Millennial Employee Turnover: Contributive Factors and Retention Strategies in the Indonesian Industry

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ABSTRACT

This research aims to explore the phenomenon of millennial employee turnover in the Indonesian industry, identify the contributive factors to the high turnover rate, and formulate effective retention strategies to retain millennial talent. The research method used is a qualitative approach with data collection techniques through semi-structured interviews and participatory observation. The participants in this study are 6 millennial employees, 1 supervisor, and 1 manager from one of the industries in Indonesia, selected through purposive sampling. The results of the study show significant differences in values and work culture between the millennial generation and previous generations. Millennials tend to desire a more flexible, collaborative work environment that focuses on individual development. They also have higher expectations regarding technology, innovation, and more frequent feedback and recognition. These differences can pose challenges in intergenerational communication and collaboration in the workplace. The implications of this research include the need for transformation in HR management practices to accommodate the characteristics and expectations of millennial employees. Companies that successfully adapt their HR management approach will be better able to attract, retain, and optimize the potential of millennial talent, thereby driving business growth and innovation in this increasingly competitive era.
INTRODUCTION

Millennials, those born between 1980 and 2000, have emerged as a substantial segment of the worldwide labor market, especially in Indonesia (Ainun & Sewang, 2023). With the growing presence of millennial employees in the workforce, organizations are facing new issues, namely related to the high incidence of employee turnover among this generation. The occurrence of millennial employee turnover has garnered the interest of numerous enterprises, given its influence on productivity, expenses related to recruitment, and the general long-term viability of the business.

Multiple studies have demonstrated that the rate at which millennial employees leave their jobs is considerably higher when compared to earlier generations. Deloitte's data from 2019 reveals that the global turnover rate for millennial employees stands at 21%, which is significantly higher than that of Generation X (13%) and Baby Boomers (7%), (Manggabarani et al., 2020; Zulaikha et al., 2021). According to research from the IDN Research Institute (2019), 35% of millennial employees in Indonesia have intentions to resign from their current positions over a span of two years. These statistics emphasize the importance for firms to comprehend the variables that contribute to the elevated turnover rate of millennial employees and to create efficient methods for retaining them.

The high turnover rate of millennial employees in Indonesian sectors can be attributed to several causes, such as the disparity between millennials' talents and industry requirements, limited career advancement prospects, and discontent with a rigid and uncreative work environment (Marliana et al., 2024; Novryansyah et al., 2021; Putri & Syarifah, 2022). Millennials have a tendency to actively pursue improved possibilities for personal growth and self-improvement. Consequently, if their expectations are not fulfilled, they are more inclined to change occupations.

The frequent departure of millennial employees can have adverse effects on firms, including the loss of valuable skills and abilities, heightened expenses for hiring and training, and disturbances in team efficiency. Hence, it is imperative for firms to design efficient retention strategies in order to retain millennial talent. These tactics may involve establishing a work environment that is adaptable and promotes collaboration, providing explicit possibilities for professional growth, offering regular feedback and acknowledgment, and connecting the values of the organization with the objectives of millennial employees (Hassan et al., 2022; Irhamahayati et al., 2018; Smith & Watkins, 2023; Varas & Yáñez, 2016; Walden et al., 2017).

In order to maximize the capabilities of millennial employees, firms must modify their HR management strategies to be in accordance with the unique traits and aspirations of this generation. Possible strategies to consider are establishing a work environment that allows for greater adaptability, offering explicit chances for professional advancement, promoting communication and collaboration between different generations, and providing training and skill development that aligns with the current demands of the business. In addition, it is crucial for enterprises to build a harmonious relationship with the school
system in order to ensure that millennials possess the necessary skills that align with the requirements of the job market.

The research aims to investigate the disparities in values and work culture between millennials and previous generations in the Indonesian industry. Additionally, it seeks to identify the factors that contribute to the high turnover rate of millennial employees in the same industry. Lastly, the study aims to propose HR management approaches that companies can adopt to maximize the potential of millennial talent in the workplace. The objective of this research is to examine the disparities in values and work culture between millennials and earlier generations in the Indonesian industry. It also seeks to determine the factors that contribute to the high rate of turnover among millennial employees in the Indonesian industry. Additionally, the research aims to comprehend the strategies that companies can employ to adjust their human resources management practices in order to maximize the potential of millennial talent in the workplace.

