# FACTORS PERSUADING MILLENNIAL EMPLOYEES
# TO STAY WITH LEADING PHARMACEUTICAL COMPANY
# DURING THE DISRUPTIVE WORLD

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ABSTRACT

This thematic paper adopts Maslow's hierarchy of needs as a theoretical framework to examine the human motivation or the reasons behind why employees decide to leave the company. Maslow's principles and other human motivation theories were grouped into five well-being categories for analysis: financial (physiological), physical (safety), social (love/belonging), community (social), and career/purpose (esteem/self-actualization).

Adopting a multi-data collection approach has been made during research on exit interviews questionnaires of the pharmaceutical company Eli Lilly. Semi-structured interview were held with five hiring managers or related stakeholders to investigate what types of human motivational needs that employees in each team satisfy, what happens if their needs have not been satisfied, and retention ways of persuading employees not to leave the company, especially at a time when the company is experiencing big changes.

KEY WORDS:  Maslow's hierarchy of needs / well-being principles / retention /
ERG theory / Herzberg's motivation-hygiene

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# CHAPTER I
# INTRODUCTION

## 1.1 Background

During the disruptive world of technology, it is well known that Thailand is facing labor shortages. Competition for snatching "skilled talent workers" has been fierce nowadays and it will certainly intensify more and more. In addition, the digital age that plays an increasingly important role in workers' life also gives them access to new job opportunities easily. It also encourages job change.

The Millennial generation also known as *"Generation Y"* who was born in 1981-2000 and most of them currently under 35 years of age has a high potential for job changes (BBC Scotland, 2017). The growth in the digital age of Gen Y has made these people more agile in technology. Most of them gain an information access advantage by leveraging the Internet or social media to make decisions. With this kind of typical characteristic of the Gen Y, they seems to be very picky about what job they would like to pursue and they do not cling to staying at only one organization for a long time. It is not surprising that these people choose work and change jobs more often than the previous generation.

According to the BBC survey of 7,500 people, more than half of the Gen Y (age 30-34) has changed jobs 2-3 times, although they have been in the labor market for less than ten years. Nonetheless, half of the Gen X (aged 35-49) and Baby Boomers (50-69 years old), who have been in the labor market for more than a decade, are still working in their first or second job.

Taking into account the role of the Gen Y in the Thai labor market is a matter for employers to adapt to reduce the gap and take advantage of the characteristics of this generation to the maximum benefit. Currently, about 30% of Thai workers are Gen Y and in the next five years, the Gen Y will be graduating and ready to move into the labor market, making Gen Y a 40% of the Thai labor market (Bangkokbiznews, 2014).

The trend of Gen Y occupying in the workplace is inevitable, and it is a big proposition for businesses to think about how to tailor their HR strategy to reduce barriers. For example, Gen Y is a group that often has innovative ideas influenced by online information. They also enjoy the agility, but do not want complex social hierarchy. Gen Y may be the key driver of the company's development into a more innovative and efficient business in the future. In addition, these workers are more likely to accept and push organizational change than the previous generations.

It is very important that each company attracts and retains Gen Y employees. Accessing the Gen Y Group through job-seekers and social media is indispensable in attracting these workers. In addition to adjusting the corporate image to be modern and adaptable, the environment and culture is also important, such as the freedom to choose working style like mobility or non-mobility, flexible benefit plan options, flexi-hours, or even dress more freely, these things also have the effect on Gen Y. More importantly, the most important role falls on a "leader," who is usually in the Gen Y predecessor, and may have a different attitude from their subordinates. If they can truly align their attitudes toward Gen Y, they can of course retain those employees for longer.

Gen Y Employees quit their job for many reasons. They don't find the work they do challenging. Motivational work makes me want to work every day. But if the work is boring, it makes life work withered. In addition, some might claim that one factor affecting employee resignation is the relationship with colleagues. This atmosphere is not conducive to happiness in the workplace. Conversely, if employer promotes the atmosphere to work together, close friends to love each other, the employee of course does not want to leave. Some complains about work life balance. When life and work are not balanced, employees with families often choose to spend more time with their families and quit and find a new job that suits their life doing things they enjoy. Those reasons are a few examples that are very tough to address by an employer because they involve life events in the employee's world outside of work.

Finally, when Gen Y dominates the labor market in the next 5-10 years, the human resources management together with top management in each company will have to change to accommodate the ever-evolving workforce. The company must

have the systematic strategic planning to help the firm decide how they can retain those top talents to keep the business continuity.

As Gen Y has now become important population and is entering the job market more and more. They will become the middle management in the next 3-5 years. So it's important for the organization to maximize its potential and manage the relationships between the different generations and ensure that the organization will attract and retain qualified personnel and will eventually lead the organization to success.

In this paper, we will study about the motivation, human behavior and job satisfaction strategies that the employer can adapt to meet the needs of Gen Y and factors that make employers eventually maintain and retain Gen Y workers to stay with a company and prepare them to be ready to replace important executives in an organization. The research framework, the enterprise, research methodology and findings are discussed further.

## 1.2 Research Questions

- What are the top reasons the millennial would begin searching for a new job?
- What factors drive employee to quit their jobs?
- What kind of rewards type the company can use to help retain employees? Is there anything else apart from financial increments?
- What are the implications and recommendations for the HR or key retention strategies of the company?

# CHAPTER II
# LITERATURE REVIEW

## 2.1 General Motivation and Reward Type Preference

Speaking of motivation and human behavior, there are often many views from the manager and supervisor. They often understand different ways of motivating their employees in different ways. Some think that salaries are the most important thing to motivate employees, some think welfare/benefits. Some think it's a good relationship between the employee and the boss and colleagues. But what is it that really can motivate employees to work well all the time.

- Salary is the first factor that a supervisor or manager sees as an employee motivator to work in some company. The salary is the cause of the employee that drives employees to work. The more salaries they get, the more motivated they will be. So if the employees are not motivated to work due to too little salary, the way to fix it is to increase salaries for employees more in order to motivate them to work.

- The second factor in the minds of the bosses and managers in employee motivation is the welfare or benefits of the workplace. Employee benefits mean various types of non-wage compensation provided to employees in addition to their normal wages or salaries. An advantage such as medical insurance, life insurance, and sick pay that employees receive from their employer in addition to money (Investopedia, 2015). Some employers see that employees do not want to work because there is no incentive to work due to employees receiving fewer benefits than others.

However, for those who are experienced employees or managers that have been working for a while begin to realize that salaries and benefits are not motivational factors. It is just a basic factor in improving the well-being of the employees. More importantly, they find other ways and means to motivate their

employees and create a sense of commitment and want to create a continuous contribution to the organization. The result of the study is often these factors.

- Relationship between colleagues and supervisor. This factor is important for employees to feel comfortable working. They do not have to fight with other employees. But each one support to one another.

- Some employees are motivated by being recognized by their own bosses. Often, they are energetic and motivated to work consistently because this is what all human beings want. When people are recognized by their own boss is important. It will make people have more power to work. This will affect the motivation to work continuously.

