



Factors Contributing to Millennial Employees' Turnover Rates

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ABSTRACT: Millennial employees in the bakeshop industry exhibited high turnover rates primarily due to the need for a safe work environment, recognition, and opportunities for promotion. The study focused on the factors contributing to millennial employees' turnover rates. This study employed a quantitative, non-experimental, correlational design to investigate turnover intention among millennial employees in the bakeshop industry in Cebu Province. Data were collected via a researcher-made questionnaire from 34 randomly selected millennial employees. Analysis through descriptive statistics, chi-square tests, and weighted means revealed that millennials, who formed a significant portion of the working class, tended to leave their jobs if their specific needs were not met. The primary factor driving their turnover was self-preservation, with employees prioritizing a safe and healthy work environment. A workplace free from injuries and accidents not only attracted but also retained employees, leading to reduced absences and increased productivity. Consequently, a commitment to health and safety by employers enhanced employee retention and reduced business disruptions. Additionally, recognition and opportunities for promotion were crucial for retaining millennial employees. They were likely to leave if they felt undervalued or saw limited promotion opportunities. Training and development were less significant than promotions in influencing their decision to stay. The study also found that changes in management or internal talent management practices had minimal impact on retention, provided the work environment remained stable and employees were treated well. Overall, addressing millennials' needs for safety, recognition, and career growth was vital for reducing turnover rates in the bakeshop industry.

KEYWORDS: Employee retention plan, Human Capital theory, Likelihood to leave the organization, Millennial employees.

I. INTRODUCTION

Human capital is considered the number one company asset, including stocks of habits, knowledge, social and personality attributes, and resources based on humans to produce economic value. Human capital theory suggests that individuals are motivated to increase their qualifications and experiences to enhance future earnings, making education and training essential for achieving organizational goals (Becker, 1993). However, the theory assumes that expertise translates into knowledge and skills, which may only sometimes be accurate (Sonntag, 1995).

Gary Becker popularized the modern theory of human capital. Human capital has been a priority for organizations, including the bakery industry, for the past 15–20 years. By 2020, millennials will make up 50% of the workforce, demanding relevant and meaningful work, high pay, and a sense of accomplishment (Deal, Altman, & Rogelberg, 2010; Schullery, 2013). Millennials have different values and work habits than previous generations (Deal et al., 2010; Kultalahti & Viitala, 2015). They prefer a flat management structure, workplace freedom, and varied work roles (Gialuisi & Coetzer, 2013).

Organizations must adapt their strategies to attract and retain top millennial talent by developing leadership suited to this generation. Servant leadership is optimal for creating a preferred workplace for millennials. However, understanding why people leave their organizations is crucial for retention strategies. Organizations must continually invest in and develop human capital to succeed in today's economy (Nakamura, 2003; Van de Ven, Polley, Garud, & Venkataraman, 2001; Nooteboom, 2002).

This study aimed to analyze the factors causing millennial employees to leave the organization and develop measures for improving retention strategies. Considering the generational gap in the workforce, this study sought to support or refute existing human capital theories and propose interventions to retain, develop, and create an effective retention program for millennials.

1.1 Review Related Literature

Training is a crucial aspect of how employees learn, encompassing various methods such as workplace learning, self-directed learning, e-learning, and mentoring (Armstrong, 2014; Machado & Davim, 2014). Investment in training generally leads to improved individual outcomes, enhancing employees' skills and knowledge (Becker, 1964). Moreover, ongoing development is



essential for organizational competitiveness, with career advancement pathways providing mechanisms for skill enhancement and professional growth (Yang et al., 2011). Employee engagement is closely linked to creativity and improved performance, highlighting the need for organizations to measure and address motivational levels across different workforce generations to ensure optimal performance (Eldor & Harpaz, 2016).

Internal recruitment and succession planning significantly motivate employees by offering promotion opportunities (Benson et al., 2004). Additionally, job rotation and new learning opportunities can serve as practical alternatives for career development (Wrzesniewski et al., 2010). Regularly measuring factors influencing employee retention and tailoring reward systems to meet these needs is essential for maintaining a motivated workforce (Thomas et al., 2013). Investing in health and safety complements education and training investments and enhances employee engagement and productivity (Gillis et al., n.d.). Millennials, in particular, have unique expectations from their employment experience, seeking efficient work, recognition, access to technology, and mentorship (Espinoza et al., 2010; Taylor, 2014). Understanding these expectations is crucial for developing effective engagement models and retention strategies, as millennials value work-life balance and aim to positively impact their workplaces and communities (Lancaster & Stillman, 2010).