LITERATURE REVIEW

Employee turnover is the measure of the number or proportion of employees who depart from an organization during a specific timeframe, either by choice or by force (Olumide, 2024; Van Eck & Burger, 2019). Organizations can be adversely affected by turnover, which can result in the loss of valuable personnel, higher expenses for recruiting and training, and disruptions to team productivity (Li et al., 2023; Pradipto & Nabila, 2021)

Millennials or Generation Y, refer to the cohort of individuals born between 1980 and 2000 (Ettis, 2022; Tsai, 2018; Varas & Yáñez, 2016). The current generation exhibits distinct attributes and anticipations in relation to employment and work settings as compared to preceding generations.

Retention pertains to an organization’s capacity to retain valuable individuals over an extended period (Brown et al., 2019; Kadiresan et al., 2016). Implementing effective retention tactics is essential for minimizing employee turnover and preserving high-performing individuals inside the firm.

Human resource management (HRM) is a strategic method of overseeing employment relationships, with a focus on cultivating and leveraging people to accomplish organizational objectives (Manzoor et al., 2019; Ravichandran & Phil, 2018). Human Resource Management (HRM) encompasses various processes, including recruiting, selection, training, development, remuneration, and performance management.

METHODOLOGY

This study used a qualitative methodology to investigate the occurrence of millennial employee attrition in the Indonesian business sector. The researchers opted for the qualitative approach because to its ability to provide a comprehensive comprehension of the experiences, perceptions, and opinions of the participants regarding the research issue (Hamzah, 2021; Sekaran & Bougie, 2017). This technique also enables researchers to investigate the intricate social and cultural circumstances in which the phenomenon of millennial employee turnover takes place.
The data collection methods employed in this study include semi-structured interviews and participatory observation. Semi-structured interviews utilize an interview guide that includes essential subjects and inquiries, while additionally permitting the researcher to pose additional questions in response to participants' answers (Sekaran & Bougie, 2017). This methodology allows the researcher to explore in greater depth the experiences, attitudes, and perspectives of participants regarding the turnover of millennial employees and the factors that influence it.

Participatory observation is a research method where the researcher actively takes part in the daily activities of the participants while observing and documenting them. This study included participatory observation in the participants' workplaces to enhance comprehension of the dynamics, interactions, and work culture that could impact millennial employee turnover.

The participants in this study were chosen by purposive sampling, a method that includes selecting individuals based on specific criteria that are relevant to the research aims. The participant criteria encompass the following:
1. Employees belonging to the millennial generation (born between 1980-2000)
2. Employment in the field
3. Possessing familiarity with the occurrence of millennial employee turnover, such as personal job changes or observing coworkers who have left their positions.

The study participants were chosen based on specific criteria, resulting in a selection of 6 millennial employees, 1 supervisor, and 1 management from an industry in Indonesia. The inclusion of a wide range of participants enables the researcher to obtain comprehensive and detailed insights into the issue of millennial employee turnover at different levels within organizations.

The data obtained from semi-structured interviews and participatory observation were subsequently analyzed using a thematic analysis approach as outlined. Thematic analysis encompasses the steps of categorizing data, recognizing emergent patterns, and assessing the significance of these patterns in connection to the research inquiries and wider context.

To guarantee the accuracy and trustworthiness of the research results, various methods were employed. These included data source triangulation, which involved using multiple sources of data to verify the findings. Additionally, member checking was utilized to obtain feedback from participants regarding the researcher's interpretations. Lastly, researcher reflexivity was employed to examine any biases or assumptions that the researcher may have had, which could have influenced the research process.

The utilization of qualitative methods, such as semi-structured interviews and participatory observation, along with purposive sampling for participant selection, enables researchers to acquire a comprehensive and profound comprehension of the phenomenon of millennial employee turnover in the Indonesian industry. The results of this study are anticipated to offer useful insights for firms in formulating effective ways to retain millennial employees.
RESULT

Based on the results of interviews with 6 millennial employees, 1 supervisor, and 1 manager in an industry in Indonesia, several key differences in values and work culture between the millennial generation and previous generations have been identified.

Differences in Values and Work Culture Between Millennials and Previous Generations in the Indonesian Industry

Millennial employees highly value flexibility in work arrangements and work-life balance. They desire policies that allow them to work with more flexible hours, work remotely, or even adopt a hybrid work model. This contrasts with previous generations, who tend to emphasize physical presence in the office and structured working hours.

According to one millennial employee, "I feel more productive when given the flexibility to arrange my work schedule. As long as the work is completed well and on time, it shouldn't matter if I work from home or have slightly different hours." Millennials have grown up alongside the development of digital technology, making them very skilled and comfortable using technology in the workplace. They expect companies to provide up-to-date tools and systems to support productivity and work efficiency. Conversely, previous generations may take longer to adapt to rapid technological changes.