## 2.2 Well-being Research Framework

The concept of the wellbeing written by Tom Rath and Jim Harter is to boost up the employee engagement through creating wellbeing for employees in five areas, five of which are factors that can make employee committed to the organization.

- **Career Wellbeing** is the first factor that allows employees to work with the company. Employee must feel working at a company can grow with the career path that they want, so a career path system must be aligned and suit them in order for employees to have a plan for development of knowledge, skills, competency so that they are able to achieve their aims in career.

- **Social Wellbeing** is the second factor, where employees come to work and have a good society. Therefore, if a company is going to meet social wellbeing, it needs to have a good corporate communication system, both top-down and bottom-up approaches. So that the manager can lead teams to build teams and deal with conflicts as well as make employees feel at working here, he or she have been responsive to the social issues surrounding their work.

- **Financial Wellbeing** is a matter of financial stability. If a company makes the staff feel the financial security of working at the company, it

means that the company has to create a system of competitive and fair reward.

- **Physical Wellbeing** is a matter of physical and mental stability that encourages employees to have good health, such as hygiene cafeteria at the office, or various fitness facilities such as fitness, yoga, spas. There is also a well-rounded welfare system that is related to the health of all employees.

- **Community Wellbeing** is the final factor. Employees must feel they are working to make the society around them better. For example, some companies engage in Village Service Days by making a positive difference in their local communities and volunteer activities where employees support the work of various local non-profit organizations.

It's very important for the company to meet all five of the above to make employees feel attached to the organization. It will also benefit HR management in the future for the attraction, development, and retention of the employees in the organization.

Apart from well-being concept, in this literature review we will talk about the content theories of motivation or human motivation relating to the reasons behind why people do particular things like resignation or leaving a company. If the employer understand factors that impact human motivation, and be able to forecast or predict the impact of a motivation strategy on each employee and can satisfy all the needs of the employees, then employer is like to have a chance to persuade employee to be retained and not to leave the company, especially at a time when the company is facing big changes like organization structure change, redundancy of workforce, or merger and acquisition. In fact, there are four "Theory of Human Motivation" that will be discussed further.

## 2.3 Motivation and Human Behavior Research Framework

### 2.3.1 Maslow's hierarchy of needs

Maslow's hierarchy of needs is a psychological theory proposed by Abraham Maslow in his 1943 report "A Theory of Human Motivation." (MoneyHub, 2016). Maslow's hierarchy of needs comprises a five tier model of human needs, often depicted as hierarchical levels within a pyramid as below picture.
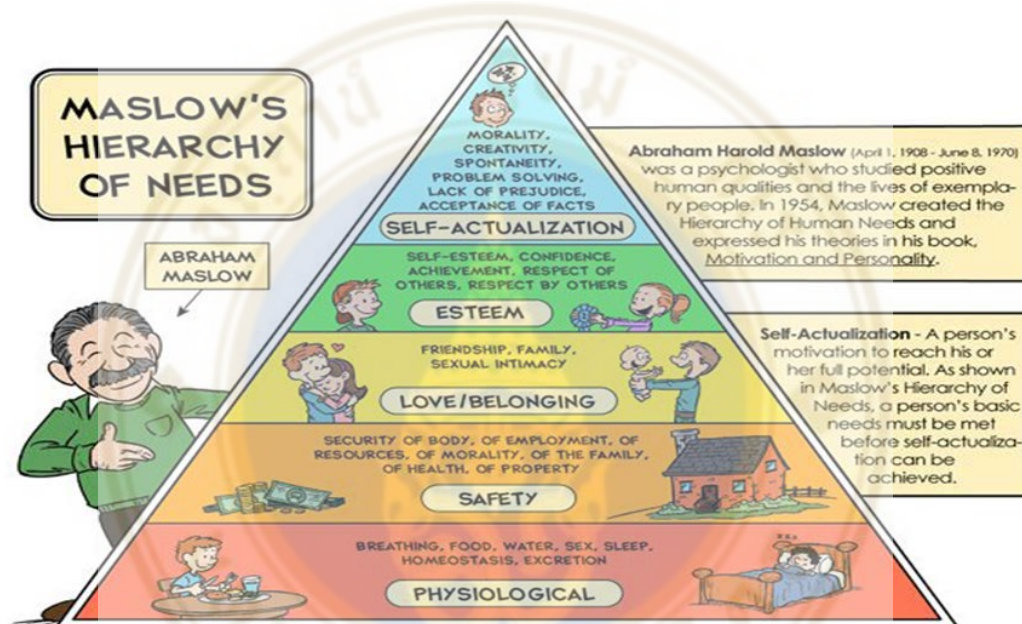


**Figure 2.1 Maslow's hierarchy of needs pyramid**

The pyramid is divided into 5 layers: self-actualization, esteem, love/belonging, security, and physical needs. Maslow (Maslow, 1954) stated that people are motivated to achieve certain needs and that some needs take precedence over others. Our most basic need is for physical survival, and this will be the first thing that motivates our behavior. Once that level is fulfilled the next level up is what motivates us, and so on. Although people seek to self-actualize or achieve higher needs, but their basic needs must be met first. (Simply Psychology by McLeod, 2017)

- *Physiological needs*

Physiological needs are physical needs required to survive as a human. If this basic requirement is not met, the human body cannot work properly.

Water, food, and air are what the body needs to be used in the metabolism process for energy and growth. In addition, clothing and shelter provide the necessary protection to humans as well.

- *Safety needs*

When physiological needs are met, the next level of the needs is for security and safety which is quite primary. People want control and order in their lives, so this need for safety and security contributes largely to behaviors at this level. Some of the basic safety and security needs such as:

- Personal security
- Financial security
- Health and well being
- Safety against accidents and injury

Finding a job, having a health insurance and health care, contributing provident fund, and moving into a safer neighborhood are all examples of actions motivated by the security and safety needs.

- *Social belonging*

Once physical and security needs have been met, the third stage of human needs is social belonging requirements. The social needs include love, acceptance, the need for emotional relationships and belonging. Some of the examples that satisfy the need include

- Friendships
- Romantic attachments
- Family
- Social Interaction
- Community of Interest/Practice

In this stage, humans want to feel owned and accepted whether it is in a large social group, such as clubs, religious groups, professional organizations, sports teams, gigs or small social relationships. Humans want to love and be loved by others.

- *Esteem*

Every human being needs to be respected and respected. Respect expresses the human need to be recognized and appreciated by others. People want to

do something serious to be respected and want to have an activity that makes them feel good to feel that they have value.

Maslow has mentioned the need for self-esteem in two levels: (i) esteem for oneself (dignity, achievement, mastery, independence) and (ii) the desire for reputation or respect from others (e.g., status, prestige). The need for respect or reputation is most important for children and adolescents and precedes real self-esteem or dignity.

- *Self-actualization*

At the very peak of Maslow's hierarchy are the self-actualization needs. Maslow explained, referring to the need to have their full potential as human beings.

According to Maslow's definition of self-actualization:

*"It's the people who have developed or the ones that they are capable of doing." They are developing to the full extent of which they are capable. "*

Self-actualizing people are self-aware, concerned with personal growth, less concerned with the opinions of others, and interested fulfilling their potential.

