



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

**Talent Retention: Retaining Young Employees in a
Large and Established Organization with an Aging
Workforce**

- A case study within Volvo Group Digital & IT

Authors:

Katja Spaeth 981104

William Björnback 920806

Supervisor:

Niklas Egels Zandén

Department:

Graduate School

Course:

GM0861 Master Degree Project in Management

June 2023

Talent Retention: Retaining Young Employees in a Large and Established Organization with an Aging Workforce

Katja Spaeth

*Master of Science in Management, Graduate School
School of Business, Economics and Law at the University of Gothenburg*

William Björnback

*Master of Science in Management, Graduate School
School of Business, Economics and Law at the University of Gothenburg*

Abstract

Talent retention has become an increasingly important issue in recent years, especially when young people are entering the job market. Those young employees are more likely to switch jobs and at the same time place higher expectations on their employers. Previous research within talent retention has mainly been concerned with talent retention practices and has been conducted from a generalized generational point of view. There is, thus, a lack of research understanding the beliefs and expectations of young employees. To address this gap, this thesis draws on a case study within a large and established organization with an aging workforce. The findings show that to retain young talents, companies need to look beyond generations and their expectations in taking the individual expectations of the young employees into account. Furthermore, the findings indicate that the creation of new challenges and changes for young employees is desired. Lastly, managers who are willing to listen and understand their employees can help to create a sense of belonging which can result in retaining young employees for a longer period of time.

Key words: talent management, talent retention, young employees, expectations, development, beliefs, talent mobility

Introduction

In today's society we are confronted with an aging workforce and declining birth rates. As most research points out, there has been a homogenous approach towards talent retention and the consideration of age. With new research arising, this approach has to be questioned, in order to enhance employee commitment and foster talent retention (Pilbeam & Corbridge, 2010). From a financial perspective of firms, staffing is very costly. Therefore, keeping talents within a company, called talent retention, has grown of importance over the last decade and been a topic of interest for almost every firm. Due to the demographic changes, companies are now facing an aging workforce and are fighting for young talents, which is the so-called “war for talent” (Chambers et al., 1998).

According to Twenge et al. (2010) “Generational cohorts include individuals born around the same time who share distinctive social or historical life events during critical developmental periods” (p.1120). There are up to four generations in a workplace, which can lead to difficulties in managing motivation and respecting values (Festing & Schäfer, 2014). These are the boomer generation (1946-1964), generation X (1965-1981), generation Y (1982-1999) and generation Z (2000-2012) (Festing & Schäfer, 2014, p. 264; Dam et al, 2023, p. 36). People who are born at the beginning or the end of a generation may share similar values to the previous or the next generation (Festing & Schäfer, 2014). Moreover, this study draws on Muratbekova-Touron et al.’s (2017) definition of young talents, where their empirical research showed that companies see a young talent as someone who is under the age of 35 and has up to three years of work experience. Furthermore, Dam et al. (2023), defines the young generations as generation Y and Z. For this paper, we define the boomer generation and generation X as the old generations and generation Y and Z as the young generations. This research will combine Muratbekova-Touron et al.’s (2017) definition of young talents with the younger generations, as their age can be applied in both of generation X and Z. Therefore, the definition of young employees in this paper is thus people under the age of 35 and belongs to either generation Y or Z. Studies have shown that these generations attach value to various factors, such as quick development, salary, technical equipment and work-life balance, which has created problems for organizations (Naim & Lenka, 2018).

New challenges have arisen working with younger generations due to their wish for fast-paced environments and quick changes, which organizations now have to adapt to (De Hauw & De Vos, 2010; Niam & Lenka, 2018). Talent retention literature has mainly been focused on the theoretical part and less on the practices (Collings et al, 2017). Moreover, the main focus on different employees within talent retention has been on examining different generations (Naim & Lenka, 2018). To retain talent, the focus has been on human resource (HR) practices such as talent mobility and development plans. However, there is occasionally a misunderstanding of the factors to retain talents as HR does not always consider the same factors as important as talents do (De Vos & Meganck, 2009). While talent mobility has been employed for a long time, there has been a shift from external to internal movement, which is where the research is lacking (Collings et al., 2017). Furthermore, there has been a gap in the literature on investigating talent retention strategies for different generations and how to properly address

varying needs of employees (Festing & Schäfer, 2014). As the younger employees have different expectations and beliefs, this kind of research needs to be enhanced (Dam et al., 2023). While there are few studies done on younger generations such as the ones by Festing & Schäfer (2014), Naim & Lenka (2018) and Dam et al. (2023), there is a lack of focus on researching the individual expectations and beliefs, as the younger employees' expectations of their work change during their career.

To address this, a case study has been conducted at Volvo Group Digital and IT to better understand the expectations and beliefs of young employees. Moreover, this case study has shown the important talent retention factors and practices. This was done by addressing the talent retention literature together with social exchange theory and psychological contract to get more insights about the individual beliefs and expectation while gaining deeper understanding of talent retention practices (Rousseau, 1989; De vos et al., 2009; Tarique, 2021). This study is limited to the research done in Volvo Group's Digital & IT department, as it represents a special case in a more specific setting, due to the extremely aging workforce. As Digital & IT is a part of Volvo Group, it has a set of rules and a clear vision. Their specific strategy, the "Volvo way", needs to be understood and incorporated. It is specific to the company and therefore makes this study unique. This led to the following research question: *"How does a large and established organization with an aging workforce work to retain young employees?"*

A large organization, according to OECD (2023) employs more than 250 people. Being a large organization can be supported by factors such as working internationally, being a public company and consisting of different business units that are governed by a board. Large enterprises are of bureaucratic nature and are located where the fitting manpower is situated (Karlsson & Olsson, 1998). In this study, an established company is defined as a company that is doing stable business and has a set group of employees, such as Volvo Group. It has an existing customer group and the various products are well known (Felderer et al., 2017).

By answering this question, we will aim to develop an understanding for managers of balancing talent retention within organizations while implementing practices to retain young employees within the business unit. As the Volvo Group corporation has existed for a long time, it has a certain way of working and an established set of rules on their operations. The Digital and IT department has an aged workforce with an average age of 56 years. As these employees will soon retire, younger employees will become the new workforce and therefore will need to stay long enough to learn from the older ones, understand the organization and develop to be prepared to fill their gaps. Simultaneously as important as filling the gap is managing young employees' expectations for their work and employer (De Vos et al., 2009). It is important for the organization to match their expectations and understand how to retain them, as the younger generations are more inclined to job hopping and switching jobs within a few years (De Vos et al. 2009; Younas & Bari, 2020). By understanding the younger employees' expectations this research has found that internal talent mobility, development as well as listening as an active practice used by managers are important to retain talent within large and established organizations.

