

A young woman with brown hair tied back, wearing a red apron over a light-colored plaid shirt, is smiling warmly. She is holding a yellow tray in her hands. The background is a blurred indoor setting, likely a restaurant or cafe, with shelves and various items visible.

instant

How to Recruit and Retain Millennials in the Service Industry



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Executive Summary

The financial obstacles Millennials currently face have never been so demanding. Increased college tuition, housing costs and debt have led to a growth in employee turnover. This is largely due to a trend in Millennials to continually be on the search for a suitable position that meets both their demanding financial responsibilities and their growing goals and values. This whitepaper explores the strategies and solutions employers can take advantage of to retain their Millennial employees.



Introduction

There's a perception across industries that Millennials are the most challenging generation to consistently employ. Ask any employer in the service industry and you'll likely hear about the difficulty in recruiting and retaining Millennials in hospitality, food service, retail and call center positions.

In the restaurant industry alone, Millennial employee turnover exceeded [70 percent for the second consecutive year](#). It's estimated that [Millennial turnover costs the U.S. economy \\$30.5 billion annually](#). With these challenges, Millennials are being labelled the "[job-hopping generation](#)".

What will it take to retain a Millennial employee in the service industry for the long-term?

To find a solution, it's crucial to understand the perspective and challenges of the Millennial worker.

Millennials Are Short on Money

We all need money to survive. Yet, the financial obstacles Millennials face have never been so demanding. Even with inflation in mind, the growth of costs and expenses are staggering.

Since the Baby Boomers got their start:

- College tuition has grown over **150%**
- Housing costs have increased by over **294%**
- Healthcare, vehicle costs and grocery costs have all experienced substantial growth

Based on a study we commissioned to the Center for Generational Kinetics, 12% of Millennials reported “always” being short on money, 16% stated “often” and 24% said “sometimes.” To add to that, a quarter of Millennials admitted to losing at least one night of sleep per week due to financial stress.

The effect of financial instability for Millennials is stress and unhappiness. it’s a hurdle for many young workers, and as an outcome, it has changed the path and perspective many young workers see towards trying to attain financial well-being.

Debt is Adding Up

The average college grad in America can expect to see their earnings held back by [between eight and 10% for roughly ten to twelve years after they graduate.](#)

Paying off heavy debt for a decade or more when new to the workforce creates imbalanced views on what it means to earn, and save. According to the Center for Generational Kinetics, “seven out of 10 young people define financial stability as being able to pay all of their bills each month. If money runs out before payday, credit cards, phone and utilities are typically the first bills to be missed.”

Millennials who believe in a bare-minimum definition of financial stability are less likely to prioritize loyalty to their employer, since entry-level salaries aren't typically enough to cover bills, living expenses, and for many, major student loan payments.

To respond, Millennials have been quick to develop negotiation savvy; understanding that the most negotiation power they'll have over their salary is as a new employee. By switching jobs frequently, they gain opportunities to increase their take-home pay.

For employers, this seriously challenges traditional approaches and models they practise to retain their best employees.

What Millennials Really Want From an Employer

With this financial pressure, many employers believe the answer is to raise employee pay. While increasing pay seems like a logical solution, evidence has proven it not entirely effective. Overpaying employees in the service industry typically only works for a limited time, as many higher-paid Millennials still choose to [move on to other opportunities](#) before an employer can make good on their investment of time and money.

To put it simply, there needs to be a more thoughtful response to solving the turnover of young employees.

Most Millennials want the following from a job, and will keep searching until they find it:

- **An employer whose work aligns with their values.** Millennials are socially aware and wish to invest their time in work that brings meaning to their lives.
- **Loyalty that goes both ways.** Millennials are willing to stay loyal to employers who offer similar loyalty and respect in return. They don't want to be seen as a number or disposable.
- **Financial sustainability.** Millennials have lived through the recession of 2007/08. They're deeply aware of the need for financial planning and the ability to not just pay their bills, but to save for a rainy-day or even retirement.

Millennials are a value-driven generation. They want to invest their time into an employer that cares.

Employers need to show and express a level of respect to their employees; not only with fair wage, but by paying attention to their values and offering benefits, such as pay frequency services, in response to the financial demands of the modern world.

While most employers pay every two weeks, current findings have indicated that employees in the service industry, particularly Millennial employees, believe that more frequent pay would improve their relationship with their employer and provide a needed sense of financial security.