### 2.3.2 ERG theory (Existence, Relatedness and Growth)

Clayton Alderfer developed Maslow's hierarchy of needs by categorizing and integrating the hierarchy of Maslow's 5 needs into his ERG theory which consists of 3 types: Existence, Relatedness and Growth.

- Existence needs include all material and physiological desires (e.g., food, water, air, clothing, safety, physical love and affection). Existence is Maslow's first two levels. (physiological and security)

- Relatedness encompass social and external esteem; relationships with significant others like family, friends, colleagues, and even employers. This means to be recognized and feel secure as part of a social group. Relatedness is Maslow's third and fourth levels. (social and self-esteem)

- Growth mentions a person's desire to use all their abilities to achieve and be everything that they possibly can. This includes desires to be

creative and productive to complete meaningful task. Growth is Maslow's fourth and fifth levels (self-esteem and self-actualizing)

Although both Maslow's and ERG seems to be the same theory of human motivation and explain what reasons why people do particular things, but there is some different perspective between the two. Maslow assumed that we must fulfill lower needs before we seek to fulfill higher ones. However, ERG theory assumes that we seek to fulfill needs at more than one level at a time

Also, if satisfaction of a higher need is frustrated, desire to fulfill a lower order need increases.

### 2.3.3 MacGregor's Theory X&Y

Theory X and Y theory are all about organizational behavior. McGregor studies the concept of motivation theory that describes two contrasting sets of assumptions that managers make about their people. According to Douglas McGregor's concept, there are two management styles for theory X workers and theory Y workers (MindTools, 2016).

- **Theory X**

1.) Theory X refers to those sluggish workers that do not like to work and try to avoid responsibility. Most of this type has little ambition.

2.) Workers for this type need to be controlled, constant direction, forced and threatened to deliver the work.

3.) Have no motivation to work or ambition, and therefore need to be enticed by rewards to achieve goals and be supervised at every step.

The nature of X theory suggests employees don't like to work, try to avoid the task. However, they are interested in personal benefits. Therefore, executives must try to set standards for controlling or directing them. Motivation will focus on reward and tangible benefits. Executives or manager will see that the point of motivation for this kind of employees is to meet the needs of employees with basic needs only.

- **Theory Y**

1.) Workers like to devote themselves to work and take their tasks as a fun, fulfilling and challenging thing to do and develop themselves.

2.) This group of people can find satisfaction in work, be happy on their own initiative and have an optimistic, positive opinion towards what they do. They are participative and collaborative and more involved in decision making.

3.) People have greater responsibility and enjoy take ownership of their work and managers encourage them to develop their skills and improvements. Appraisals are regular for this type but mainly used to encourage open communication for better idea rather than control staff unlike in the Theory X.

Theory Y has become better known among organizations. That means it shows that worker increases desire for more meaningful careers that provide them with more than just money.

### 2.3.4 Herzberg's 2 Factor Theory

Two-factor theory also known as Herzberg's motivation-hygiene theory and dual factor theory suggests about the idea that an employee's job satisfaction is influenced by two separate things (Value Based Management, 2014): *hygiene factors*, such as pay and conditions at work, which can make you unhappy with your job, and *motivator factors*, such as the type of work you do and the respect you get for it, which can make you happy with your job.
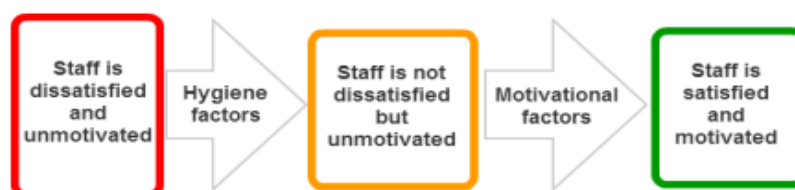


**Figure 2.2 Two Factor Theory Process**

According to the table above, hygiene factors are needed to ensure an employee does not become dissatisfied. They do not lead to higher levels of motivation, however without them there is dissatisfaction and these hygiene needs must be met first to create a foundation for motivation. However, motional factors are needed in order to motivate an employee into higher performance and these factors result from internal generators in employees. Focusing on Motivation factors before hygiene needs are met may not create motivation and satisfaction and at the same time meeting only hygiene needs may not lead to high motivation and satisfaction.

**Table 2.1 Two Factors: Hygiene factors and motivational factors**

| Typical Hygiene Factors | Typical Motivational Factors |
|---|---|
| Working conditions | Achievement |
| Quality of supervision | Recognition for achievement |
| Rate of Pay | Responsibility for task |
| Status/Job Security | Interest in the job |
| Company/Company Policies | Advancement to higher level tasks |
| Interpersonal Relations | Personal Growth |

## 2.4 Job Satisfaction & Leading Pharmaceutical Industry – Eli Lilly

Eli Lilly & Company is the pharmaceutical industry founded by Eli Lilly on May 1876 in Indianapolis, the USA. The company engages in the discovery, development, manufacture, and sale of medicine products. It operates through the Human Pharmaceutical Products and Animal Health segments. The Human Pharmaceutical products segment includes the discovery, development, manufacturing, marketing, and sales of human pharmaceutical products in the following therapeutic areas: neuroscience, endocrinology, oncology, cardiovascular, and others. The Animal health segment operating through the Elanco Animal Health division, develops, manufactures, and markets products for both food and companion animals and products for livestock and poultry. Its products are distributed through wholesalers that serve pharmacies, physicians and other health care professionals, and hospitals.

Currently, the Elanco business has been facing with the tremendous disruption to the company as a result of integration, acquisition of Novartis business and restructuring. It is in the middle of decision making whether it could spin off or sell its animal health business that has been pressured in recent years by competition.

During this strategic business review of Elanco for a variety of options to maximize future value, it's very important for the company to plan, manage, and drive employee satisfaction in the company. This includes management of the feeling of pleasure and achievement that employees experience during changes in their job, or the degree to which their work gives them the feeling in order to avoid bad impacts occurring e.g. absenteeism, turnover, low job performance.

Basically, there is a moderate relationship between worker satisfaction and absenteeism. Less satisfied workers are more like likely to be late or absent for work. Relationship between satisfaction and absenteeism is influenced by factors such as corporate culture and corporate policies.

| Lower Satisfaction | → | Higher Absenteeism |

Culture/Work Environment/Corporate Policies

**Figure 2.3 Job Satisfaction and Absenteeism**

Moreover, there is also a stronger relationship between staff satisfaction and turnover. Less satisfied workers are more likely to leave or exit. Satisfaction/turnover relationship is moderated by the likelihood of finding other employment.

| Lower Satisfaction | → | Higher turnover |

Labour Market, Job Options, Performance

**Figure 2.4 Job Satisfaction and Turnover**

As can be seen from the human motivational factor is that the things that people value differ somewhat from one person to the other one based on culture, motivation, values, traits, and motive. That means everyone is motivated by different things. Some employee give importance on pay attractiveness and benefits, but for someone they put an emphasis on their personal goals and interests and find satisfaction and productivity in their work. Therefore, we will examine the factors of persuading employees to stay with the company based on the human motivation factors theory. The methodology involving an extensive case study is described next.