Theoretical framework

Talent management

Talent management is a highly vague concept where the literature looks into different dimensions (Collings et al., 2017), where four dominant themes have been identified: (1) the talent pool development, (2) renaming human resources to talent management, (3) the top performers of talent should be focused on and managed and lastly (4) the key roles focus (Lewis & Hamilton, 2006; Collings & Mellahi, 2009). While there is no exact definition of what talent management is, the most used definition according to Gallardo-Gallardo et al. (2015) is:

activities and processes that involve the systematic identification of key positions which differentially contribute to the organization's sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organization. (Collings & Mellahi, 2009, p. 305)

Within talent management, there are several subcategories such as talent acquisition, talent development and talent retention (Pandita & Ray, 2018). Even though there is a lot of theory literature and focus on talent management, the practical part is still underexplored (Mensah, 2019). One common trait with talent management is the company culture which helps to create a uniqueness to every company that works with talent management. (Pandita & Ray, 2018.). Focusing on internal talent management, strategies have been developed to enhance employee commitment. Therefore, development plans, career planning and workforce planning have become an indispensable practice (Goldsmith, Carter & Institute, 2009). These strategies aim to foster leadership development and learning goal orientation with the purpose of organizational commitment (D'Amato & Herzfeldt, 2008).

Defining a talent may vary between different companies as a talent can have various meanings in different contexts. The most common definition when looking for a talent is looking for a high performer or a high potential (Collings & Mellahi, 2009; Tansley, 2011). High performers can be seen as those who are doing outstanding work in key positions. Potential talents are expected to get a high-level position in the long run (Collings et al., 2017).

Talent retention

Talent retention has had a shift in the 1990's where the focus changed from internal hires to external hires (Collings et al., 2017). Managing talent retention presents difficulties and risks for managers. Past research on managerial turnover and talent retention has shown that there is a need to take generations into account. Through the aging of talents and therefore different career stages, individuals are influenced which in turn affects teams and working groups (D'Amato & Herzfeldt, 2008).

Talent retention literature focuses on how to keep talents focusing on theories such as the resource-based view, international human resource management and institutionalism. While there is research on how expectations change during the career (Pandita & Ray, 2018), little research is done on beliefs that influence decision making through the psychological contract and social exchange theory (De Vos & Meganack, 2009; Gallardo-Gallardo et al., 2015). However, psychological research within talent management addresses the need to take beliefs into account (Festing & Schäfer, 2015). According to Pant & Venkateswaran (2019), this is especially important for generation Y as organizations cannot dismiss the expectations that they have for good managers, development and careerism. Therefore, social exchange theory is a theoretical perspective that outlines the relationships between people in social situations that both give and take (Tarique, 2021). Placing it in the context of talent management, this theory suggests that employee loyalty towards their company is dependent on the feeling of receiving fair value for their contributions (Pant & Venkateswaran, 2019; Tarique, 2021). This can be achieved through various talent management practices that are guided by the principles of social exchange theory. Practices such as compensation and benefits can be viewed as mutual exchange agreements that recognize and compensate individuals for their skills, contributions, and time investments. Moreover, intangible rewards such as recognition and opportunities for growth as well as development can be used to create a sense of reward (Tarique, 2021). Competitive compensation packages, supported by opportunities for professional development and advancement, as well as a positive and supportive enhancing work environment are examples of practices that can help create the sense of mutual benefit (Pilbeam & Corbridge, 2010). By connecting talent management and talent retention with the psychological contract and social exchange theory, it creates a more profound understanding of talent's beliefs and their expectations towards the organization retention (De Vos & Meganack, 2009; Dam et al, 2023).

Rousseau (1990) classifies “psychological contracts are individual beliefs in reciprocal obligations between employees and employers,” whereby “two parties to a relationship, such as employee and employer, may each hold different beliefs regarding existence and in terms of a psychological contract” (p. 391). The contract can be seen as a framework that supports the understanding of employment relationships and expectations (Rousseau, 1989).

Organizations are using talent retention tools to keep important talents such as high performers and key personnel in their organization. This is done because they consider these employees as valuable in the long run, where they want to place them in important leadership positions as their expertise is hard to replace. Thus, talent retention is used to create competitive advantage over time (Collings et al., 2017; Taylor, 2019). Therefore, social exchange theory can be applied to attract high performance talents to a company to create and foster strong relationships between employees and employers. This can furthermore lead to companies achieving long-term success. (Tarique, 2021).

One of the common ways to approach talent retention for organizations is by looking at turnover rates and using exit interviews to determine why employees quit (Collings et al., 2017; Taylor, 2019). According to De Vos & Meganack (2009), HR managers are investigating the factors why talents leave instead of looking at why talents are staying. Research has shown that talents are more likely to quit when there are a lot of different job opportunities and lack of satisfaction in their work (Collings et al., 2017). As talents leave their job, the organization may lose performance and suffer the cost of training the employee.

In order to determine why an employee is leaving a company, different practices are used. The most common practice is conducting exit interviews, which will be done once a talent has decided to leave. According to Pilbeam & Corbridge (2010), exit interviews are important: “because its potential reveals about the nature of the job and the desirability of the terms and conditions from the perspective of the employee” (Pilbeam & Corbridge, 2010 p. 216). There is however a need to have a healthy turnover as there is a need for new talent to join the organization too (Collings et al, 2017; Pandita & Ray, 2018). Talent retention can be monitored through turnover rates in the years an employee stays at the job. The average for staying in a job is at about 4.3 years in the US and 5 years in Sweden (Bureau of Labor Statistics, US. Department of Labor Statistics, 2022; Indeed, 2023).

Talent retention strategies

As talent retention needs to be proactive, strategies have been created to enhance the chance of retaining talents which has to be a recurring event from the organization’s side. (Festing & Schäfer, 2014). To retain employees, there is a need to understand the individual and their expectations (De Vos et al., 2009). According to Pandita & Ray (2018) the ones who are in the beginning of their career are looking for more challenges and career progression. Employees who are in the middle of their careers prefer a flexible workplace and the ability to adapt their job roles. Those who are reaching the end of their careers are more inclined to receive benefits as well as security in their jobs.

Internal talent mobility is a concept that has been introduced due to labor shortage within companies, in order to staff positions internally from already hired talents (Costa, 2008). Previous focus has been on external hires but has now undergone a change towards internal talent mobility (Collings et al., 2017). Internal talent mobility concerns the internal movement of employees between positions and functions within a firm (Kaktina, 2023). Applying talent mobility adequately gives organizations the flexibility to adapt rapidly to changing market conditions and customer requirements. Solutions can be aligned with an organizations’ needs to swiftly identify and bridge gaps in the workforce and to recruit and retain top talent. A suitable approach to talent mobility solutions leads to access to the resources and expertise needed to remain competitive in today's market (Kaktina, 2023).

