

RETAINING GEN Y: CHALLENGES & STRATEGIES A STUDY WITH SPECIFIC REFERENCE TO IT SECTOR

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Abstract: The hyper-competitive Indian business environment is experiencing an intensifying fight for knowledge workers, the key to enhancement of productivity. This becomes more pertinent in the IT sector, where the loss of intellectual property is one of the most challenging problem. The attrition rate among the Gen Y workforce is higher than any other generation, which shares a major portion of the entire workforce of the IT sector. According to the Future Workplace "Multiple Generations @ Work" survey, Ninety-one percent of Gen Y expects to stay in a job for three years or less. This theoretical paper hence focuses on the issues related to retention of Gen Y employees in IT sector and how the talented Gen Y employees could be retained where attrition is always a worry. It also throws light on what organizations need to do to retain their quality workforce and maintain the path to obtain the organizational goals.

Keywords: Talent, Retention, Gen Y, Workforce, IT Sector

I. Introduction:

Organizations in the 21st century are increasingly afflicted with the issues concerning talent shortage. The shortage in skilled workers is not restricted to any particular domain rather it has spread across the spectrum—from personal assistants and call-centre operators to researchers, engineers and accounting staff. Organizations are competing with each other to attract and retain the best talent as they have realized that having competent human capital is a competitive advantage. This talent pool will not only help the organization to survive but flourish too. Inarguably, diversity in workforce—age, sex, qualifications, experience, competence, perception, quality etc.—has brought up more retention issues. From the above stated causes, age factor of the workforce is the most alarming factor and perhaps the biggest challenge for the organization so far as the retention issue is concerned. We now have a lot of people from different generations at the work place. So, multi-generation workforce is one of the key features of today's organization. The workplace demographics now span four generations (Veterans, Baby Boomers, Gen X, Gen Y), meaning that 20-year-old new hires can find themselves working side-by-side with colleagues who are older than they are by 50 years or even more. From a survey by ASSOCHAM has found that the maximum of attrition is taking place among the employees who are in age group of 26 to 30 years. It found that these segments of employees who are most vulnerable to change are with experience range between 2 to 4 years. So far as attrition is concerned it is perhaps highest among the younger most group of workforce i.e., Gen Y.

The hyper-competitive Indian business environment is experiencing an intensifying fight for knowledge workers, the key to enhancement of productivity and means to retain key performers in the organization. This becomes more pertinent in the IT sector, which has embraced the modern corporate culture of quick career advancement and has thrown open multiple job opportunities, thus experiencing a steady rise in mobility among IT professionals. According to the industry body NASSCOM, Indian IT sector is estimated to provide direct employment to around 10 million by 2020. The contribution by the IT sector in India's GDP has increased from 6.4 per cent in 2008 to

7.5 per cent in the financial year 2012. The sector has provided direct employment to 2.8 million people and indirect employment to 8.9 million people (The Economic Times). Despite of all these, employee turnover can be seen as a thought provoking topic till date for IT sector. Now if we talk about Gen Y is particular, not surprisingly the IT sector draws the largest number of employees from this generation. Organizations in the IT/ITES sector are the largest employers of this generation and that is likely to continue. Presently 65-70% of workforce in most companies in this sector comprises Gen Y in the age group 20-30 years. They are managed by a generation of older managers who have a completely different world view. Out of the 125,000 employees of Wipro in 2011, more than 60% of employees were in their twenties (Bhaduri, 2011)

India's human capital advantage has been one of the prime reasons for the burgeoning growth of the IT sector. Post recession, this sunrise sector has seen tremendous growth and today the market has become extremely competitive. With other sectors also moving on a high growth trajectory, talent attraction and talent retention has become a major challenge for the employers'.

Table 1: Total Numbers of Employees and Attrition Rate of Top IT Companies

Firm	Employees	Attrition rate (%)
TCS	238,583	13.10
Wipro	140,000	18.40
Infosys	155,629	20.50
Cognizant	156,700	12.10
HCL Technologies	85,195	25.30

(Source: Company Annual Reports: 2011-12)