# CHAPTER III
# METHODOLOGY


In order to conduct the qualitative research, Approximately 5-7 semi-structured interviews were held with a range of stakeholders including hiring managers from commercial business unit like sales, marketing as well as support function like IT, Finance, plus two to three employees in each department will be chosen on a convenience basis. Furthermore, researcher collected observations from general employees for non-verbal behaviors. Using a multi data collection case study approach, researcher also documented questionnaires that contain a list of questions that several employees were asked about their motivation or the reasons why they still keep staying or leaving at the company during restructuring and change plus a thorough review and analysis of the exit interview documentation according to the key factors identified above in order to find out the reason behind their resignation and other information supplied by HR Director and HRIS system. Findings will be explained base on well-being, human motivation theories adaptation in the literature review into 5 categories: career, social, financial, physical, and community. Interviews and observation were recorded using note taking, videotape or tape recording techniques as appropriate with participant permission. Critical incidents were derived from the interviews to generate qualitative data. Probes and the results of document analysis were used to explore interview answers in more depth to find out employees' opinions and feelings towards the Eli Lilly Company.

# CHAPTER IV
# FINDING RESULTS AND DISCUSSION

## 4.1 Important reward types ranking preference

Managing the Generation Y is not easy thing to do because of the fact that they are very self-confident, self-assured, and they do not cling to the organization. Organization cannot retain these people who are the main backlash of the business for a long time. Likewise, "Eli Lilly", one of the big pharmaceutical organizations in Thailand. It has been shown that employee outflows have recently been increased just about 20% from last year, even with 52% of Gen Y employees.

One of the Vice President employees from the Animal health segment operating through the Elanco Animal Health division of Eli Lilly acknowledged the fact that the Gen Y generation is easily persuaded to leave their job by offering another job with more pay or salary happen all the time. Because most of the organizations see only one side that Gen Y loves the growth of the salary they got offer and to be in a position where they can grow quickly. But lastly, the Gen Y employees will move to a new place with a higher pay and a higher position. That means the companies have to find the new Gen Y staff to work and it will repeat some kind of this cycle again and again. Therefore, it is very important for the organization to have the right HR strategic planning to retain the Gen Y employees. Maybe money is not the answer for all the cases:

*"Most of the Gen Y resigned from the company because of the leaders who lack of leadership qualities, which can lead to the issue of Engagement starting to decline, and finally, the turnover is high. If we would like to somehow to fix this kind of problem, I think the starting point should be start with a leadership and how to train those who are hiring managers to be another people manager. Some of this story has always been not that strange at my company. For example, a Gen Y employee in a sales department wants to resign. The reason behind is that he is tired of the work and would like to seek more challenge job to do and there is new organization offering*

*more money. But finally, I offered him a job and expanded his roles and responsibilities that are a bit harder than ever before. It's challenging which made him decide to stay with the company and it can help to drive the result of the business more."*

When analysing the exit interview questionnaires of 23 employees who are Generation Y referring to the group of people born in the 1980s and early 1990s, it is shown that they rank the important 25 factors relating to job opportunities/considerations in which they placed salary/compensation, benefits (insurance support, sick pay, etc.), opportunities for career growth/advancement, flexible hours/telecommuting, job security, support from immediate manager at the top of the list. Factors such as job title/roles/responsibilities, training and development programs, and free/subsidized snacks or lunch fell in the middle. And at the bottom is company's location, reputation/brand recognition, tuition reimbursement programs or even charitable/philanthropic efforts and not to mention CSR program which can significantly increase the appeal as an employer and boost employee morale. However, the questionnaires suggest that they cannot compensate for a less than desirable pay check or work environment at all.

The following table shows that Gen Y respondents of the exit interview ranked the following job related considerations/factors they place importance on. The ranking percentage is calculated based on the 23 gen Y respondents who put on the same factors of retention.

**Table 4.1 Reward type ranking preference**

| | Job Consideration Factors/Rewards by Millennials | Ranking by percentage | Extent to Conform | | | The Five Essential Elements of Well Being | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Least Important <50% | Moderately Important 50% - 80% | Most Important >80% | Purpose/Career | Social | Financial | Physical | Community |
| 1 | Salary/Compensation | 82.61 | | | | | | 3 | | |
| 2 | Benefits (insurance support, sick pay, etc.) | 82.61 | | | | | | 3 | | |
| 3 | Opportunities for career | 91.30 | | | | 3 | | | | |
| 4 | Company's location | 30.43 | | | | | | | | 1 |
| 5 | Company's leadership | 47.83 | | | | | 1 | | | |
| 6 | Reputation/Brand recognition | 17.39 | | | | | | | | 1 |
| 7 | Job title/roles/responsibilities | 60.87 | | | | 2 | | | | |
| 8 | Training and development programs | 78.26 | | | | 2 | | | | |
| 9 | Tuition reimbursement programs | 26.09 | | | | | | 1 | | |
| 10 | Diversity Inclusion | 13.04 | | | | | 0.5 | | | 0.5 |
| 11 | Charitable/Philanthropic efforts | 39.13 | | | | | 0.5 | | | 0.5 |
| 12 | Bonuses | 95.65 | | | | | | 3 | | |
| 13 | Profit-sharing plans | 47.83 | | | | | | 1 | | |
| 14 | On-site childcare | 4.35 | | | | | | | | 1 |
| 15 | Sabbaticals | 8.70 | | | | 0.5 | 0.5 | | | |
| 16 | Flexible hours/telecommuting | 82.61 | | | | | 1.5 | | 1.5 | |
| 17 | Housing or relocation assistance | 26.09 | | | | | | 1 | | |
| 18 | Free/subsidized snacks or lunch | 60.87 | | | | | | | 2 | |
| 19 | Transportation support | 39.13 | | | | | | 1 | | |
| 20 | Additional perks (car, mobile, fitness membership) | 91.30 | | | | | | 1.5 | 1.5 | |
| 21 | Purpose/Career Achievement | 91.30 | | | | 3 | | | | |
| 22 | Teammates | 73.91 | | | | | 2 | | | |
| 23 | Culture (work-life balance, result- | 56.52 | | | | | | | | 2 |
| 24 | Job Security | 82.61 | | | | | | | 3 | |
| 25 | Support from immediate manager | 95.65 | | | | | 3 | | | |
| | | | | | | 10.5 | 9 | 14.5 | 8 | 6 |

*Note: Weight of the scores: most important = 3, moderately important = 2, and least important = 1. In case of the factors falling into more than one element of well-being, the result will be calculated by the average number as shown above.*

