The Effect of Motivation Strategies on the Turnover Intention Among Millennials in the Banking Industry: A Structural Equation Model

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Abstract. The millennials are increasing and dominating today’s workforce at an exponential rate. They are brewing with vigor, enthusiasm and determination to bring success to various organizations. Having said that, employers should give attention to this phenomenon and find ways in meeting the needs of this rising generation cohort to motivate and retain them. The aim of the study is to determine whether or not having the right motivation strategies for millennials will guarantee motivation and engagement from them, which in turn, can lessen their turnover intent. This study also intends to know whether or not motivation strategies have any direct correlation to turnover intention. Ensuring employees’ loyalty is vital especially because millennials have the tendency to hop from one job to another. Furthermore, one-third of the Philippine workforce population is already millennials, and soon, they will compose more than half of it. A total of 350 respondents with ages 20 to 37 years old from the banking industry at the National Capital Region in the Philippines were requested to answer a 5-part questionnaire consisting of 55 questions with the following variables of “Motivation Strategies”, “Employee Motivation”, “Employee Engagement” and “Turnover Intention”. Data gathered from the survey was processed using SPSS 22 and AMOS 24. The results from the Structural Equation Model (SEM) confirmed the study’s hypothesis that Motivation Strategies have an effect on Turnover Intention. Evidently, results also showed that Employee Motivation and Employee Engagement did not show any effect on the Turnover Intention of Millennial employees. Further studies may be conducted to explain why Employee Motivation and Engagement does not have a direct nor mediating effect on the turnover intent of millennials in the banking industry.

1. Introduction
Millennials are also commonly known as Generation Y. Others pertain to them as the “Entitled Generation”, the “Net Generation”, [1] or the “Digital Natives” [2]. Those whose birth year is between 1980 - 1997 fall under the Millennial generation [3]. They are known to be technology savvy and are generally confident, independent, optimistic, ambitious, team oriented, outspoken and passionate [4]. They are also the generation who desires instant gratification when it comes to good pay and benefits, rapid advancement and work/life balance. Moreover, they value job-specific training, and career development and advancement opportunities [4]. Usually, a negative connotation is associated with Millennials, stating that they are narcissistic, egoistic, impatient, disloyal and lacking in work ethic. However, this stereotypical thinking could lead to a misunderstanding of this generation which can
cause organizations to lose great assets to their companies. The rise of this generation in the workplace is a phenomenon which should not be overlooked because one-half of the workforce would be composed of this cohort by the year 2020 [5]. In the Philippines alone, Millennials already comprise one-third of the country’s population which means a significant number makes up the workforce [6].

In a few years, Millennial workers will take over companies. By 2020, half of the workforce will be composed of Millennials [7]. Due to this phenomena, business organizations should acquire competitive advantage in the labor market, and adopt HR practices and strategies that will be motivating for this particular type of workforce [8]. In using adequate motivation strategies, this can be achieved as they most often result in employee satisfaction and job awareness prompting employee motivation [9]. Fundamentally, an incentive system is one of the most commonly used motivation strategies. The importance of having an incentive system is to satisfy individual needs and encourage employees’ hard work through recognition and appreciation of their efforts [10]. Another motivation strategy is the work environment. Work environment pertains to, not only the place where people work, but also “physical, psychological and social aspects” which encompass a working condition [11]. In a study, a work environment with good culture has a significant impact on employees’ well-being which develops collaboration and innovation resulting to increased job satisfaction and level of motivation [12]. Furthermore, many Millennials most likely prefer an environment which is compatible with their ethical values [13]. Moreover, when employees are given autonomy to perform their jobs more efficiently and effectively, this can increase their motivation. They become more responsible and accountable when self-direction is the norm [14]. Despite not wanting to be micromanaged, they still look for a respectable manager who leads by example in the workplace. Reciprocity exists wherein supervisors provide resources and support to the employee while employees requisite this with positive attitudes and motivation which may lead to changes in their performance. Leaders who motivate employees and provide role clarity will affect the mental capacity, intent to leave, and task engagement of their employees [15]. Feedback is also extremely significant for millennials for them to understand the expectations of the leader and the organization.

Thus, this study wants to explore how they are motivated to stay in the organization provided that the banking industry’s culture is too traditional. The main purpose of this study is to analyze motivation strategies used to engage and motivate millennial employees in the Philippine banking industry and their effect on turnover intention. In addition to that, it aims to provide a greater grasp on key concepts involved in the study such as employee engagement, employee motivation and turnover intention of millennials. This study could also aid the Philippine banking industry in terms of retaining their millennial employees as their population will continuously increase in the years to come. This would help employers in better planning and designing effective employee motivation and engagement strategies specifically for this generation cohort. It is essential that employers don’t take the millennials for granted, but rather strive to understand their potential that can contribute to the greater success of the banking industry as a whole in the Philippine setting.

2. Methodology

2.1. Research Design
A descriptive research design was adopted in this study as the researcher attempt to answer questions about the increase of millennials in the workplace. It makes use of the Structural Equation Modeling (SEM) for the data analysis.