A supervisor observed, "Millennial employees are very quick to adopt new technology and use it to enhance work efficiency. They also frequently suggest new tools or applications that we can utilize to improve team productivity." Millennials prefer a collaborative work environment with minimal hierarchy. They value open communication, frequent feedback, and the opportunity to contribute to decision-making. Previous generations tend to be more accustomed to clear hierarchical structures and one-way communication.

A manager explained, "I need to adjust my leadership style to accommodate the preferences of millennial employees. They respond better when I involve them in discussions, listen to their ideas, and provide regular constructive feedback." Millennial employees place great importance on career development and growth opportunities in their jobs. They expect clear career paths, training programs, skill development opportunities, and mentoring from supervisors. If they feel stagnant or lack advancement opportunities, they are more likely to seek opportunities elsewhere. Previous generations might focus more on long-term job stability and security.

One millennial employee stated, "I want to work for a company that invests in employee development. If I feel that I'm not growing or learning new things, I'll look for opportunities elsewhere that offer the challenges and growth I desire." Millennials want to work for companies whose goals and values align with their personal principles. They are more interested in companies that have a positive impact on society, practice social responsibility, and treat employees well. Previous generations might focus more on the financial aspects and stability of the company.

A millennial employee shared, "I want to work for a company that has a bigger purpose than just making a profit. I want to feel that the work I do contributes to positive change in society."
The differences in values and work culture between millennials and previous generations reflect shifts in priorities, expectations, and work styles. Companies that aim to attract, retain, and maximize the potential of millennial employees need to consider adapting their policies, practices, and work culture to match the preferences of this generation. By understanding and appreciating these differences, companies can create an inclusive and productive work environment for all generations.

Factors Contributing to the High Turnover Rate of Millennial Employees in the Indonesian Industry

According to the informants, several factors contribute to the high turnover rate of millennial employees in the Indonesian industry:

1. Lack of Career Development Opportunities
   Millennial employees feel that companies do not provide clear career paths. There are limited opportunities to develop new skills and competencies. There is also a lack of mentoring or coaching programs from supervisors or senior staff.

2. Work-Life Imbalance
   Long and inflexible working hours make it difficult for millennial employees to balance work and personal life. High job demands and tight deadlines cause stress and fatigue. There is a lack of policies supporting work-life balance, such as leave, remote working, or flexible working hours.

3. Non-Competitive Compensation and Benefits
   The salaries received are perceived as not commensurate with the workload and responsibilities. There is a lack of attractive benefits, such as health insurance, retirement funds, or performance bonuses. There are no regular salary reviews, and salary increases are insignificant.

4. Lack of Recognition and Appreciation from Supervisors and the Company
   The achievements and contributions of millennial employees are often not adequately appreciated or recognized. There is a lack of positive feedback or praise from supervisors for good performance. There is no reward or incentive system that encourages employee motivation and performance.

5. Work Culture Misalignment with Millennial Values and Expectations
   Millennial employees feel that the company’s work culture is too hierarchical and bureaucratic. There is a lack of collaboration, innovation, and flexibility in the work environment. The company has few initiatives to support diversity, inclusion, and social responsibility.

The above factors summarize the responses given by the research participants. Companies need to consider these factors and develop appropriate strategies to address the issue of millennial employee turnover in the Indonesian industry.
Efforts Companies Can Make to Adapt HR Management Approaches to Optimize Millennial Talent Potential in the Workplace

Based on interviews with 1 supervisor and 1 manager, here are several strategies that companies can adopt to optimize the potential of millennial talent in the workplace:

1. Providing Clear Career Paths and Development Opportunities
   - Design structured and transparent career development programs. Offer training, workshops, or certifications to enhance skills and competencies. Provide job rotation opportunities or cross-departmental project assignments. Implement mentoring or coaching systems to support professional growth.

2. Creating a Flexible and Balanced Work Environment
   - Adopt flexible working hours or remote working policies that allow millennial employees to manage their time and productivity. Provide facilities and programs that support physical and mental well-being, such as gyms, recreation rooms, or counseling services. Encourage a "work-life harmony" culture by respecting employees' personal and family time.

3. Offering Competitive Compensation and Benefits Packages
   - Regularly benchmark salaries and benefits to ensure competitiveness with the industry. Develop a reward system based on individual performance and contributions. Provide attractive benefits for millennial employees, such as stock ownership programs, education allowances, or travel funds.