1.2 Theoretical Background

The study is anchored on Human Capital (HC) Theory, which posits that knowledge, skills, and abilities are vital for organizational success (Schultz, 1961). Employee training and development are essential for motivation and engagement. Reward and talent retention are key human capital antecedents at the individual level, including varied employee backgrounds, experiences, and workplace health and safety.

Human capital theory suggests investing in education and training enhances productivity and justifies higher earnings (Becker, 1993). The theory also argues that organizations should share the costs of firm-specific training, as it benefits the incumbent firm only (Becker, 1964). Employees are willing to invest in their training if it leads to better wages, positions, and promotions.

1.3 Research Problems

This research aimed to determine millennial employees' intention to leave the organization and the factors in Human Capital theory influencing this intention during 2020-2021. Specifically, it sought to answer:

1. What is the Likelihood of millennial employees leaving their current organization?
2. What factors in Human Capital theory do millennial employees consider in their intention to leave?
3. To what extent do Human Capital factors influence millennial employees' tendency to leave?
4. Is there a significant relationship between the Likelihood of millennial employees leaving and Human Capital factors at individual and organizational levels?
5. Based on the findings, what employee retention plan can be drafted?

II. METHODOLOGY

This study employed a quantitative, non-experimental, correlational design. Data were collected using a researcher-made questionnaire validated with a Cronbach alpha reliability score of 0.89. The sample includes 34 millennial employees from the bakeshop industry in Cebu Province, selected through random sampling. Questionnaires were distributed and collected online using Google Forms. Data analysis involved descriptive statistics, chi-square tests, and weighted means to determine relationships between variables and the extent of their influence on turnover intention.

III. RESULTS AND DISCUSSION

The first part showed millennial employees' tendency to leave their organizations. The second part focused on the factors of the human capital theory that millennial employees considered when leaving the organization and the extent to which these factors influenced their decision to leave. Lastly, it examined factors that might have been associated with their tendency to leave. According to previous researchers, millennials usually leave organizations within the first two years (Espinoza et al., 2010; Lancaster & Stillman, 2010).

There were 34 respondents in this study, 70.6% being bakeshop storekeepers and 29.4% bakeshop corporate employees. Respondents were coded for anonymity and were numbered 1 to 34. The research questionnaires addressed the experiences of



millennials related to the eleven factors identified in the Human Capital Theory concerning their turnover intention. A closer look at the tendency to leave revealed that the majority of those inclined to leave the organization soon were bakeshop corporate employees who were college graduates (66.7%). In comparison, those without plans to leave soon were bakeshop employees (storekeepers) who were high school graduates (85.5%). However, the proportion of bakeshop storekeepers and corporate employees who tended to leave the organization did not significantly differ, $\chi^2 (2)=5.559, p=.062$.

Table 3. Likelihood (Tendency) of Leaving the Organization

Tendency	Bakeshop Employee n (%)	Bakeshop Corporate Employee n (%)	p-value Chi-square test
Most inclined to leave the organization soon			.062
I am inclined to leave the organization soon	2 (33.3)	4 (66.7)	
Less inclined to leave the organization soon	10 (71.4)	4 (28.6)	
Not inclined to leave the organization soon	12 (85.5)	2 (14.3)	
TOTAL	24	10	

This is expected among corporate office employees, considering that they are college graduates and can easily find a better workplace and better pay against the odds of the bakeshop employees (storekeepers) who are high school graduates, which is very hard to find better pay and a better workplace.

The human capital theory identified the following factors that millennial employees consider when leaving the organization:

Table 4. Factors identified in the Human Capital Theory considered in the intention to leave the organization

Individual Level Factor	Organizational Level Factors
Education and Training	Leadership of superiors
Employee Development	Company Culture
Employee engagement	Change management
Talent retention and reward	Company structure
Internal recruitment	Talent management
Health and Safety	

These were factors to consider on the employee’s intent to leave the organization, which includes the organizational level factors – leadership of the superiors, company culture, change management, company structure, and talent management while the individual level factors are – education and training, employee development, employee engagement, talent retention and reward, internal recruitment (internal succession) and health and safety.