According to the table provided in previous page, it is shown that these below are the 9 factors that Gen Y respondents rank at the top as they pertain to their overall job satisfaction on one to a hundred percent, with more than 80% being most important factors, between 50% and 80% being moderately important factors, and less than 50% as least important factors.
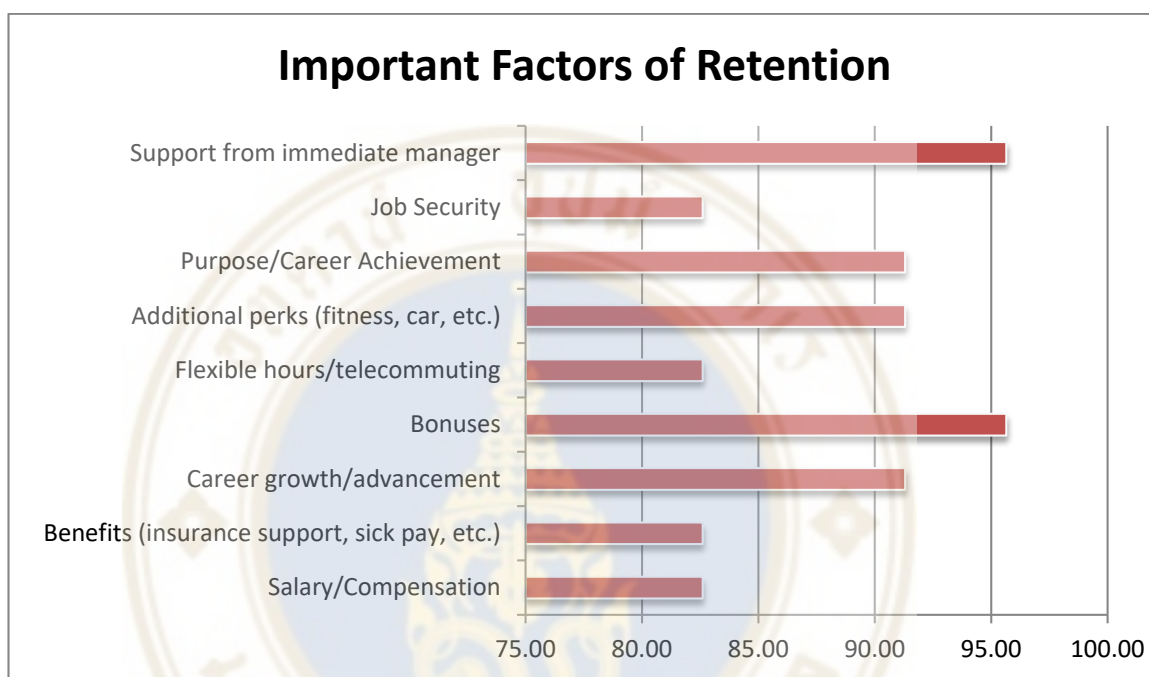


**Figure 4.1 Most important factor rewards for retention**

When grouped the 25 factors of retention into the elements of wellbeing concept by engagement expert Tom Rath and Chief Scientist of Gallup Jim Harter (Rath & Harter, 2013), they show that employees of this organization place importance on financial wellbeing the most while community welling the least one.

These elements reveal how organizations can help employees boost their overall wellbeing from their satisfaction with their careers to their financial security and level of community involvement. This research study will link how these five universal, interconnected elements that shape our lives: Career Wellbeing, Social Wellbeing, Financial Wellbeing, Physical Wellbeing and Community Wellbeing are ways of persuading employees not to leave the company and stay.

If the employer can fulfil and boost all of these essential elements of wellbeing for their employees, organization will of course enable the company to have a better engagement resulting in the business outcome.

The portion percentage of each Well-Being element can be shown below with an explanation.

## 4.2 Motivation and Employee Well-being principle
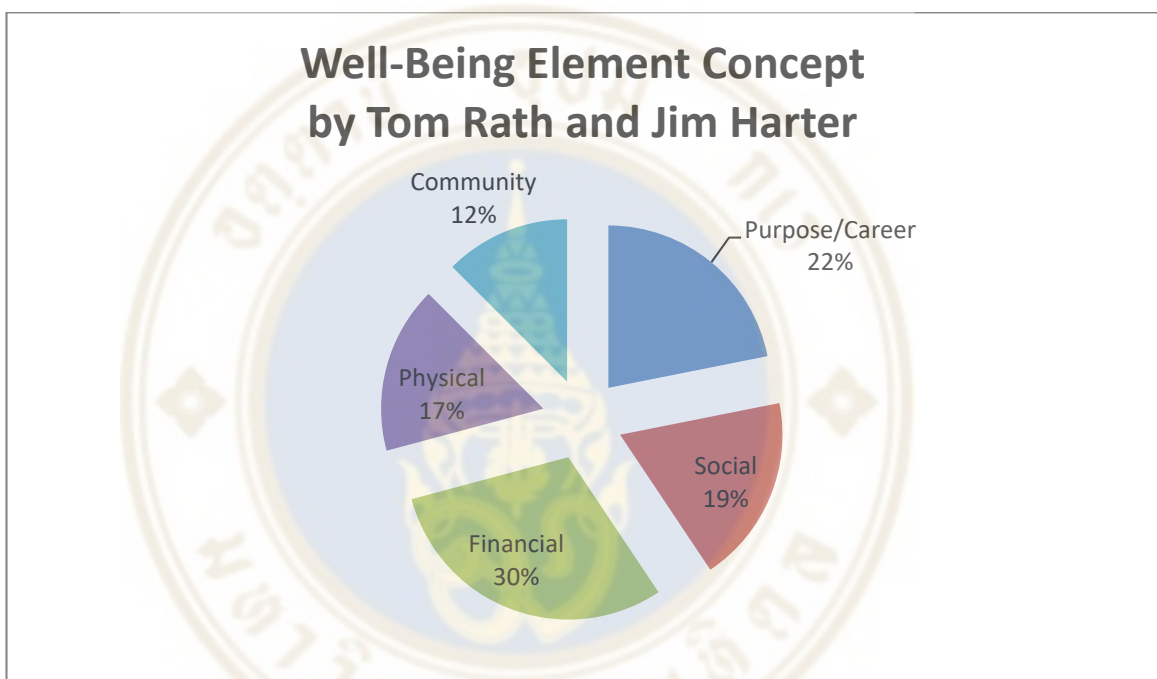


**Figure 4.2  Well-being principle by Tom Rath and Jim Harter**

### 4.2.1 Financial Wellbeing (30%)

- Base Pay/Salary
- Performance related Pay
- Health and Medical Benefits
- Provident Fund/Retirement Plan
- Additional Perks (Fitness, Car, Mobile, etc.)

Every organization wants employees to deliver consistent business result, so every organization is trying to find ways to motivate employees to make good work in order to deliver the results. The first important factor is a matter of salary, wages,

and welfare benefits. To encourage employees to work consistently, what kind of compensation should be used to directly motivate employees to produce better results?

- **Salary**

The first tool for every company to pay employees is the salary, which is the basic salary paid to each employee by the organization. As a compensation for work, employees come to work for the company in exchange for the salary. The important thing is how powerful this tool is to motivate the employee in the organization to produce and contribute the result more consistently? One of the staff from marketing team who has been in the business for a long time more than 10 years gave her an opinion:

*The answer regarding how powerful salary motivates employees is not that much, it can be motivated to some extent but not definitely completely motivated. Because whether I am diligent this month being able to deliver business results or being lazy for the following months, I still receive the same salary every month. So for me the salary itself is not enough to motivate me in the long term.*

- **Pay for Performance and Performance related pay rise**

According to the author of behavior science book and the producer of National Geographic Channel Daniel H. Pink (Daniel H. Pink, 1998), he mentioned in his research regarding performance related pay that salary itself is not powerful enough to motivate humans to work. However, what we can do better is to tie up the salary with paid system based on positioning the individual or team on their pay band according to how well they perform or do their job.

