



# The Organizational and Social Complexities of Managing and Retaining Generation Z Employees in the United States Retail Industry

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## ABSTRACT

The U.S. retail industry employed 4,528,550 retail salespersons, as stated by the United States Bureau of Labor Statistics, Occupational Employment Statistics. Tang, Liu, Oh, and Weitz assert that even though retail is the second largest industry in the United States, the retail stores' employee turnover rate remains a staggering 60% for full-time employees. Gaining a better understanding of how to reduce turnover in this industry could be of significant value to organizations related to business sustainability and labor costs management. Generation Z represents people born in the 1990s and represents one-third of the U.S. population, a significant potential workforce. For the retail industry to flourish, it needs to hire, develop, and retain Generation Z employees. The study uses qualitative focus group research to discover applied human resources and talent management workplace leadership applications by exploring the ideal organizational culture and approaches to recruit and retain Generation Z employees.

## KEYWORDS

Employee Retention, Generation Z, Retail Job Satisfaction, Retail Management

## INTRODUCTION

In the United States, the retail industry contributes significantly to employment creation (Shi, Sridhar, Grewal, & Lilien, 2017). According to Galinsky and Schweitzer (2016) the cost of turnover has become a significant issue in the retail industry. High employee turnover in the retail industry

DOI: 10.4018/IJPSS.297202

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causes managers to struggle with decreased talent pools and increased business needs (Walton, 2018; Sands-Dawling, 2020). According to Ferreira and Almeida (2015), there is a relationship between employee turnover and organizational performance. Additionally, employee turnover indicates the loss of human capital and the failure of investment credited to the organization's training process and knowledge (Walton, 2018). Employees commonly cite their managers' behavior as the primary reason for quitting their jobs (Walton, 2018). Turnover is a significant concern, mostly because its consequences are commonly perceived as unfavorable, such as recruitment and training costs and the loss of productivity and social capital (Walton, 2018; Sands-Dawling, 2020). For the retail industry to flourish, organizational leaders need to hire, develop, and retain Generation Z employees.

Generation Z represents people born in the 1990s and represents one-third of the U.S. Population (Fuscaldo, 2020). This generation is also known as the post-Millennials, iGeneration, Centennials, and the Homeland Generation (Fuscaldo, 2020). They represent a population of technology savvy and intensely engaged with social media (Fuscaldo, 2020). Generation Z employees bring different work personality and work style traits to the workplace (Mendoza, 2020). As a result, employers must engage in different processes to recruit and create an environment that would warrant them to stay (Mendoza, 2020). As a result, they are more focused on using technology and technology's utility more than any other previous generation in the workplace (Mendoza, 2020). As a result, they are well-positioned to assist organizations in the best ways to understand and evaluate technology-driven products and services (Mendoza, 2020).

## **PROBLEM STATEMENT**

Today's retail managers must deal with high employee turnover rates while aiming to deliver quality customer service, reduce inventory shrinkage, and increase profit margin (Walton, 2018; Sands-Dawling, 2020). While employee turnover statistics fluctuate from industry to industry, retail store employee turnover remains the highest amongst all sectors (Walton, 2018; Sands-Dawling, 2020). Tang, Liu, Oh, and Weitz (2014) assert that the retail industry employee turnover rate is 60% for full-time employees. The average retail store in the United States loses \$190,000 annually due to employee turnover (Harrison & Gordon, 2014). According to Walton (2018) and Sands-Dawling (2020), it takes considerable time and money within retail establishments to attract, interview, vet, and hire prospective employees. Generation Z represents people born in the 1990s and represents one-third of the U.S. population, a significant potential workforce (Fuscaldo, 2020). For the retail industry to flourish, organizational leaders need to hire, develop, and retain Generation Z employees. The problem is that employee retention issues affect a Generation Z employee's intentions to remain with an organization, and leaders lack the know-how to influence retain and properly manage these employees. This study is important because there are a limited number of studies on Generation Z workers in the retail industry in the United States.

## **SIGNIFICANCE OF THE STUDY**

U.S. Retail Industry employed 4,528,550 retail salespersons, as stated by the United States Bureau of Labor Statistics, Occupational Employment Statistics (2017). Tang, Liu, Oh, and Weitz (2014) assert that even though retail is the second largest industry in the United States, the retail stores' employee turnover rate remains a staggering 60% for full-time employees.

Generation Z represents people born in the 1990s and represents one-third of the U.S. population, a significant potential workforce (Fuscaldo, 2020). For the retail industry to flourish, it needs to hire, develop, and retain Generation Z employees. Gaining a better understanding of the applied workplace psychology approaches of reducing turnover in this industry with particular emphasis on the youngest workplace generation could be of significant value to business sustainability and the management

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