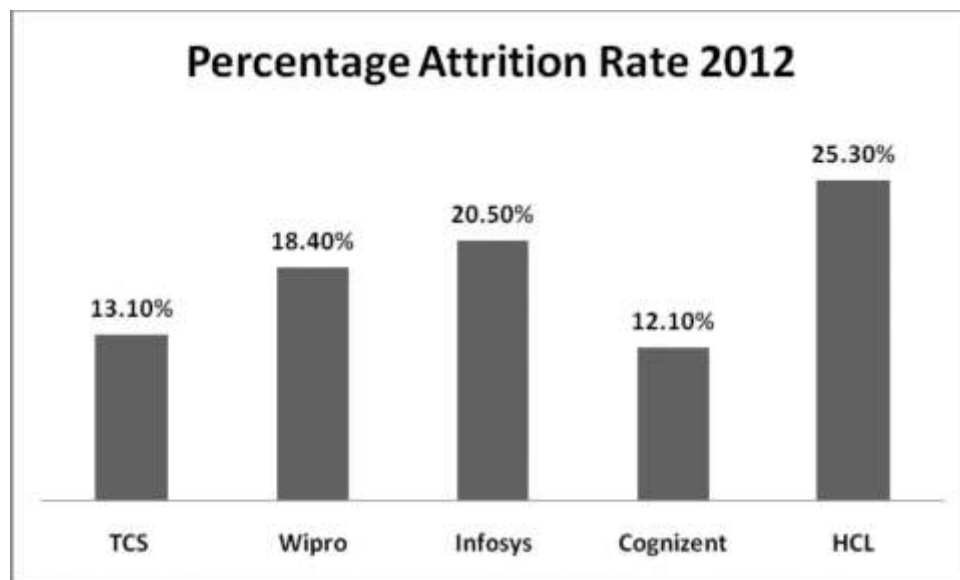


Figure 1: Attrition Rate of Top Indian IT Companies (Source: Company Annual Reports: 2011-12)

In an extremely competitive market, it has become imperative for the IT sector to look into the causes of high employee attrition and come up with a strategy for retaining one's talented pool of employees. Increased attrition levels need to be monitored and managed carefully as they eventually affect the overall performance of the firm. The focus clearly needs a shift from recruitment to retention.

II. Objective of the study

The present study strives to achieve the following objectives:

1. To identify the necessity of retaining the talent of Gen Y workforce.
2. To recognize the key attributes of Gen Y workforce.
3. To explore the determinants that can motivate the Gen Y workforce in IT sector.

III. Methodology

The focus of this research paper is mainly upon studying the characteristics of Gen Y workforce in IT sector and developing retention strategies as per their traits. The present study is completely based on secondary data. The data and statistics related to IT sector and Gen Y has been gathered from the reports of Bureau of Labor Statistics, NASSCOM, ASSOCHAM, SHRMIndia, Company Annual Reports, online and offline journals, newspapers etc.

IV. Literature Review

The available literature is reviewed to identify the characteristics of the Gen Y workforce and the determinant for retaining the talent of Gen Yers. Review of literature of the related studies gave an insight about the subject matter and also helped in analyzing the existing gap that could be taken up for further research.

Zachariah (2012) explored that demographic factors cannot be ignored as age is one among the major factor that have influenced employee retention and have been found to have stable relationship with turnover intention as it is negatively related with turnover. So the turnover rate is more in the younger cohort than any other.

Raina (2006) by means of a series of surveys, observations and interviews ascertained that employees' attrition is higher in the age group of 20-25 years and within three months of joining. Young professionals leave the job because of slow career growth, poor relations with seniors/ colleagues, health problems, work-life imbalance and for higher studies.

Natarajan (2011) stated that in the world of 4P's of Kotler and the 7 S's of McKinsey, the 5 F's culture of Zensar- Fast, Flexible, Focused, Friendly and Fun are the mantras for talent management that the IT industry and the company has been practicing to attract the best in the organization and also to keep attrition levels of critical talents to single digits. He concluded that, minimizing attrition is the art of better retention.

A survey on talent shortage by **Manpower Group (2011)** reveals that despite the slow and uneven recovery from the global economic downturn and lingering high levels of unemployment in many markets, organizations around the world still report that they cannot find the talent they need when they need it. According to the survey, nearly half of India's employers are struggling to fill critical positions because of a severe talent crunch. Although the situation has improved over last year, 48% of employers in the country are facing hiring challenges this year as against the global average of 34%, the study said.

Meier et.al (2010) stated that, Generation Y is widely known as the generation born between 1980 and 2000. This generation is confident, independent, and goal-oriented. Although, technology advances began in the Gen X era, Generation Y was born into technology and often knows more about the digital world than their teachers and parents. The enhanced technological knowledge has launched this generation into an era that is accessible everywhere to anyone. Gen Y has high self-esteem; they are the trophy generation that allows every child to get a medal or praise, leaving no one behind. They also mention that leadership and salary are the two most influential factors that have the greatest impact on the Gen Y employees.

Dubey (2011) summarizes the characteristics of Gen Y as: Tech-savvy, achievement-oriented, team-oriented, impatient and attention-craving, need work-life balance, search opportunities for advancement & career growth and need interesting & meaningful work,

worried about environment and society etc.

Chakraborty, Saumen & Chakraborty (2011) listed some of the attributes of Gen Y workforce who are now rapidly becoming the mainstream of the workforce of an organization. The main traits of this generation includes; work on teams, collaborative, resourcefulness and innovative thinkers, love challenges, seek to make a difference, desire to be a hero, impatient, thrive on flexibility and space to explore, partner well with mentors, value guidance and expect respect.