Great Management Can Make a Difference (1/2)

There's a silver lining. Millennials, though not typically loyal to companies, [tend to be committed to a manager that treat them with respect and understanding.](#) If this is the case, then providing strong leadership and meeting the need for sustainable cash flow may be the two keys to retaining Millennials in service industry jobs for the long haul.

Bosses who wish to recruit and retain Millennials for long-term employment succeed when they:

- **Support Millennial values by creating an inclusive and supportive team environment.**
This empowers employees and allows them to align their personal beliefs with their work.
- **Utilize digital and mobile tools to educate Millennials on their employee benefits.**
Millennials are a digitally-native generation that view companies without technical savviness as old-fashioned.
- **Provide feedback.** Millennials remain engaged at work when supervisors offer positive thoughts on their progress and constructive advice on how they can improve.
- **Pay daily.** Millennials struggle financially more than both Generation X and Baby Boomers, so paying employees daily is an excellent strategy for retaining their loyalty while maintaining your company's employment budget.

Great Management Can Make a Difference (2/2)

While many organizations with successful company cultures practise the first three, implementing a daily option is a new solution that only a handful of companies are taking full advantage of.

Why does an instant pay system reduce the rate of Millennial turnover?

- **Financial stability and security.** It prevents employees from feeling the stress and pressure of running out of cash before payday comes around.
- **Removes the need for harmful and desperate actions and behaviors caused by financial stress.** It prevents the need for less-than-ideal conditions and actions from employees struggling financially, including skipping meals, taking on extra work or taking out high-interest payday loans just to make ends meet.
- **Creates positive employee sentiment.** It increases employee regard for management; building trust and value-centered relations between employer and employee.

Millennials are changing the way businesses operate, for the better. Adapting your traditional systems and approaches helps you run a stronger company with more inspired and loyal team members, while an instant pay option promotes long-term employer-employee relationships.



A Solution to Retain Millennial Employees (1/2)

The world is changing. Today, digital technologies dominate recruiting and hiring processes. HR documents are stored on servers and employees are able to check benefits and pay stubs on new software and programs. It's how the world works, and younger employees are waiting for pay frequency methods to catch up.

Instant Financial is the only solution that makes sense for both you and your employees. It's a bridge that links the bi-weekly payment model - one that hasn't changed since the Industrial Revolution - with Millennials' need for more frequent pay.

According to the Center for Generational Kinetics, Millennials are rated as the second generational group most likely to regularly use a daily pay option (the first Generation Z, who are quickly entering the job market). This same report states that instant pay increases Millennial interest in applying for a position by 53%.

By implementing an instant pay system at your business, you'll increase employee financial empowerment, building a happier and more motivated workforce.



A Solution to Retain Millennial Employees (2/2)

Free Instant Pay Options Build Trust

Some employers are tempted to implement an instant pay feature at a cost to the employee. But employees who are asked to pay for the right to claim money they've earned feel taken advantage of. Alternatively,

- **42% of Millennials say that they would stay longer at a job with a free instant pay option.**
- **51% state that they would feel both more positive about a company and more valued by their employers.**
- **Approximately 40% of Millennial employees say that a free-of-charge instant pay option would make them take their jobs more seriously.**
- Instant pay would increase the term of an employee's employment by months, even years.

If you are looking to inspire confidence and loyalty in your employees, instant pay achieves both.



How Instant Can Help You Stand Out in a Competitive Labor Market

Instant Financial will help your company increase employee retention, decrease absenteeism, reduce hiring and payroll administration costs, and significantly increase job applicants.

After every shift, Employees get control of their pay on our instant pay platform. They have the option to make immediate purchases on their Instant card, withdraw cash and transfer funds to another bank account. This directly helps reduce financial stress for employees, while drastically improving their relationship to their employer in the process.

The world is changing rapidly. Millennials are raising the bar for how businesses interact with their employees. Today's workforce is savvy, mission-driven and willing to leave an employer for a position that aligns more so with their goals and values.

What this means is that Millennial turnover will continue unless things changes. That change includes:

- Creating an environment where Millennials can grow and evolve.
- Providing strong leadership and a consistent stream of feedback.
- Implementing higher frequency of pay at no costs to employees.

We've found a solution to help you retain your talent. Now, by working alongside companies like yours, our mission is to put it in the hands of millions of working Americans.

Contact Us



1-855-976-4376

sales@instant.co

www.instant.co