mbr/assets/issue-four/attracting-and-retaining-talent.pdf>.
30. <http://www.buyerzone.com/personnel/rbib-how-to-find.html>.