With this method, it will make employees want to contribute the business result effectively more as the better the performance of the individual or team the larger the rise; likewise, if the performance was poor the associated rise would be minimal.

- **Performance bonus**

Bonus based on the performance or how well an employee has done the job. It is a powerful tool to motivate people to do job better than base pay. But the condition is the amount of bonuses given. The good performance bonus structure must be tied to the work performance of the employees honestly, whether the work in terms of the success of the work or employee's behavior. However, the issue of the bonus

pay is that many organizations do not make a difference, no matter how different their work/performance is, the bonus given is the same amount. If this is the case, the bonus itself will not have the power to motivate employees to create a great work. If we want to make bonuses really a tool to create an effective performance, it must take these factors into consideration: base pay, variable pay target varied by job categories they do, company performance, and of course the individual performance. In order for each employee to be able to make contribution to the company that well, the organization should reward this with a fairness performance bonus system.

For some companies, they even pay bonuses more than once a year, which can stimulate consistency in employee productivity and performance better than once a year at the year end.

- **Incentive pay**

Incentive is a form of wage that is tied to a direct result. It is the amount of money or reward that employees receive because of for example being able to reach a sales target. It is one of the powerful tools to motivate each individual to perform an action right away. Although incentives aim to provide value for money and contribute to organization success, the limitation of this kind of compensation system is that it is not suitable for all jobs in the organization. It works well with only some function or some department that deals that numeral target, such as sales function or marketing function, they can receive doubled commission for the product unit sold at the end of the quarter.

- **Welfare benefits**

Some organizations say that a good welfare benefit system can motivate employees. But in practice it can be used to motivate employees only to some extent. As whoever comes to work with the organization, no matter who an employee is, how well performance they have, everyone has the right and is entitled to equal benefit welfare, so this kind of benefit cannot be motivated to do the job better. However, it will create a stronger sense of security. Employees feel that they happily work at the organization and do not have to worry or think much because the company pays it for you.

As can be seen, there are many aspects regarding financial wellbeing you can see and use to motivate employees, they key is that you have to pick the right tool

to motivate employees to create better work consistently. Otherwise, the company may have to spend time and struggle with the compensation system that does not meet the requirements of the company.

However, focusing solely on tangible compensation is not enough. Recognition, feedback, coaching, training and development are also important as the staff also needs care from the boss and the company as well.

### 4.2.2 Purpose/Career Wellbeing (22%)

- Career advancement
- Opportunities for career
- Opportunities to use skills and abilities
- Job-related training and development
- Leadership coaching

Career Path is very important to encourage career wellbeing of the employees. It is the way that employees progress in their work, either in one job or in a series of jobs. However, the fact that company has the career path system mentioned is not enough. The company must have the right tool assessment for each employee capabilities to grow from one position to the next level. The criteria for skills, knowledge, and attitude needed to perform for each job path must be provided and suggested clearly. Good Career Path system must have other systems that support the career path.

- **Performance Management System**

This system is the first one that organizations must be clear and fair, with the system to consider the employee's work clearly and judge how well employees are doing their jobs, their needs for training, what are the strengths and weaknesses, etc. A good PMS system includes activities to ensure that goals are consistently being met in an effective and efficient manner.

- **Individual Development Planning**

IDP states what an employee wants to achieve in the future, for example in the next 3 years or 5 years, and gives a plan for developing their skills, knowledge, abilities so that they are able to achieve their aims and career they want to be. Most of the organization uses a tool called Competency to set development guidelines and a

criterion to be promoted by the profession, that is, in addition to the work to achieve the target, employee behaviour is also expected by the organization. Your manager is also the key to help employees draw up an individual development plan and identify gaps in skills and areas for improvement, and will help employees achieve their potential for next career stage eventually.

- **Compensation system**

Compensation must be in line with the path they grow or are promoted into. This ensures employees feel that they are fair in terms of wages. Because of the level or job path that they grow, it means they must have a higher duty and responsibility as well. Some organizations have already promoted their employees, but the job and complexity is not that different from the previous job they did and they still keep working the same in the previous job, but higher salary. This will have a bad impact on the organization.

If organization wants to do the Career Path successfully, the company should develop HR systems in the areas mentioned; otherwise you will have employees who grow up only the title. But the job remains the same and organizations must pay higher wages to employees.

### 4.2.3 Social Wellbeing (19%)

- Sabbatical (Off-work to study/travel for a period of time)
- Teammates Support
- Relationship with colleagues
- Support from immediate manager

Manager is one of the key factors whose role not only to supervise their subordinates, but also to organize the team, lead subordinates, and create good environment for all the teammates. Normally the quality of the good supervisor will be composed of:

- People oriented management - motivating the employees in their own team, communicating, discussing, and developing their employees' morale. Including creation of a cheer up team environment in order for the team to be committed and willing to work in teams.

- Result oriented management – planning, controlling, managing the work according to the plan. Including the improvement of process to get better and eventually have succeeded in achieving goals:

Being a supervisor is not difficult at all. But it's not easy. To take care of employees who have the different mind, emotions and feelings in each other is very challenging to be a supervisor. If your organization is able to boost up the social wellbeing starting from the mangers first, the turn over due to the fact that employees quit the job because of bad manager will be reduced.

**4.2.4 Physical Wellbeing (17%)**

- Work-life balance
- The work itself
- Flexi hours
- Job-security

According to US Aon Hewitt survey (Carol Slade, 2017), the trend at the moment related to the physical wellbeing is all about work life balance, and how to manage the amount of time spending at work compared to spending doings things they enjoy or with family appropriately. Therefore, focusing on the time benefit is important.

- **Flextime**

System of working in which people work a set number of hours within a fixed period of time, but can change the time they start or finish work.

- **Telecommuting**

Teleworking become more usual in many organizations that allow employees to work at home while communicating with the office by technology to work. Instead of going to work at a company, employees can work outside the company going to work at a coffee shop or go to the beach working.

- **Compressed workweek**

This kind of benefit is to have working hours longer than usual to get extra vacation. For example, some people may be working 10 hours a day, but 4 days a week.

If the company is able to bring these physical well-being benefits to the company, it may enable them to attract and keep more talented employees into the organization.

### 4.2.5 Community Wellbeing (12%)

- Employer of Choice
- Diversity and inclusion
- Cultural climate
- Autonomy and independence
- CSR

To create the community wellbeing is important. Some company targets themselves to be a good employer of choice which means that the organization has the image of the organization as a 'great place to work' in the mind of current employees and key stakeholders in the external market (active and passive candidates, clients, customers and other key stakeholders). In order to be employer of choice, there are many factors to consider below (5G):

- **Great Job** - The organization must have a meaningful working design, flexibility to work and also including the working conditions in the organization.