Since the change from only external hires to internal talent mobility, internal hires have been the main focus within talent mobility. However, there has not been much focus and research on internal talent mobility within a lot of firms (Collings et al, 2017). Most research has been

conducted with internal talent mobility, focusing on transaction cost economics and internal labor markets theories. By using internal talent mobility, firms save transaction costs of having to retrain an employee, which in turn may lead to a better reputation as turnover will be lowered (Collings et al, 2017; Taylor 2019; Pandita & Ray, 2018). Additionally, internal employees are aware of a firm's practices and a correlation between this, and higher performance of internal hires can be detected (Collings et al, 2017). It may take up to five years for an external hire to reach the same performance. Furthermore, by using internal hires, a company may use screening processes to decide whether the candidate is right for the job before the start, which might not be possible for external processes (Bidwell, 2011). By using internal hires, organizations may also motivate employees as it creates promotional ladders (Collings et al, 2017). Within internal talent mobility, there is a lack of research on the long run effects of the decentralization of talent mobility on the development of personnel. Moreover, a better understanding of the mechanisms of internal markets is required as they have changed from comprehensive rules to more flexible rules where the line-managers make the decisions. There is not enough academic focus in general on employee processes within talent management (Collings et al., 2017).

A common practice forming the base for talent retention is an adequate compensation package, which consists of salary and benefits. There is a lot of research on how to set it effectively (Taylor, 2019). Setting up the right compensation package and options for development later on sets the foundation of a successful retention process (Collings et al., 2017, Taylor, 2019). Developing the talents further in their career is crucial to retain talents as it creates a sense of fulfillment for the talents (Pandita & Ray, 2018). According to De Hauw & De Vos (2010), the careerism of the younger generation is affected by the psychological contract where they expect a career that has job development, security and job training. By creating promotional ladders, the talents know what they need to strive for to reach the next level and it is easier for them to understand what is needed from them which can create motivation (Collings et al, 2017). Furthermore, according to Taylor (2019), talents leave jobs to a lesser degree if they gain development and personal responsibility as it creates a fulfillment for them. This has become an effective tool to strategically bind employees to a company and to engage and commit them to the firm, especially in the long run. Through analysis of the cost-benefit calculation from recruiting to selection compared to the opportunity costs of the shrinkage of teams, companies have shifted their focus to internal talent retention (Pandita & Ray, 2018).

Rodríguez-Sánchez (2020) has shown that there is a change in the organizations where work-life balance is becoming increasingly important and those human resource management (HRM) strategies aiming to retain talents are moving towards this approach. HR managers are increasingly shifting their focus from perceiving employees solely as human capital to recognizing and valuing their inherent human qualities. (Pandita & Ray, 2018). According to Aggarwal et al. (2007), this is important as research has shown that HR practices affect the employee perspective and their conduct.

Work expectations of young employees

With young people entering the work environment and replacing older employees, new and different ways of working are expected from them, as the younger generations' views and expectations on the work differ from those of the older generation (Pant & Venkateswaran, 2019; Dam et al, 2023). Furthermore, the younger generations have a greater variety of expectations within their generation compared to the older generations. Thus, the employer needs to understand individual expectations (Pant & Venkateswaran, 2019). The psychological contract theory framework can be used to determine how employee and employer expectations match their beliefs. It can be seen as the unwritten expectations determine the behavior within organizations (Rousseau, 1989). According to Dam et al. (2023), this framework can be used to understand the connection between the younger generation and the organization to be able to retain them. According to the theoretical framework, a psychological contract can be either fulfilled, breached or violated, meaning that if a contract is met, the employee and employer expectations match. If a contract is breached, there have been expectations of the employee, but his or her employer has failed to deliver its duty according to the expectations. If a contract has been violated, the employer fully fails to perform according to promised expectations and to comply with the given contractual terms. As a special form of the contract theory framework, new deals are often brought up. This means that one has to consider that life now is constantly changing, where through globalization and environmental changes, technology is advancing and the circumstances we live in are subject to constant change. Therefore, various aspects might be affected. (Tarique, 2021). As younger employees do have beliefs and expectations in their career of job training and development (Pant & Venkateswaran, 2019), the framework anticipatory psychological contract (APC) can be used to understand these (De Vos et al., 2009; De Hauw & De Vos, 2010). This framework "is defined as individuals' pre-employment beliefs about their future employment, including promises they want to make to their future employers and inducements they expect to receive in return" (De Hauw & De Vos, 2010, p. 294). By connecting this to social exchange theory, it bridges the gap on how employees understand and react to the talent management practices such as talent retention (Mensah, 2019; Younas & Bari, 2020).

The different age groups have varying expectations, where the young generations wish for mentoring from the managers, strategic leadership and knowledge sharing from a company's competencies as they can be developed and fostered further. Furthermore, work-life balance is an important aspect for the young employees (Naim & Lenka, 2018). As Naim & Lenka (2018) have proven, it can support the evolving commitment of young talents, which has been a struggle for many firms (Naim & Lenka, 2018). Younas & Bari (2020) investigated how the above-mentioned practices affected younger employees. They found that knowledge sharing was the only practice that did not have an effect on talent retention while the other three had a positive effect on employees staying in the organization. The reason for this is that the younger generations are growing up with technology and therefore gather knowledge to a larger extent through the digital world. A lot of communication is now done through digital media. Younas & Bari (2020) found that organizations need to inspire the learnings of younger generations in more innovative ways.

As theory on talent retention strategies points out, the younger generation values opportunities for learning and development (Pant & Venkateswaran, 2019). Therefore, talent retention strategies take the age into account and show that young talents have demonstrated factors of a high learning orientation but less organizational commitment (D'Amato & Herzfeldt, 2008; Dam et al., 2023). If the young employees do not get a sense of fulfillment within an organization, they are more likely to job hop into a new company (Younas & Bari, 2020). De Vos et al (2009) showed that new graduates with ambitious career goals are often looking at their first job as a temporary place and are not planning to stay. They do however expect their employer to give them the full benefits, such as job development. De Vos et al. (2009) further argue that organizations need to understand that young employees enter the job market with different beliefs concerning their employment. Thus, understanding and matching the expectations can increase employees' retention and organizational commitment. Furthermore, young employees value continuous feedback and opportunities to constantly learn new things (Naim & Lenka, 2018).

Methodology

Research design

To answer the given research question concerning the work of retaining young talents in a large and established organization, a qualitative study was conducted. This thesis aims to understand how the phenomenon of talent retention of young employees can be understood within a social setting, meaning an organization, and what can be done to retain those talents. In this case, qualitative research was deemed appropriate as it gives extensive insights into the specific phenomenon (Hinings, 1997; Silverman, 2020). This method has undergone criticism before, as well as acknowledgement, in which it was emphasized that the use of such allows in-depth research into a phenomenon from one specific case that can be used to generalize scientific research in other contexts (Flyvbjerg, 2006; Silverman, 2020). In addition, the use of a grounded theory approach has been employed to analyze the empirical data in this study. According to Martin and Turner (1986), this methodology is beneficial in establishing codes and themes within qualitative research, facilitating the identification of relevant theories from the gathered empirical data. Thus, the application of a grounded theory approach allows for an analysis of the unprocessed data in its original form. This guided the combination of talent management with psychological contract theory and social exchange theory. Such was done by creating codes and themes which helped to find the fitting theory.