People leave the organization because of their superiors' leadership and the company culture. Employees sometimes leave on impulse, without any plan for the future, due to a negative management response to a specific action (e.g., being passed over for a promotion or experiencing difficulties with a supervisor). A company's culture is a reflection of leadership. Great employees stay because they can trust that leadership has their back. They can trust that leadership will make the best decisions for the company. They trust that leadership will get the company back on course when things go sideways. All these supports the findings of this study that employees wanted to leave because of the superiors' leadership and the company's culture.



Table 5. Individual Level Factors

Individual Level Factors	Rank based on Modal Responses	Proportion (%)	Interpretation
Education and training	3	29.4	Not sure if this is considered
Employee development	5	29.4	Not quite considered
Employee engagement	6	32.4	Least considered
Talent retention and reward	2	35.3	Considered
Internal recruitment	4	35.3	Least considered
Health and Safety	1	41.2	Considered priority

(Rank from 1 to 6, with 1 as the number one consideration and six as the least consideration in your intention to leave the organization)

On the individual level, self-preservation is the number one reason why employees opt to leave their companies. A work environment free from injuries and accidents attracts employees, as shown in Table 5 above. Employees are more satisfied and productive in such an environment. A safe work environment is essential for both employees and employers alike. If they find that it is no longer healthy and safe for them to stay, then they would instead leave. Also, protecting the workers means fewer absences, with more efficient and productive workers. Workers are more productive in workplaces committed to health and safety. Reducing downtime caused by illness and accidents means less disruption and saves business money.

Moreover, retention and giving of rewards to employees would make them stay. Promoting them from the rank and file makes workers feel that the management values their length of service. So, if they feel that they are not being properly rewarded or promoted, they tend to leave, as shown in Table 5. They do not care whether they will be trained or developed or if there is more engagement; if promoted, it would be enough for them to stay and stay. Also, changes in management or the management of internal talents do not affect employee retention. They do not care who their superior will be as long as they are treated well, and they will not bring many changes detrimental to the present condition of the workplace.

Table 6. Organizational Level Factors

Organizational Factors	Level	Rank based on Modal Responses	Proportion (%)	Interpretation
Leadership of superiors		1	41.2	Considered priority
Company culture		1	41.2	Considered priority
Change management		5	47.7	Least considered
Company structure		3	35.3	Not sure if this is considered
Talent management		5	30.0	Least considered

Consistent with the previous findings on what makes them leave the company, health and security are very important to them (*mean* = 3.24), and the superiors' leadership (*mean* = 3.18). Although they still consider talent retention, rewards, and the change in management very important, among the very important factors, these two have the lowest mean, implying that they may have the option to stay even though these will not satisfy them (see Table 7).



Table 7. The extent to which the factors influence the Millennials employee's decision to leave the organization

Extend of Importance of the Factors on Employees' Decision to Leave the Organization	Weighted Mean	Interpretation
1. Employee development	3.09	Very important
2. Leadership of superiors	3.18	Very important
3. Talent retention and reward	2.65	Very important
4. Company structure	2.76	Very important
5. Health and Safety	3.24	Very important
6. Employee engagement	2.91	Very important
7. Company culture	2.79	Very important
8. Change management	2.65	Very important
9. Education and training	2.88	Very important
10. Internal recruitment	2.79	Very important
11. Talent retention and reward	2.79	Very important
Grand mean	2.89	Very important

A numerical code is assigned to each scale at 4, 3, 2, and 1, respectively. There are 11 statements, each representing one factor in the Human Capital theory (5 for organizational and 6 for individual). Check the column corresponding to your best response after each statement. **4** - if it is extremely important, **3** - for very important, **2** - less important, and **1** - not important in your intention to leave the organization.

The bakeshop employees' (storekeepers) overall opinion on the importance of these organization and individual factors ($mean = 2.93, sd = .28$) and the corporate office employees' opinions on the importance ($mean = 2.78, sd = .34$) do not significantly differ, $t(32) = 1.295, p = .204$.

It did not matter whether they were bakeshop storekeepers or corporate office employees (high school or college graduates). As long as they felt safe and secure, the environment was healthy, and they had a good working relationship with their superiors, they would stay in the company, no matter what.

The Likelihood (level or tendency) of the millennial employees' intention to leave the organization has no significant relationship with individual factors in totality or organizational factors but with a few factors, as previously mentioned in the findings. The employees will likely leave the company because of leadership and culture and because their health is at stake (see Table 8).