Rao (2011) in his study on 1124 respondents across India concluded that reward is the last thing that can motivate the Gen Y. rather it is achievement and recognition which this generation gives most priority. He again added that lack of growth opportunities is the prime factor for switching organization among this cohort.

Meyer et.al (2003) stated that building “affective commitment” involved much more than paying well, and that retention based on “compensation based commitment” is of course sensitive to change in compensation within the company. They found that employers who based their retention on compensation based commitment were always vulnerable to the possibility that their competitors may offer better wages and, thus, lure away their employees.

V. Research Gap

However, no study has been found debating on talent retention issue in IT sector with special reference to Gen Y workforce although this cohort of generation presently represents the major proportion of the entire workforce.

VI. Gen Y: A Too Large Group to Ignore

The employees under thirty years of age represent a very large chunk of the demographically young India. This group will be the largest contributor to the global labour force in the coming decades, and will add about 110 million workers by 2020, a study by Glodman Sachs on India’s rising labour force has said (Bhaduri, 2011).

Today, the workforce includes Baby Boomers, Generation X and Generation Y employees (Brian D’Netto, 2011). While the Baby Boomers are beginning to retire and Generation X is moving into senior management positions, the proportion of Generation Y in the workforce is increasing rapidly. Born between about 1980 and 2000 the Generation Y is now in the early stages of their careers and the fastest growing segment of today’s workforce.. Generation Y makes up the largest percentage of the workforce (35%) and will make up almost 75% of the world’s workforce by 2025 (BPW Foundation 2011). Gen Yers are also known as Millennials, Next generation, Generation me, Echo boomers, Nexters, the Boomlet, Digital Generation, Dot com Generation, Net Generation, N- Gens, Generation WWW, Digital natives, Ninetendo Generation, Sunshine Generation, the Do or Die Generation, the Wannabes, the Nothing is Sacred Generation, Cyber kids, the Feel Good Generation and Non-nuclear Family Generation (Srinivasan, 2012). Millennials have been brought up in the era of globalization, employment outsourcing, foreign investments and a proliferation of information and communication technologies and have seen their parents in distrust situations like Gen X. They have witnessed the natural calamities like the tsunami and earthquakes, and terrorist attacks, including the 9/11 attack in America. This generation is confident, independent, and goal-oriented. Generation Y were born into technology and often know more about the digital world than their teachers and parents (Meier & Crocker, 2010). Generation Y present a challenge to managers who must train and motivate these employees, so that their strengths become a benefit to the company.



Figure 2: Gen Y at the Workplace Source: Bureau of Labor Statistics

To be successful in the future, it would be important for companies and managers to understand this generation. Many of the characteristics of Generation Y are significantly different from previous generations. Now let us have a look on the key attributes of this young and dynamic generation.

1. Constantly evolving needs

This is the generation whose needs and deeds are altering at the same pace as the technological changes around them. They are driven by a sense of urgency and seek instant gratification. The need for personalized attention is high and they will not rest till they get it.

2. Need for Ongoing Learning

Generation Y’ers’ are known for their ability to multitask. They seek out creative challenges and view colleagues as vast resources from whom to gain knowledge.

3. Workplace flexibility

Generation Y desires work and career flexibility. Generation Y believes they can do more with less; consequently, they feel they deserve the freedom to work fewer hours while still taking jobs that are challenging.

4. More value for recognition than reward

For the Millennials money comes next to appreciation and recognition. Salary comes once in a month, but what matters more for them is an environment of learning which would help them to achieve something bigger and ultimately this need to be appreciated and recognized frequently.

5. Ability to adapt to technology

The greatest strength of this demographic chunk lies in their comfort with technology. They are instinctively tech savvy and take to newer technologies and gizmos very easily. Not only is this future workforce constantly plugged in, they exhibit similar comfort in sharing openly with peers online.

6. Relationship -oriented

This generation believes family is the most important and also values virtual relationship. So far as work life is concerned, friendship is a strong motivator for them when choosing a company. Further, the Millennials can mingle well in a team as they believe in collective work.

7. Willingness to be visible, explicit & open

Apart from their desire to learn, this young generation is also more willing to be explicit and visible. They are usually generous when it comes to knowledge sharing and are not insecure about sharing it. They are open, vibrant and a demanding generation.

8. Cultural Acceptance

Generation Yers are the most culturally and ethnically diverse generation. As they have grown up in a more diverse society, they show a willingness to embrace and accept cultural differences.

9. Socially responsible

Gen Y shows their willingness to donate their time to some form of public service. They want an open environment to exchange their ideas. They believe that organizations should look at the bottom of the pyramid.