Thus, a case study within Volvo Group has been conducted in order to gain deeper insights and more detailed information from one specific company. The choice of corporation was made beforehand by searching for firms that were large enough to face strategic challenges within talent retention and having already implemented a strategy with a target of lowering their turnover rate. Volvo Group was chosen as it represents an established and large Swedish industrial manufacturing company and was an appealing case to investigate. Digital and IT was then suggested internally due to its support function throughout the company as well as its turnover rate and specific problem of an aging workforce.

Setting

This research has been carried out as a single case study within Volvo Group which has a broad spectrum of strategies in place to keep their talents within the organization (Volvo Group, 2023a). Volvo Group is a large global manufacturing organization offering solutions within transport and infrastructure for customers worldwide, was founded in 1927 and went public in 1935 (Volvo Group, 2023c). The company has around 100.000 employees and production sites in 18 different countries. Their headquarter is located in Gothenburg, Sweden (Volvo Group, 2023b). Within Volvo Group, there are ten different business areas and six departments directly assigned to the CEO. The main study has been done within Volvo Group Digital & IT, hereafter named Digital & IT, which reports directly to the Chief Digital Officer (CDO). His organization reports straight to the CEO. Digital & IT has around 4.800 employees worldwide and manages “the overall digital and IT strategies and plans for the Volvo Group” (Volvo Group, 2023a).

Digital & IT has been a relevant case to study due to its aging workforce with an average age of 56 years. Leading to conclude that 80% of their main workforce will retire within the next 10 years, leaving them with an immense junior staffing challenge. Furthermore, it becomes more crucial, to retain the already existing young talents and encourage their development within the whole Group.

Data collection

Primary data was required to understand the phenomenon, therefore interviews have been conducted. As Bryman & Bell (2011) argued, primary data is an ideal source for qualitative research. To gain access to interviews, an initial meeting was set up with a Digital & IT HR business partner. This meeting was scheduled to set a list of possible candidates who could be contacted. These candidates were then interviewed and asked about further potential interviewees by using the concept of snowballing (Bryman & Bell, 2011). The positions of the employees varied from HR managers to project managers within different age groups, to gain a broad understanding of the case. The snowball system method led to a total of 18 interviews with 14 project managers and four HR managers. Only managers were interviewed, because every junior joining at Digital and IT starts out on the lowest hierarchy level as a project manager. As the average age of Digital & IT is quite high, most interviews were done with older employees and five were done with young employees. The employees did not receive any questions beforehand, and the interviews were of a semi-structured nature. Thus, open-ended questions, according to Bryman & Bell (2011) and Silverman (2020) support the respondents in their ability to talk openly about the researched subject. The interviews were held online through video calls via Zoom. All the respondents have been anonymized and every interview was recorded with permission. Once the interview was completed, they were transcribed with Microsoft Word and checked by the authors to find any irregularities or errors from the transcribing.

Data analysis

For analyzing the conducted data, the grounded theory approach was used to generate data without bias. From the interviews and transcripts, the data was coded. The data has been collected in Nvivo and turned into specific codes. By analyzing the transcripts and creating codes and patterns, similarities were found which enabled us to group data accordingly. At the start, first level codings were developed which led to approximately 250 different codes. Thereafter, 19 second level-codes such as: expectations towards changing role and company, development opportunity by acquiring an MBA, change is necessary for young employees, benefits and change will happen were created. Lastly these codes were turned into four third-level codes: *change*, *development*, *talent mobility* and *expectations*. These four overall codes have been turned into themes for this paper. The collected data has been sorted following the overall themes and written out in the empirical section. There, the main findings were emphasized by the most expressive quotes. In order to give the reader a better overview and understanding of the implications, those quotes have been cleaned up to make them easier to understand and for the reader to follow. The codes and themes helped to create a framework to narrow down the theory in the following procedure. This first led to researching talent management with a focus on talent retention theory. Following this, our research showed that beliefs and expectations were a bigger part of the data than expected. This led to the incorporation of psychological contract theory and social exchange theory to implement expectations into talent management practices and analyze the data in a more specific way. Certain conducted findings point to a future-oriented approach, which we acknowledge and introduce at the end of the empirical section. This has been carefully thought through by using it in the analysis, thus this has not actually happened yet.

Ethical reflections

There are several ethical aspects that need to be taken into consideration within this study. For an interview to create a feeling of openness and having willing participants, trust between the interviewer and the interviewee needs to be created (Bryman & Bell, 2011). In this specific case, it was done by agreeing to share the results with the company. Furthermore, the participants were enlightened beforehand about the study intentions, and their anonymity. Therefore, they had the opportunity to withdraw or stop the interview at any time. This bore the risk of not being able to include those specific findings in the study. This option was given to further ensure the ethical principles. Since this study was conducted within one organization, the participants may have felt that they could not talk completely openly about some questions due to the fact that the findings will be shared with the organization. This is an important aspect to take into consideration in the empirical and analytical sections. Moreover, as this is a single case study, it is central to reflect on the generalizability outside of the organization. As this is a qualitative study, this research is in line with the perspectives of Flyvbjerg (2006) and Silverman (2020), who claim that its relevance goes beyond the specific context studied. Based on our conclusions, we claim that the findings of this study are transferable and generalizable to other contexts based on generational shifts and demographic changes that are occurring worldwide.

This study has been limited to Volvo Digital & IT only, excluding other departments of Volvo Group or companies in general. It is further limited by being a special case with a high retention rate and few young employees in a large and established organization. Due to the timeframe of this research paper, neither observation nor follow ups over a longer period of time were possible. A limitation of this study was related to interviews, where some interviews only used audio and the video was turned off, which created challenges in interpreting the interviewees statements. As these interviews were conducted over Zoom, it was not possible to read the full body language of the interviewee. This may have led to some parts of the interviews not having been fully interpreted, as interviewers may have missed a body language change through audio only (Heath & Hindmarsh, 2010). The study anonymized participants therefore it may make the understanding of their role and background difficult and makes the research lose accuracy.