- **Great Reward** - A good reward system that is fair and competitive with the market where the organization is competing including non-monetary rewards such as support cultural climate, autonomy, and independence in work

- **Great Company** - A good organization has a good image and has great perspective willing to help society and the environment as well as be concerned about the products and profits it makes.

- **Great Culture** – Culture is about the way of employee's life in the organization, including the customs and beliefs of them as well. The simple way is create great culture is that executives do not distance themselves from employees but instead pay close attention to employees and focus on creating a comfortable atmosphere, open to

creativity, friendly, not pressured, because it will make employees happier. This will result in the satisfaction of the employees.

- **Great leaders** – Organization must encourage employee to have leadership quality. Employee should be trained to be a great leader and not necessary to wait for the promotion to the manager level to have leadership skills. Every employee can step into being a leader that focuses on developing people, coaching, making employees grow.

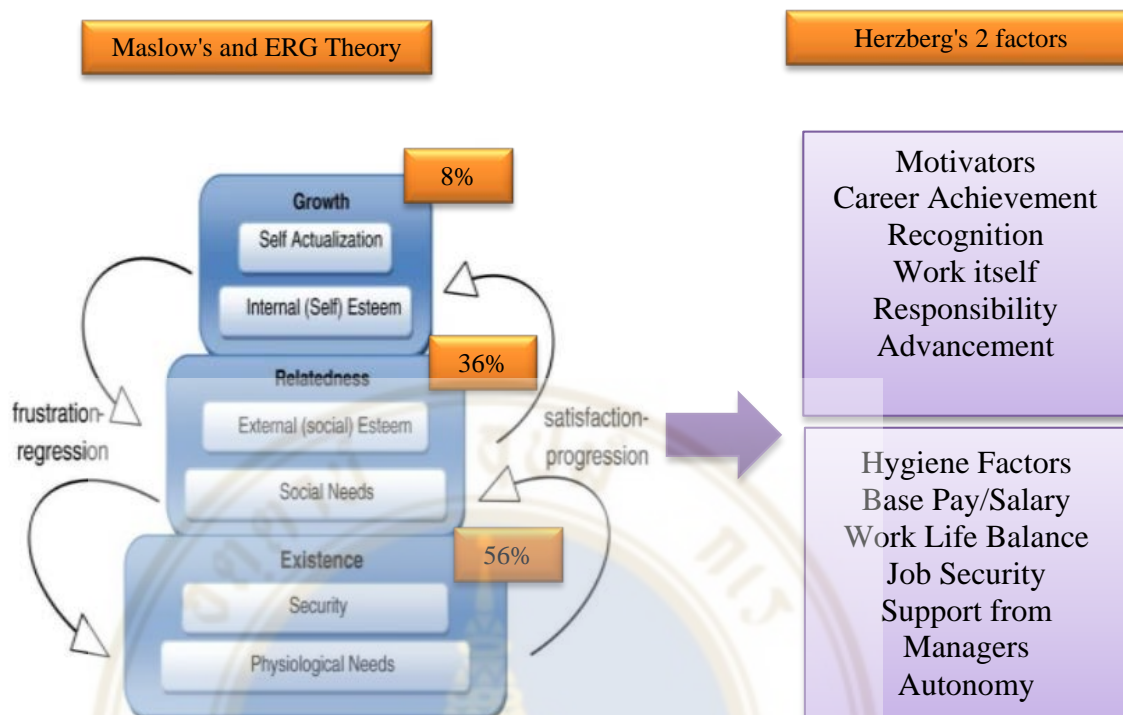## 4.3 Human motivation and behaviour factors



**Figure 4.3  Human motivation theories: Maslow's, ERG, and Herzberg**

Based on theories of human motivation, it is found that the main portion of the employees who place importance on physiological needs and safety and security needs is up to 56% (existence needs or all the basic material requirements of humans e.g. base pay, work-life, etc.), the second group of needs is those of relatedness 36%, that is to say employees' desires to have or maintain important interpersonal relationships with their social, boss, colleagues. All professionals want to feel rapport with their colleagues. These social and status desires require interaction with others if they are to be satisfied, and they align with Maslow's social need and the external component of Maslow's esteem classification. Finally, the third group is the growth needs which mean all the intrinsic desires for personal development including Maslow's esteem category and the characteristics included under self-actualization e.g. Responsibility, Career Advancement, Recognition, etc. When needs in a higher category are not met e.g. self-actualization or self-esteem then individuals or employees will invest more effort in the below category like relatedness or existence categories in the hopes of achieving the higher need.

Although no single factor or policy can be panacea, integrated factors that address workers' most pressing career concerns may help mitigate high turnover. Gen Y is a generation of workers who are well informed of their worth and always be on the lookout for the new opportunities. This poses a real challenge to organizations and human resources to find good ways to keep and retain talent employees in the organization during the disruptive world where company is experience a lot of big changes.

# CHAPTER V
# CONCLUSION

In conclusion, the research result in previous chapter conducted between October 2017 to December 2017 shows rewards or factors preferences among generation Y which can be used to support leaders in decision making in terms of ways of persuading them to stay with the company, especially at a time when the company is experiencing big changes.

In the management of Gen Y employees, who is now a major population in each organization, HR capital management strategy must be aligned with the beliefs and values of the people of Gen Y/Millennial.

What are the beliefs and values of Gen Y? We can conclude from the previous chapter as follows.

- Gen Y wants to work in their own style. They like working what they like to do or it's what they are interested into as well as in a very flexible working context.
- They believe that work is about making a living to earn enough money to buy the things they need
- Work has to be fun, secure and full of challenge with good colleagues and great support from immediate supervisors/managers. They can express themselves freely in the workplace.
- Work that need to use a lot of cognitive thinking, or new creativity, but no monotonous or boring job.
- Opportunity to grow into a corporate executive level.

From the result above, we can maintain the management of Gen Y staff with the 3R Principles which are "Recruit, Relate and Retain" concepts presented by Dr. Donald R. Hillman (2015), in his book "The Three Rs of Human Resources Management for Millennial Employees: Recruit, Relate, and Retain", which details the following.

## 5.1 Recruit: put the right man to the right job

Organizations that can attract and persuade the Gen Y people to work for the company must have the following features.

- **An organization must value work-life balance**, especially in terms of time to work that needs to be very flexible. Opportunities for employees to spend their time with their family or doing things they enjoy compared with the amount of time they spend doing their job must be allocated appropriately and perfectly.

- **A culture of good teamwork**, work together as a group of friends and family environment rather than working alone must be promoted as this generation is always like a society that likes socializing. That means there is always communication between groups of employees, so if we can create working environment in the organization as a good teammate, it will attract more Gen Y people to work in the organization better.

- **Organization must have the opportunity to progress**. As Gen Y is most often a highly educated person, they want to progress in their career. If the organization has a system that can guarantee that. When he or she comes to work, they expect to see opportunities for career progression in their job and future career path that might suit them.