VII. Retention Strategy: The Way to Leverage Gen Y

Today's young professionals come to a workplace with different expectations than the previous generations. Organizations need to understand these expectations of the generation to be able to attract and retain them. The expectation of this generation ranges from flexibility, mentorship, challenges, state of the art technology, trust, challenge, work life balance, feedback, recognition and pride (Nathan, 2012). As here we are mainly focusing on the knowledge based IT industry and Gen Y, which is going to dominate the workforce of this sector in the near future it is important to formulate effective course of action to retain this talent.

1. Assign challenging task

Stimulating challenges and competitive mindset would help both the IT industry and the 'Talent'. As the Gen Y are the risk seeker talents, it is important for employers to continuously give them challenging projects which in one way can prevent boredom and attrition and the other side can encourage innovative and creativeness. The IT sector should include those processes and policies in its HR system that enables variety at work and opportunity to work with different leaders.

2. Engage Gen Y

Engagement is one of the major factors which influences worker productivity in IT Sector. Gen Y has a wondering mind and wants to explore new ideas; they challenge and improvise existing norms, systems and practices; they want time for self to experiment. The specific attributes of this generation (collaboration, resourcefulness and innovativeness) can be best leveraged by actively engaging them in simplifying and improving current business processes. Properly engaging this generation will give a positive result on quality, cost, customer service, profitability and revenue growth of the IT Sector.

3. A platform for professional growth & development

Gen Y is the most focused and formally educated among the generational cohort. In IT Sector there is a need for persistently nurturing the skills of this generation by continuously redesigning the training and development programs. So it is important to develop interpersonal skills, business etiquettes, communication skill, time management, stress management skills of the young generation which will ultimately help them to grow professionally.

4. Work-life balance

Generation Yers want jobs with flexibility to work as per their own comfort zone, yet at the same time give them the opportunity to leave the workplace temporarily to care for children. They see work as one component of a balanced life portfolio that includes family, friends, fitness, and fun. Employees' friendly policies and practices such as flexi-time policy, telecommuting, annual paid leaves, day care facilities, gym and few more recreational facilities need to be introduced which can go a long way toward inspiring loyalty in Generation Y employees.

5. Recognize and appreciate their work

This generation cohort has a very high degree of self esteem and that can only be reinforced by a strong organization culture where every individual's view is respected. The innovative and creativeness of the young IT professionals need to be appreciated, which would further develop a positive mind set among the employees towards the organization.

6. Bring your own technology

To attract this tech savvy generation, the IT sector should come up with some recent devices especially designed keeping in view the new work style of this generation. To support this, companies that want to retain this generation must change the way they approach IT. This new device would help the young talent to use it from anywhere from accessing the company email and intranet, to using corporate business applications.

7. Collaborative work environment

Having a high degree of team spirit, Gen Yers' are well suited for collaborative work environment. Since Gen Y works well as teams, it could be prudent to engage them on several team assignments which would assist them to become more productive and contribute to a larger extent for the upliftment of the organization.

8. Provide clear & ongoing Feedback

This impatient generation gives more value for openness and transparency and always looks for instant feedback for their deed. So, immediate recognition and appreciation of their achievement can go a long way to positively motivate this cohort.

9. Leverage their corporate social initiative

Leveraging the corporate social initiative of this generation will have a two way benefit to the IT industry. On the one hand, it would help the employer to build a corporate brand and the other way craft an employee value proposition. On the whole it would be beneficial for the employee, employer and society. As the Gen Y always wants to be the part of something bigger, it can surely be a powerful tool to retain this talent.

Table 2 : Gen Y Characteristics & Retention Strategy

Characteristics	Retention Strategy
Constantly evolving need	Assign challenging task Engage Gen Y
Need for on-going learning	A platform for professional growth & development
Workplace flexibility	Work-life balance
More value for recognition than reward	Recognize & appreciate their work
Ability to adapt to technology	Bring your own technology
Relationship-oriented	Collaborative work environment
Willingness to be visible, explicit & open	Provide clear & ongoing feedback
Cultural acceptance Socially responsible	Leverage their corporate social initiatives

(Source: Self generated)

4. Conclusion

The best way to ensure successful operations in any organization is not just recruiting the right people and giving them the skills to perform their job, but also to ensure that retention rate of the employees is maximized. As attrition is one of the key issues in IT sector at the present scenario, thus retention can be a systematic solution for this problem. Further, minimizing the attrition rate of Gen Y workforce in particular is another big challenge for this sector. Thus, when formulating strategy to come out from this big issue, the first step should be to understand the key attributes of this young generation as they are completely different from their predecessor generation. A clear and complete understanding of Gen Yers' characteristics would help them in developing the best retention strategy. This attempt by IT companies would build "Employer Brand Equity" in this fiercely competitive world as well as induces them to focus on leadership coaching, mentoring and development to train and retain a strong young workforce.

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