Empirical section

Talent retention

Volvo Group is Sweden's largest industrial company and one of Sweden's biggest employers. Volvo Group has been known for its good reputation, automatically attracting many talents, by putting the employees in the center of attention. This can be seen in their talent retention rate, specifically within the Digital & IT department, which has a retention rate with an average rate of 17 years. Some of the reasons found from interviews are that Volvo Group offers a great variety of development opportunities and benefits for the individual person, which is well known beforehand. These development opportunities include refined education within specific areas. They have incorporated development plans and talks for the employees in the organization, such as talent reviews as well as supporting new initiatives set up by the employees. Volvo's strategy is guided by the introduction of the "Volvo way". This is an internal phrase used to describe their mindset and set of rules on how to conduct work. The phrase has developed over time and has now turned into a set strategy. Due to the age and size of the organization it has been broadened and been implemented into the whole company. Over the last years more focus has been put on talent mobility. Talent mobility is a way for an employee to change positions and jobs within the organization for their own personal development, but also an opportunity for Volvo Group to keep talents within the organization. This further strengthens the developments of the different teams since the change can affect teams positively both for the personal development and for the team as they may gain access to new ways of thinking and new experiences. Furthermore, talent mobility may not always be about a step up in the company, instead employees may move horizontally to develop themselves.

I have learned over the years that career development does not have to be one step up in the stairs all the time. It can also be at this level so you might go to a similar role in another organization and that can really give you a kick start in that new organization and it's a lot about both learning yourself, but also providing knowledge to another part of the group, which can develop other people as well. So that is important, that talent mobility is not only about a traditional career step. - Project Manager 11

Digital & IT hires talents with the intention that they will stay for a long time within the organization but that has not always been the case. They have however experienced that even though talents leave the company, some recruits who have been previously employed by Volvo Group are returning. Within this study, this is considered successful talent retention which has been confirmed by the interviewees. In those cases, employees are leaving the company and are learning new skills as well as gaining more experience. Once they return, they will be more skilled and can become a better fit for the company. However, according to the interviews, it can lead to higher salary expectations upon return, due to the fact that external hires are potentially asking for a higher salary. It constitutes a challenge for Volvo Group to try to balance the friction occurring by hiring someone new with a higher salary expectation compared to the old employees. As those who are still employed may not feel as valued as a new hire coming in with an increased salary for the same job.

Sometimes you feel very different when you have been working for a long time and we are not getting the same salary [...] we feel like loyalty is not paid off.

- Project Manager 9

Volvo Group is investing time, money and effort into their talent retention strategies. This is underlined by fair compensation at industry standards and added benefits. Examples of those are extra pension payments each month, extra payment on maternity leave, benefits such as price reduction when buying a car as well as exercise in Volvo Group's facilities. Besides that, Digital & IT offers flexible working models, where working from home and flexible work hours are encouraged. The strategy of keeping talent starts with the recruitment process already by managing expectations and thereafter during the onboarding process making the new employee part of a team and feeling welcome. Furthermore, Volvo Group is putting a high emphasis on constant development and has created their own university as well as offers a number of possibilities to enhance personal development. Additionally, interviews have shown that having good relationships with colleagues and managers, a good working culture, development, being supported and listened to are important factors for the personnel. Thus, the employees have felt that it has created incentives for them to stay within Volvo Group.

To me, good talent retention means that people are leaving for a good reason. It is not because they want to get away from something, but because they want to get something that we cannot provide. Meaning that it is not because they want to change their business to be completely different or change their career in a completely different way. - Project Manager 14

The human resource department in Volvo Group is called People & Services and constitutes an integral part of their business structure. Each year, they conduct employee pulse surveys and use interviews to gather more in-depth insights into the reasons why talents are staying or leaving. The department is investing time and resources into measuring talent retention directly, to then connect their data with the observations. Through the collected statistics, Volvo Group is aiming to identify problems, create preventive measures as well as react with new measures.

The different generations at Digital and IT

Today, the average employee in Digital and IT is around 56 years old, which creates a huge problem as up to 80% of the employees will retire within the next 10 years. This has shifted the focus on recruitment and retention towards the younger age group. Having generational diversity within the organization is appreciated by the interviewed managers as it helps both the organization and the teams to develop and create new perspectives. The interviews have shown that the older and younger generations have had different values and expectations in the beginning of their careers. For the older generation, at the beginning of their careers and during their early working years, they were more focused on working hard and creating a career and less on work-life balance and their life outside the company. They also felt more bound and loyal to their first job and for them it was normal to have a few hard-working years in the beginning to get a better position in the long run. Their work attitude then shifted once their priorities and life stage changed, for example when they started a family and had to provide for someone else than just themselves.

During some years I could work like 60 hours a week, just because I wanted to have a good career while someone today in your age, I would say it is probably more about prioritizing your needs. - Project Manager 12

Interviews with both the younger and older employees have shown that their perspectives differ. The younger generations focus more on their own individual benefits, which became challenging within the hiring processes. According to the senior managers at Volvo Group, work-life balance is an important characteristic for the younger generations, where not working long hours, valuing their free time and life outside the office are considered crucial. For the older generations, work-life balance started to become important when they got older and entered a new life stage where they started to focus more on family, stability, and security. Compared to the younger generations, who desire work-life balance in the beginning of the career while at the same time wanting to grow in the career, it used to be a normal mindset that work came first before everything else. There is also a greater focus on company values for the younger generations where they may actually choose a company with values that are more aligned with their personal ones and less salary, whilst this was rather uncommon for the older generation.

I can see a difference nowadays that younger people ask more about company values, our engagement in environmental questions, about diversity [...] I think that younger people sometimes can also choose another company, if they have the company with good standards in terms of company values, if they have the company with good standards in terms of company values, but a lower salary. They can choose that above the other company with poor company values and the higher salary even. - Project Manager 4

At the same time young professionals at the beginning of their career are driven by a higher starting salary, while for the older age group the pension options, values and work-life balance gained importance. Furthermore, the younger age group has a mindset of gaining something

important for themselves. “It is so hard because young people today are not as I was when I was your age. I mean it is more about rights and what is in it for me?” -HR Manager 1.

They also expect a much faster development curve and a faster pace of change. According to interviews with project managers and HR managers, this creates challenges in setting an appropriate salary, and a lack of development or change may lead to the younger generations changing jobs and organizations quickly.

There are generational differences, and it has a lot to do with expectation [...] younger people expect change to happen quicker. But also, it does not have to be changed. It can be that they move to another company, but nevertheless they expect change to happen quicker and maybe are not that patient. - Project Manager 11

Younger people are strategically looking for purpose-driven companies that live their values every day in their work and incorporate this into their tasks. Newly hired talents are longing for purpose-driven work. They are only eager to do something if they understand where this decision is coming from and where it is supposed to lead. Critically challenging thoughts and asking why things are done have become common practice for employees and managers. From the conducted interviews, it came through how important the why is.