- **Total Rewards or salary is still an important issue** because the Gen Y is a materialistic generation; they see that work is done in order to get money to buy things. Therefore, if the organization has a competitive rewards management compared with the organizations in the market they compete with, it will also attract more Gen Y employees want to work with that organization as well.

If organization needs a new generation of Gen Y to work in the organization, what we need to create is at least four of the above HR related management systems which must be prominent and allow Gen Y people to apply for jobs with the organization. If that organization is able to meet the needs of this generation well, they tend to become an employee with that organization.

After we can get Gen Y employees to work in the company, the next thing to consider is the second R in order to make Gen Y feel valued and be able to work and make a performance contribution to the organization to the fullest.

## 5.2 Relate: create relationship

Based on extensive research into Gen Y, Gen Y is a generation of employees who have emerged in the information age. They like to work with new information and want to work with others. They also like to work on multitasking which affects the work involving many people. So what the organization can do to create a climate of a sense of belonging and a connection with the employees is as follows.

- **Create a good internal communication system**. This generation likes to communicate with others. So, the good relationship between the company and Gen Y can be achieved through good communication as well. What should be communicated in general, especially with Gen Y employees is the goal of the organization in order to make them aware of and persuade them to contribute to achieving their goals. A good company should let their immediate managers to communicate the progress of the work to employees periodically to make him or her feel that organization and the boss really cares about them.

- **Adjust the working style of the executive**. The ways that the Gen X and Baby Boom work with traditional styles may not be compatible with Gen Y, so if a company wants Gen Y to work to their full potential, what the executive must adjust is to make themselves as a coach or a mentor, who gives a younger or less experienced person help and advice and providing training for those younger generation over a period of time. If leaders pay attention and care to listen to what employees say, they tend to earn more trust and can retrain that employees effectively.

- **Create a collaborative atmosphere between generations**. The next thing that must be done in the organization to make Gen Y work for us is to place importance on diversity and inclusion. Creating teams with each person in each generation and including many different types of people from different background, ages, genres will be beneficial to the company. As a matter of fact, most organizations have 3 generations to work together. So if Gen Y works well with other gens, understands how they think, their beliefs, it will be effective in terms of working as a team and knowledge transfer. The key is about teammates that work together on the same purpose.

- According to Mercer survey (2015), 75% of Gen Y works well with the Baby Boomer group if the company has **the right buddy or mentoring program** in which new employees have their colleagues as another coaching instructor apart from their immediate manager. In this way they can gain the knowledge and skills they need that transferred from their colleges in order for them to become effective members in the organization. Happiness in the organization occurs when they have or appoint the right buddy as a mentor. A mentor can be any generation with extensive experiences to create and convey the corporate culture. They also learn each other and build up good relationships.

Once company got the skilled Gen Y employees into work, it is very important to create a working environment for Gen Y to work happily and match the style of this generation. When employees are happy to work, what will happen is that the work and dedication to the work that we may never have before and how to keep those high potential and high performance employees in the organization which can be explained in the last R which is Retain.

## 5.3 Retain: employee retention

Based on research into Gen Y's shift work, it was found that the average person change jobs is seven times and changed their career occupancy three times in the first 10 years of work. This has resulted in the company's lack of interruption to find new people to develop new ones all the time because Gen Y people are the people who crave knowledge, want new knowledge, always want to work new challenges, and learn new things all the time, especially the knowledge around the various needs to work. So, how do we get Gen Y to work with the company without changing jobs much or what the company must do to keep the Gen Y people is as follows.

- **The career path** of each profession in the company (Career Path). This path of progress in their work is also included in the development of knowledge, skills and abilities to let these employees know. If he or she works at each company, they can grow and learn a lot.

- **Bring new information technology systems** in the workplace; Gen Y people will be familiar with new technologies because they are born with these things. They want to work with organizations that have developed technology in accordance with their progression. There are new toys for him or her to play or to learn. In addition, if we can apply these new technologies to develop employees in our company, this will make the generation happier as they work with the organization that is very modern.

- **Create a work environment that supports the work of Gen Y.** In addition to career growth, new knowledge, new skills are needed. This Gen will need support from both colleagues, from the immediate managers and from the corporate executives. So if an organization is able to create a working atmosphere that promotes good relationship, having a supportive relationship with one another and coaching them on the job will always make Gen Y people feel like and want to work with the company for a long time.

This is the main 3R concept to make the management of Gen Y people effective. It must be certainly applied and adapted to fit the characteristics of each company.

What organizations need to do is adjust the minds of employees in the organization to understand this generation as well as understanding the dynamics of new technologies, this will change the behavior of new generations coming to work in the labor market and this is another part of human resource management in organizations that need to change and bring the organization to a new era of human resource management.

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APPENDICES

# APPENDIX A : QUESTIONNAIRE

## EXIT INTERVIEW QUESTIONNAIRE
### *(ADAPTED FROM ACTUAL LILLY EXIT INTERVIEW FORM)*

Eli Lilly conducts exit interviews for all employees who are leaving the company in order to gain an understanding of how the company is perceived. The useful information gathered will allow the company to improve the current business practices and morale for employees in the future.

Your responses will be shared with your line manager and next line managers and HR. If there are any comments that you wish to remain confidential, please indicate this and these comments will not be recorded, or will only be communicated to particular individuals (upon request).

○ I would like to share my feedback with my Manager.

OR

○ I would like to keep this as confidential for HR record only.

Name:

Position Title:

Direct Manager:

What is your reason for leaving Lilly/Elanco?

What motivated you to look for another job?

Was there an event that triggered your departure from Lilly/Elanco?

Which company are you going to and what is your new job title?

What makes the new job more attractive?

What could we have done to retain your services?

To what extent did the following contribute to your reasons for leaving?

| Low | Average | | High |
|-----|---------|---|------|
| 1 | 2 | 3 | 4 |

- Opportunity for Development
- Compensation
- Manager Support
- Organizational Leadership
- Career Opportunities
- Attractive job offer elsewhere
- Work life balance
- Organization Culture
- Employee Benefits
- Policies & Procedures
- Job Satisfaction

What career opportunities were important to you?

How satisfied were you with the compensation package offered to you?

Were there any other benefits you feel should have been considered?

What do you like most about Lilly/Elanco?

What did you like least about Lilly/Elanco?

Based on your experiences, please rate the company's performance for the following areas:

| Low | Average | | High |
|-----|---------|---|------|
| 1 | 2 | 3 | 4 |

- Employee benefits
- Pay
- Initial Training
- Interest in employees
- Career Opportunities
- Treating employees fairly
- Morales in your area
- Recognition for job well done
- Incentive/Bonus program
- Manager's enthusiasm involvement

What does your manager do well?

If changes could be made to build your manager's effectiveness, what recommendation would you make?

Would you recommend working for Lilly/Elanco to your family and friends?

Would you consider working for Lilly/Elanco again in the future?

Do you have any additional comments you would like to make?

Should your feedback require a follow up discussion based on the information you have provided, would you be comfortable being contacted to discuss some of the responses in further detail? Please provide us with your contact number

Thank you for your time to complete this questionnaire.