2.2. Sampling procedure
A total of three hundred fifty respondents (n=350) from various banks in the National Capital Region in the Philippines were purposively chosen based on the following inclusion criteria: 20-37 years old and working in the banking industry. Permission to conduct the survey was secured with the assurance that the responses will be treated with utmost confidentiality and shall only be used for the purpose of this study.
2.3. Instrumentation
Questionnaire was adapted from several existing questionnaires to investigate the effect of motivation strategies on the turnover intention among millennials in the banking industry. In the instrument utilized in this study, each variable was measured through a set of valid and reliable questions. The questionnaire consisted of five parts, namely demographic, motivation strategies, employee motivation, employee engagement and turnover intention.

2.4. Data collection
The researchers contacted the main offices of the five (5) different major urban banks around Metro Manila. A letter of request was given to the Administrators of these banks to give the researchers permission to walk-in on any of their branches. In addition to that, an e-mail of request was also sent to the authors of the adapted questionnaires. 350 respondents survey questionnaires were distributed to a total of thirty (30) various branches of these banks in a span of three (3) weeks. This has given the respondents adequate time to provide the researchers with the most reliable information.

2.5. Data Analysis
The gathered data were processed through SPSS 22 and AMOS 24. Structural Equation Modeling was used to estimate and assess the hypotheses of the proposed model while Confirmatory Factor Analysis was used to verify the underlying dimensions for motivation strategies. Also, descriptive statistical tools were applied to characterize the respondents of the study.

3. Result and Discussion
The demographic profile of the respondents are stated as follow. Most of them have an age range of 20-25 (120 or 34.29%). Of the 350 respondents, more than of them are rank-and-file employees (267 or 76.3%). and a great number of respondents work full time for their company (327 or 93.4%). A majority of the population has been working for their respective companies for 1-4 years (153 or 43.71%).

To measure the effectiveness of motivational strategies implemented by the management of banking industries, the researchers of this study divided it into dimensions, namely, “Role in the Organization”, “Training and Development”, “Work Environment”, “Incentives/Rewards and Pay” and “Relationship with Immediate Supervisor”. Overall, it showed that one’s role in the organization is the most significant dimension of motivation strategies (β = 0.890). In this dimension, millennials in the banking industry are more motivated when they feel that their presence in the organization is essential in achieving a shared goal (β = 0.815). It also showed that having autonomy in decision-making (β = 0.788) and liking their type of work (β = 0.788) are also major factors in keeping them motivated. However, working in teams may not be an effective motivating factor (β = 0.711).

Under “Training and Development” (β = 0.860), millennials gave the most value to the manner in which trainings were conducted to them (β = 0.920), trainings meeting their expectations (β = 0.912) and companies providing trainings that they need and ask for (β = 0.906). Having a favorable and appropriate training environment received the lowest score (β = 0.718).

In the “Work Environment” of an organization, it showed that having sufficient social facilities (β = 0.812) is the most effective motivation strategy. Meanwhile, adequate noise control (β = 0.678) showed little significance in this dimension.

When an organization consider their preferences in incentives and perks (β = 0.933), they are more likely to be motivated in their work. Interestingly, the amount of pay given to them with respect to the responsibilities they have (β = 0.723) only comes in last in the “Incentives/Rewards and Pay” dimension.

With regards to “Relationship with Immediate Supervisor”, millennials are delighted in having a supervisor that provides them constant feedback about their work.
As shown in the theoretical model (Fig. 1), the study hypothesized the effect of motivation strategies on employee motivation and employee engagement, and overall impact of these to turnover intention.

**Figure 1.** Hypothesized model of the effect of motivation strategies on turnover intention among millennials in the banking industry

The emerging model shows its model fit statistics. To make the model an accurate representation of the study’s purpose, a combination of CFI >0.95, SRMR <0.08 and RMSEA of <0.06 should be present (Hu and Bentler, 1999). In this case, findings revealed that CFI of the model is 0.957, SRMR is 0.049 and RMSEA is 0.055. Therefore, this indicates validity of the emerging model.

Using the SEM analysis, the model exhibits the effect of motivation strategies on employee motivation, employee engagement and turnover intention. Explicitly, motivation strategies have a positive effect on employee motivation (β = 0.94). This means that if motivation strategies are effectively implemented, then employees will be motivated to perform, consequently being able to meet the requirements of their job. Motivation strategies are also shown to have a positive effect on employee engagement (β = 0.84). It is an indication that effective motivation strategies would cause employees to not only be motivated to do their work, but also engaged in the organization. On the contrary, motivation strategies portray a negative effect on turnover intention (β = -0.47). This shows that turnover intent would be lessened among employees if the management offers effective motivation strategies. These results confirm the relationship between these three variables in the hypothesized model.

However, despite being motivated and engaged in an organization, there is no guarantee that it would either lessen or aggrandize turnover intention. The study revealed a notable result in which relationship between employee motivation and turnover intention does not exist. This denies the H3 which stated that when employees feel more motivated, they would less likely intend to leave the organization. Same result was found in the relationship between employee engagement and turnover intention. Between these two variables, the study discovered that no relationship exists. This also denies H4 which stated that employees’ turnover intention would be lessened if they are engaged. In relation to the emerging model, tables contain standard regressions weights (β-coefficients) for employee motivation, employee engagement and turnover intention.