The work can be exactly the same, such as writing a piece of code to enable something in an application. It could just be a simple send button. But the difference of just having the talk we need a send button here compared to connecting that to the story of what a company is doing is important. We are trying to sell a service to a truck driver, so that he can get a little bit more power when he needs to go up a snowy hill in the Himalayas. Like you are helping that truck driver by putting this button exactly here so that he can actually send that request to get an improvement on his truck. When you connect that to the story and you understand the user, then suddenly this becomes important to build this send button. It is not just the send button, it is actually helping someone get up a steep hill so that he could get home to his family. That connection means everything.
- Project Manager 8

From a managerial point of view and experience, those generational and individual differences need to be taken into account, especially in the sense of project management and when setting up teams. To create the most efficient and harmonious teams, managers have seen a need for a mix of different age groups, as it helps to enhance the talent and possibilities of the group dynamic. It has also been argued that what an employee is looking for is not always about the generation but is more related to age and experience. These factors influence the talent's decision to stay within a company or if they are joining a competitor.

Throughout life the dependencies change as well as the needs change a lot. That is how I see it and I do not see that it is harder to keep or have less retention with the younger people than the older people. What I do see in the different age groups is that in my organization we have an average age of 56. It is a very old workforce and within 10

years 80% of this organization will have retired. So, we need to attract young employees and that is the other side of the coin of retention. If you do not have retention or turnover, this is the situation that you will end up in. The people feel that they love their work. They want to stay, they want to develop on site. - Project Manager 1

Furthermore, Volvo Group has started shifting their managerial perspective, where more focus is put on soft skills and leading people. With the younger generations on the uprise in the workplace, more focus and responsibilities are put on the managers. Interviews have shown that managers need to put more time into the younger employees, especially in the beginning of their career at Volvo Group because of their unfamiliarity with the processes. They need to feel included, and more focus is being put on the manager due to their support being required. A recurring theme has shown that a bad manager can be a reason for leaving the company. This means that now more than ever, managers need to understand the younger employees and address their needs. Furthermore, there are difficulties in the beginning of new projects concerning cross-generational understanding. As the younger employees may feel that their work attitude is wrong, they are not understood, listened to or not appreciated by the older generations. The managers need to create a change process to have everyone in the team included and evolve together to reduce these tensions.

So we all together enhanced and improved the way of working [...] so they all felt that they were part of the change. They were part of what we created; I think that everyone being involved in this creativity was the key success factor. - Project Manager 6

Managing employees' expectations

Volvo Groups' talent retention strategies are a difficult topic as there is not one single solution according to HR managers. Several interviewees see talent retention as something that starts already within the recruitment process where expectations need to be understood by both parties. Then there is a need for a continuous process and development for the employee. When managers are hiring senior level positions there might not be as much expectation management needed as they are aware of what is required of them, due to their experience and age. While, according to interviewed managers, the younger generations need a lot more expectations management from the beginning on as these generations are more impatient. They are looking for quicker development and change compared to what the job might actually be like.

As the different age groups value different things, it creates expectations both from the organization and the employee that need to be understood and managed. According to some managers, employees that are starting out in their working life often expect the newest technology and very high standards as well as starting positions such as a manager or leader already. According to many older employees, this is quite unrealistic as for them, their start into the working life had been imprinted by working hard to reach a higher level within the company. Interviews have also shown that managers sometimes believe that the younger generations want something that may not be the actual truth of what they do want, such as remote work. Young employees want the option but not to work fully remote. The expectations

that they bring are differing so extensively from the ones that the managers had when they entered the work life, thus this can create challenges of understanding. This may create a view that the younger generations feel criticized and not understood, which is one reason for job hopping.

One thing I have noticed about the older generation is that they think it is a virtue staying in a place even though you are not necessarily happy with [...] I just think life is too short to stick with something you do not like, and I feel like that is something that the younger generation can get criticized for, like we are flimsy. - Project Manager 2

According to another interviewed manager, there is a need for expectations management with the younger generations from the beginning to help them understand that progress might be much slower than they are expecting. There is however a solution that the manager sees, whereby listening is used as a tool to help employees develop in their career. The general expectations of quick changes in the younger generations have more to do with age and experience. In Volvo Group, there is however no centralized information about how to handle the expectations from different generations. Instead, every manager is working from their own previous experience or from talking and learning with colleagues about how to handle the different generations. As the younger people are mostly looking for what the company can do for them compared to the older people there is a need to collect the information and spread it out to the different managers. Since the younger employees are especially looking for quick development, there is a need to create continuous development plans for these employees. In their case, they need to receive a follow up on what is expected of them and how the future plan looks like. Due to differences between the individual managers this cannot always happen according to strategy execution.

One of the reasons for this is the lack of time. There needs to be focus on development talks and on mapping a talent. This program looks at the employees within the organization and marks those who are deemed to have an extra potential as well as could be of importance for the organization in the future. These talents may get more access to education, work trips and development steps to enhance their growth potential, make them feel valued and help them prepare for a leadership role over a longer period of time within the organization. If talents are not mapped, there still are development plans and talks with managers for every single talent within Volvo Group about their future potential within the organization.

The ones that we in my organization earmarked as talents are lifted [...] and that could be one activity could be to have lunch with him, to have a dialogue with him. What are your plans? What do you think of it? What have you discussed? Some people would really like that, and some people would really hate that. They do not want that type of attention at all and then there will be some other activities there. - Project Manager 10

However, this is sometimes forgotten once the employee has been mapped as a talent due to limitation in a manager's time.

Lack of time and a lot of other things that need to be done [...] wanting the managers to do some kind of a thing that needs to be prioritized. - HR Manager 2

It is important to acknowledge that a number of managers have pointed out the need to take into account the views of their employees. Conversely, not all stakeholders believe that the different generations have different requirements based solely on the profiles of the respondents, but rather emphasize the importance of considering the individual's needs. However, these are not the only expectations that need to be managed.

When hiring new employees, salary expectations and benefits are important in the negotiation process. Higher salaries are the most common reason for employees to leave Volvo Group, especially younger talents who are often headhunted and offered higher salaries elsewhere. Due to culture, salaries are a highly sensitive and untransparent topic, which is reluctantly discussed by managers, especially in Sweden.

If I can get better pay, I am going to go for that and it is also the job. I wanted more. That being said, you know pay is not the only factor. - Project Manager 7

Managing expectations right from the start, supporting the employee to feel included and to understand how the company works from the beginning on are important factors to retaining talents according to interviewed managers. As a good introduction to the company, the expectations on both ends should be met and are enhanced with good coworkers and a strong team spirit. Many interviewees have described how the start sets the tone for their continuous work within Volvo Group and their desire to stay for a longer time. These expectations need to be understood and handled over time. Empirical evidence from interviews has shown that employee preferences change over time, with a tendency to embrace new developments. However, it has also been observed that team stability remains a consistent factor during these transitional periods. Even if employees leave the company to work elsewhere, the high return rate is proof of the immense connection employees have developed to Volvo Group.