Table 8. Likelihood to Leave and its significant relationship to human capital at individual and organizational factors

Variables	Correlation coefficient	p-value	Interpretation
Likelihood to leave and individual factors	-.108	.545	Not significant
Likelihood to leave and organizational factors	.008	.964	Not significant

The reported findings that emerged are presented in Appendix D. On employee retention plan that can be drafted and proposed based on the findings of the study are the following: (1) The results of this study about the organizational and individual level factors that predict turnover intention and use them to consider the priorities and find ways to support; (2) develop contingency measures on the gaps and implement measures to address those gaps.

Work for them towards the identified goals by conducting focus groups with Millennial employees. Develop and improve the skills of managers and the health and safety conditions, and communicate career development and advancement plans. Outline the behaviors and skills required and necessary to meet the next level in their career. Make sure that work is meaningful and challenging to them.



Review and make changes as necessary for the organization's benefit. Considering that the "one size fits all" is no longer applicable, customize benefit packages, make a flexible work schedule, and provide adequate paid time off if allowed. Having no turnover is also not good, but having a reduced turnover rate is ideal. Organizations should offer employees opportunities for personal and professional growth and advancement, which may include promotion opportunities. However, where internal promotion is not viable, new learning opportunities and skill variety initiatives such as job rotation may be practical alternatives (Wrzesniewski et al., 2010; Stahl et al., 2012; Taylor, 2014).

The direct economic costs associated with losing talented employees include the costs of replacing an employee, the exit of the employee, and the downtime that occurs because of the employee's exit (Hagen Porter, 2011). Moreover, the firm incurs the cost of recruiting, interviewing, and training a new hire (Hagen Porter, 2011).

CONCLUSIONS AND RECOMMENDATIONS

The baking industry has been increasingly hiring younger generations as their future workforce, recognizing the importance of appreciating their needs, such as better leadership, a positive company culture, robust health and safety programs, and competitive talent retention and reward systems. Research has emphasized the significance of understanding and meeting the needs of these millennials, who brought fresh ideas and high motivation to the industry. The study highlighted that millennials' turnover intentions were primarily influenced by concerns for workplace safety and security rather than managerial issues or advancement opportunities. High school graduates were found to be more likely to tolerate challenging bosses for job security, while college graduates tended to prioritize gaining diverse experiences. By addressing these findings, organizations could better motivate millennials and enhance employee retention, benefiting from a more engaged and committed workforce.

THE PROPOSED RETENTION PROGRAM FOR BAKESHOP ORGANIZATION IN THE PROVINCE OF CEBU

Based on the summary of findings, conclusions, and recommendations of the study, the researcher has come up with a proposed retention program for bakeshop organizations in the Province of Cebu to help retain and attract Millennials to stay longer in the job.

Rationale:

A safe work environment is essential for both employees and employers alike. If they find that it is no longer healthy and safe for them to stay, then they (millennials) would rather leave. The employees will likely leave the company because of leadership and culture and because their health is at stake. Workers are more productive in workplaces that are committed to health and safety. Reducing downtime caused by illness and accidents means less disruption – and saves businesses money. Moreover, retention and giving of rewards to employees would make them stay. Promoting them from the rank and file makes workers feel that their length of service is valued by the management. So, if they feel that they are not being properly rewarded or promoted, they tend to leave, if they will be promoted, would be enough for them to stay and not leave.

Objectives:

The Objective is to address and develop answers to the gaps found and implement ways to meet the needs of the workers as found in this study.

Table 9. Proposed Action Plan in drafting a customized retention program for millennial employees.

Activities/Strategies	Action Steps	Action Plan
Review documents to support the findings of the study	Do this by interviewing employees or performing a survey and comparing the outcome to the findings of this study.	Using the factors being identified as considered priority, assess and find ways to support such needs.
Address and develop contingency measures to address the gaps found and implement	Work with them and ask them what they would like to see implemented towards the	Develop and improve the skills of your managers and the health and safety condition of



ways to meet the pressing needs as identified in this study.	identified goals by conducting focus groups with Millennial employees.	the workplace, and articulate human resource development plans to them
Create a plan that will showcase the skills that are required and necessary to meet the next level in their career.	Review and make changes as necessary to the organization's benefits. Considering that the "one size fits all" package no longer applies now	customize benefit packages for employees, focus on the leadership, company culture, and health and safety.

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