The result points out that employees feel more motivated when top management provides an effective performance appraisal system (β =0.870) and when they feel their efforts are being recognized and acknowledged by the organization (β = 0.857). Furthermore, the motivation of employees increases when the organizational policies motivate them to achieve its goal and objectives (β = 0.854). Top Management involving employees in decision-making (β = 0.627) and having a good relationship with co-workers (β = 0.525) garnered the lowest values among the indicators for Employee Motivation.
Results showed that when Millennial employees are immersed in their work ($\beta = 0.899$), inspired by their job ($\beta = 0.891$) and positive about their work ($\beta = 0.876$), they are more likely to feel engaged. It can also be noted from these results that approachable colleagues and supervisors ($\beta = 0.757$) and having a clear vision of the company’s future ($\beta = 0.691$) have the least significance in employee engagement.

Interestingly, it has been found that Millenial employees in the banking industry are inclined to leave because it would not fulfill their life expectations ($\beta = 0.929$). Furthermore, most Millennial employees would prefer to quit the organization once they’ve found better job opportunities ($\beta = 0.826$).

In conducting this study, it has been proven that well-implemented motivation strategies are significantly impacting employee motivation among millennial employees. Results of this study show that millennial employees highly value extrinsic and intrinsic rewards that are given to them, specifically, when they are given performance appraisals, motivating organizational policies and recognition by their managers. Performance appraisals entail psychological implications which are important for designing reward packages. This can help them identify their areas of improvement which gives them the opportunity and autonomy in enriching their careers. When millennials feel strongly about the organization’s policies, it motivates them to perform better because they value a company whose ethics and values are aligned with their own. Therefore, it can be assumed that creating employee-centric policies and an empowering company culture is necessary in retaining millennial employees. Since being given proper feedback is essential (Simmons, 2016), results have confirmed that getting acknowledgement for their performance and/or work is vital for millennial employees.

Furthermore, the study also confirms that better motivation strategies have a positive relationship with employee engagement among Millennial employees. An organization cannot simply imitate the strategies of another organization because human capital is something that varies from each and every organization. It is the responsibility of managers and human resources professionals to know what engages their employees, and that strategies that work for other organizations does not guarantee success for their company. Organizations should push themselves in learning which strategies they must change or adjust to increase engagement, and which strategies they can retain.

Based from the emerging model, it has been asserted that effective motivation strategies can lessen turnover intention among Millennial employees. In this study, the top three motivation strategies which resulted were “Role in the Organization”, “Training and Development” and “Work Environment”. Millennials would like to be appreciated for their contributions. Being given the chance to exercise their decision making skills while doing work they’re interested in empowers them. Moreover, training programs which are properly administered and are tailor-fit with their job demands have been found to be particularly motivating in the aspect of “Training and Development”. Evidently, the physical aspects of the working conditions they are operating in effectively motivates Millenial employees. Using Herzberg’s Two-Factor Theory of Motivation, it can be asserted that the theory used in this study supports that motivation strategies can positively or negatively influence turnover intent of employees, depending on the significance of its implementation by the management.

As mentioned, employee engagement is how employees identify themselves with the organization through the way it treats and values them as members. In several studies, it usually states that factors such as employee motivation, employee engagement, job satisfaction and organizational commitment have significant impact on turnover intent. The study has revealed that being occupied in their work and inspired by their jobs are contributory factors to employee engagement. With the growing percentage of Millennials in the workforce, it is the employer’s responsibility to provide opportunities for career growth and variety in their work tasks and patterns to keep them engaged. Remarkably, results showed that employee engagement has neither direct nor mediating effect on their turnover intent. In this study, it was revealed that staying in the banking industry would not fulfill Millennials’ life expectations. Some of these include wanting more flexible work schedules, a more personal
relationship with their managers and several opportunities to go up the career ladder. On top of that, majority of respondents belong to the age range of 20-25 and have been with their respective companies for an average of four years yet are still rank-and-file employees. This could explain why they would choose to leave the organization once better job opportunities were presented to them because they believe their careers will stagnate if they stayed.

4. Conclusion
The Millennial generation is rapidly entering the workforce and this is why employers should learn to understand their characteristics in order to motivate, engage and retain them in the company. This study’s main contribution is to develop a model which would illustrate that having the right motivation strategies for millennials will guarantee motivation and engagement, and in turn, lessen turnover intent among the millennials. It also aims to show if motivation strategies have any direct correlation to turnover intention. The study proves that better motivation strategies positively impacted employee motivation and employee engagement. Additionally, it determines that better motivation strategies would lessen the turnover intention of millennials. Notably, even if employees are currently motivated and engaged in the organization, they can still be inclined to leave. millennials are always seeking for the “next big thing”, constantly seeking out new opportunities which would contribute to their career growth. With this drive and enthusiasm, it can also most likely be quick to diminish over a period of time if they feel they’re stagnating.

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