Yeah, I think the beginning is important [...] They started to work at a new job and after three years they left and some of them came back because they recognized grass was not greener outside and they recognized all the good things in Volvo.
- Project Manager 6

Internal talent mobility

Apart from talent mapping and development plans, talent mobility is another step into retaining talent within the organization. Talent mobility has become a popular option for employees that are looking for change but want to continue their growth journey with Volvo Group. By using talent mobility as a strategy to talent turnover, the wish for a changing environment can be

addressed without losing all the internal knowledge that has been assembled before. Due to the size of the firm and various different business areas, Volvo Group offers a lot of opportunities within their internal network to switch between the different business areas or operating countries. This has played a central part in retaining employees according to the employees interviewed. The only limitation that has to be kept in mind is that depending on the operating country and due to different labor laws, sometimes those internal processes can be slowed down or stopped due to General Data Protection Regulation (GDPR) reasons and restricted internal sharing of information. Nevertheless, younger talents are longing for quick changes and diversified work tasks. Many consider switching their positions within the group later on to grow and develop on a personal level. However, Volvo Group acknowledges that talent mobility has its limits where it will continue to be a change within Volvo Group and not another firm culturally.

And you can notice that it is still Volvo. So I think that it would not feel like that big of a change. - Project Manager 5

An employee's life stage is contributing to his or her expectations of a workplace. Young employees are more flexible with their lifestyle and often not fixated on one location. The choice of where to work is influenced by partners, friends and family. While the older and the more settled an employee is, it will also change their expectations of work. When employees become parents or have to care for their own parents, they become much more fixed on one location and less willing to change their positions. Their need for stability in life grows, driven by the wish for a good work-life balance.

You want to have your job, you have your salary, you have everything set up. There is a comfort in that by having a strong employer. You feel safe and that is connected mainly to where you are in life. If you have responsibility for your kids and you have your family, you need to support them. You need to provide and if you are about 20 plus, where you are in life there you are more into yourself. Of course the focus is more on yourself, perhaps that you want to find your perfect job and you need to be you. You want to be paid high so you can do all the traveling or follow your interests and hobbies. You want to be able to see that your actual work is making a change for the company that you're working for and you are needed. You want the recognition for being that person. - Project Manager 1

Due to the size of Volvo, changes happen at a slower pace than in a start-up or other small companies. According to several of the managers that were interviewed, this needs to be communicated in hiring interviews, to match employees' expectations. Especially younger employees can be frustrated if the speed of processes is slower than they expect and feel the need to change jobs. Volvo Group is aware of the struggle, therefore transparency is key in order to communicate properly beforehand. There is however the problem within the group of younger employees, as they are looking for a culture that motivates at a fast pace.

Talent retention strategies improvements

While there are talent retention strategies in place, interviews have shown that they are not always working as intended. Talent mobility supports the development and retention of talents within an organization, but there are still individual problems. The interviews have shown that there is some resistance in management towards talent mobility, where they do not want their employees to move within the organization and prefer to keep them within their own team. In contrast, the younger interviewees thought managers should see the bigger scale and be positive about their moving as it lets the employee develop him or herself and enhances productivity and new thinking in the new teams.

The old managers were like, why are you going to it [new position]? You should work with us [...] but we should be better at that if it is not received in a good way from the organization. - HR Manager 3

According to several interviewed managers, a lack of information sharing within the organization is another problem that has come to light. Managers may keep the collected and relevant information to themselves as there is no centralized system in place to share the information. One example of this could be to make better use of exit interviews and gather them collectively to create a database to foster a better understanding of the reasons why people leave and share the different interviews within the organization. There is also a need to be proactive and approach the managers responsible before leaving, in order to make Volvo Group understand what they can improve. We need to be better at being proactive [...] when people are still here. - HR Manager 2

As mentioned by several managers, emphasis should be put on talent retention starting from day one with the onboarding. Employees should have a good onboarding program, where they will feel welcomed, and an experience can be created where expectations are met from the beginning on.

I think talent retention is something that starts at the moment. Actually, when you do recruit someone [...] you need to make people feel welcome at home and that they are useful and needed. - Project Manager 11

Furthermore, there should be a focus on receiving early feedback and continuing the development plans. As soon as an employee enters the organization, interviews should be conducted with the intention of understanding and managing expectations.

What has not been good and what can we improve? And after maybe a year and so on. How do you feel now? - HR Manager 1

Continuous feedback from managers is crucial over time. The Interviews have shown that there is a lack of feedback when an employee is rejected from a job, they have applied for within Volvo Group. By not receiving any feedback on why they were rejected has created a less

positive experience where the employee does not feel listened to or valuable. Furthermore, when they do not have any information about why, the interviewees have felt that they struggle with how or what to develop or to know when they cannot understand what was missing.

...And then the assessment policy is not very transparent. You hardly get the feedback about your assessment. When I say assessment, it is the promotion for your job level up. So every time it is, I mean last three times for me, it has been rejected and I have not never been given any answer saying that this is the reason. - Project Manager 9

The interviews have shown that employees felt the most content and want to stay within the company when they can develop. Therefore, the interviewed candidates have pointed out the importance of a manager who listens and is trained for this purpose. This thinking needs to be communicated to the managers and become more centralized. Several interviewees pointed out this information may help the organization to understand, adapt and retain the next generation within Volvo Group. There is a need to create a collaboration between the old generation and younger generation where knowledge sharing is accepted and seen as a positive thing for the development of the teams and has been proven in some projects before.

It was a mix of young and old employees. Different roles, different profiles, different experiences. They faced a lot of challenges, and it was a lot of tricky things to solve, but we created a very good structure together after all and succeeded in the end.
- Project Manager 6

Young employees have opened up about ideas to improve the workplace more than it is right now. Due to Volvo Group's decentralized structure and organization in silos, the visibility of talent across the different business areas is lacking and could be brought more to the forefront. Visibility was mentioned, because it could help the managers create the right team and find talents being the perfect fit within the company. If questions about employees arise or future possibilities open up, Volvo Group would benefit from a less decentralized structure and a more open talent grid, spread over the organization.

Discussion

Talent retention and development strategies in practice

As losing talents is both costly and can create performance loss, the topic of talent retention is of importance for large and established organizations (Pandita & Ray, 2018). Thus, this research has shown how the studied company, has done a good job in retaining their employees within the organization and has prevented high turnover rates (Collings et al, 2017). This is confirmed by their average retention age being 17 years, which compared to the Swedish overall rate of 5 and the US 4.3 years, is high (Bureau of Labor Statistics, US. Department of Labor Statistics, 2022; Indeed, 2023).

This research has investigated a large organization, which already has an established set of rules, such as a pace and way of working that needs to be understood by young employees. However, the studied company faces the challenge of an extraordinarily high average age of 56 years, meaning that 80% of their employees will retire within the next 10 years. This highlights the difficulties of recruiting new employees and the importance of retaining younger employees. There is a general need for organizations to understand their talent pool and key roles in order to continue to stay competitive while considering the changing workforce (D'Amato & Herzfeldt, 2008; Collings et al., 2017). Therefore, managerial practices should aim to make younger employees stay within the company and teach them the rules, culture and working practices in order to fill in the aging employees' footsteps (Lewis & Hamilton, 2006; Collings & Mellahi, 2009), since it may take time to develop and learn the organization's pace as well as the organization-specific way of doing work (Collings et al., 2017; Taylor, 2019).