4. Implementing a Culture of Recognition and Appreciation
   - Implement formal and informal reward systems to recognize employee achievements and contributions. Provide regular positive and constructive feedback to encourage growth and improvement. Involve millennial employees in decision-making and encourage bottom-up initiatives.

5. Creating an Inclusive, Collaborative, and Innovative Work Culture
   - Implement flatter organizational structures and reduce unnecessary hierarchies. Encourage cross-functional collaboration and innovative projects. Organize team-building and networking activities to strengthen interpersonal relationships. Integrate values of diversity, inclusion, and social responsibility into the company culture.

By aligning HR management approaches with the needs and preferences of millennial talent, companies can create a more engaging, motivating, and empowering work environment that optimally harnesses their potential.

DISCUSSION

The research findings indicate differences in values and work culture between the millennial generation and previous generations in the Indonesian industry. Millennial employees highly value flexibility in work arrangements, work-life balance, the use of technology, collaboration, career development, and the alignment of company values with their personal principles. Compared to previous generations, who tend to emphasize physical presence, structured working hours, hierarchy, and long-term stability, millennials are more focused on efficiency, open communication, professional growth, and the company's social impact. These differences reflect a shift in priorities and work styles that companies need to consider when managing a multi-generational workforce.
Several key factors contributing to the high turnover rate of millennial employees in the Indonesian industry include the lack of career development opportunities, work-life imbalance, non-competitive compensation and benefits, lack of recognition and appreciation, and a work culture misaligned with millennial values. Millennial employees feel that companies do not provide clear career paths, skill development opportunities, or adequate mentoring programs. They also face challenges in balancing work demands with personal life due to long and inflexible working hours. Compensation that is perceived as disproportionate to the workload, lack of appreciation, and a overly hierarchical work culture are also driving factors of turnover (Al Salih & Al Doghan, 2023; Kadiresan et al., 2016; Widagdo et al., 2022).

To optimize the potential of millennial talent in the workplace, companies can adapt HR management approaches that align with the needs and preferences of this generation. Several strategies that can be implemented include providing clear career paths and development opportunities through training programs, job rotation, and mentoring. Creating a flexible and balanced work environment with flexible working hours policies, wellness facilities, and a "work-life harmony" culture. Offering competitive compensation and benefits packages based on industry benchmarking and individual contributions. Implementing a culture of recognition and appreciation through formal and informal reward systems, constructive feedback, and involvement in decision-making. Creating an inclusive, collaborative, and innovative work culture by reducing hierarchy, encouraging cross-functional collaboration, and integrating diversity and social responsibility values (Octafian & Nugraheni, 2022; Rahmitasari et al., 2021; Wijoyo et al., 2023).

By implementing these strategies, companies can create a more attractive and empowering work environment for millennial talent, thereby increasing their retention, motivation, and productivity.

**CONCLUSION AND RECOMMENDATION**

Understanding the differences in values and work culture of the millennial generation, as well as the factors influencing their turnover, is crucial for companies in the Indonesian industry. By adapting appropriate HR management approaches, companies can optimize millennial talent potential and create a more inclusive and productive work environment for all generations. This will drive innovation, growth, and long-term success for companies in facing the evolving workforce dynamics.

The implications of this research are that companies must prioritize career development, work-life balance, competitive compensation, and a culture of appreciation to attract, retain, and optimize millennial talent potential. Investment in training programs, mentoring, and employee development initiatives will be critical to engaging and motivating this generation. Companies must be prepared to face and manage the constant changes in the workforce. As more millennials and younger generations enter the workforce, companies need to proactively anticipate and adapt to new trends, technologies, and dynamics to remain competitive in attracting and retaining top talent.
Success in managing and optimizing millennial potential will become a competitive advantage for companies. Companies that can create a work environment aligned with the values and aspirations of this generation are more likely to attract high-quality talent, increase productivity, and drive innovation, ultimately leading to long-term growth and success.

FURTHER STUDY
Deepening research on effective HR management strategies and practices in managing and optimizing millennial talent potential. The research can focus on evaluating career development programs, work-life balance initiatives, compensation systems, and work culture that align with the preferences of this generation. Exploring the impact of technology and emerging trends, such as digitalization, automation, and remote work, on the values, expectations, and work behaviors of the millennial generation. This research can help companies anticipate and adapt to changes driven by technological advancements. Studying the dynamics and interactions between millennials and other generations in the workplace, including Generation Z, which is beginning to enter the workforce. Research on intergenerational collaboration, knowledge transfer, and conflict management can provide valuable insights for companies in managing a multigenerational workforce.

REFERENCES


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