Talents are likely to leave a company when there are more attractive job opportunities externally, whilst satisfaction is lacking within the current work environment (Collings et al., 2017). Though this can foster healthy turnover in every company, this only helps to a certain degree. When an employee departs from a company, the most used practices to better talent retention, according to Pilbeam & Corbridge (2010), are exit interviews. By understanding and conducting exit interviews, HR can further its understanding of what made employees leave and if there were any beliefs or expectation mismatches between the employee and the employer (Mensah, 2019; Tarique, 2021). This can be applied as a practice in large and established organizations to retain young employees as it lets the company understand and adapt to the expectations of the departed employees. In this research, the studied firm has shown to apply this practice to determine why people are leaving the company and what can be learned from it. According to Taylor (2019) employees leave if they gain job fulfillment to a lesser degree from work and personal development. Understanding the problem immediately will make the organizations have time to start and implement new practices before the old workforce retires. This is an important strategic aspect because as stated by Aggarwal et al. (2007) HR practices have an effect on how their employees act and view the company. Nevertheless, organizations are constantly facing a changing workforce.

Moreover, this study shows that HR within organizations should work with practices that involve development and help managers to understand their employees (Aggarwal et al., 2007; Taylor, 2019). As the interviews have shown, working with development plans to encourage their employees' talents to stay within the organization can be effective. The studied company showed that having a practice of mapping talents can help employees to grow. This is a strategy organization can use intentionally to find high performers, who are earmarked for key positions and can be develop for future positions within the firm (Collings & Mellahi, 2009; Tansley, 2011). Young employees view broad offers of development as one of the most important factors within a job (Naim & Lenka, 2018). As seen in this case study, Volvo Group has a university for learning and development, which has been beneficial for their talent retention. Organizations should emphasize employees to take courses for personal and work-related development as a retention practice thus it can create satisfaction within the workplace (Collings et al., 2017). For further development, internal training is high on the studied companies' agenda. Through this practice, companies are creating more internal development opportunities and are pushing employees to start their own initiatives. This research points out that there have been success stories of networks that were developed internally and have contributed to Volvo Group's working life and culture. Through the fostering, enhancing, and pushing of internal campaigns, large and established organizations can not only use their own talent power, but at the same time need to emphasize personal development by offering the space for it. This can be an additional success strategy to higher employer commitment as it raises the intrinsic motivation of employees to achieve something and grow (Naim & Lenka, 2018).

A regularly occurring problem found in companies is the continuous monitoring and silo tank storing of information, which could be seen in the studied company due to centralized structures. It was also shown that the organization's size prolonged the process of translation of knowledge. Thus, companies should centrally collect, store and analyze the data they already have and make it accessible, to gain further insights into the reasons why people leave (Collings et al., 2017). The data collected from exit interviews should be spread to the whole organization and its managers as a proactive retention practice, as it then creates a common understanding of the occurring problems (Festing & Schäfer, 2014). Moreover, as the study shows, old employees will leave the company due to retirement, the young employees need to be employed and get the chance to gather knowledge of the organization's way of working, as soon as possible. While Younas & Bari (2020) argued that knowledge sharing is not important for retention, we disagree with this as the data has shown that it is important. Knowledge sharing between the old and young employees will prevent employees from feeling excluded through withholding information. The organization's size prolongs the process of translation of knowledge.

Understanding the expectations and beliefs of the individual employees

When looking at the different generational cohorts, there are differences in how they think but also what the individual values in their work (Naim & Lenka, 2018; Pant & Venkateswaran, 2019; Dam et al, 2023). By researching how large and established organizations work with talent practices, can help to support keeping young employees within a company, it is of importance to understand expectations. As employees enter the workplace, they have built up expectations and if these are met it can create a harmonious environment within the organization which in turn can help with talent retention (De Hauw & De Vos, 2010). This can be seen in the studied case, where managers start to address the new employees' individual expectations already in the recruitment process. Large and established organizations should put emphasis on expectation management in the recruitment process. Due to organizations' sizes, it may be hard to change the way of working, instead it might be easier to change employees' expectations. When employees start working, they are expecting a return on their time and effort, such as benefits and rewards. This is what social exchange theory is expressing (Tarique, 2021). The decisive factor in talent retention is the way managers are addressing the already existing implicit expectations and how those are acknowledged when working, especially with younger employees (Tarique, 2021). The case study has shown that continuous feedback and development talks have created a sense of ease for the employees as they know what is expected from them. For organizations, recurring feedback talks as a practice help with matching expectations. Younas & Bari (2020) point out that if organizations are not creating fulfillment, young employees are much more likely to switch jobs. We propose that understanding the beliefs and expectations between an employee and employer through a psychological contract perspective (De Vos et al., 2009; Tarique, 2021) may create a bigger organization commitment for employees in the beginning of their career. This means employees and employers have built up thoughts on the nature of their work that goes beyond rewards or benefits. If those expectations are met the contract is fulfilled whereby managers are meeting the duty of practices and leading the team. If the contract is not fulfilled, it is breached and will lead to employees leaving a company (Rosseau, 1989). Therefore, retention rates would decrease, which can result in organizations running out of employees to staff their positions in the future. This would be accompanied by a massive retirement wave and lack of retaining young talents.

Regarding satisfying employees, it has become important to meet their expectations through carefully selected practices (De Vos & Meganck, 2009; Dam et al, 2023; Tarique, 2021). As work-life balance is gaining importance for both young and old employees (Naim & Lenka, 2018), organizations should address this factor to create a long-term value for the employee. As the studied department shows, fostering a collegial growth environment whilst maintaining a sufficient work-life balance has become a unique selling point (USP) and attracted employees. With looking at the USP this study has found that it can help to attract employees of different age groups from all around the world. Having a global diverse team of such compilation enhances team performance and thus adds to the USP of a company, leading up to a competitive advantage (Pant & Venkateswaran, 2019).

Another commonly pointed out expectation is salary. Employees expect something in return of their investment of time and effort (Rosseau, 1989). This is a growing topic in today's market, where competitors try to outbid one another and managers need to negotiate (Collings et al, 2017). Due to the researched company's position within the industry, the study found that large and established organizations such as Volvo Group are limited in which salary ranges, they can offer, thus they are setting the market prices due to their size. According to Collings et al. (2017) creating the right offer and compensation package is attracting skilled talents and leads to a productive workforce. If those packages become too uncompetitive, talents might choose the competition as an employer, therefore strategies need to be adapted to also focus on other compelling compensation factors outside the salary for talent retention.

Furthermore, younger employees often see their first jobs as temporary ones in their career, therefore purpose driven work becomes more important (De Vos et al., 2009). Employers are constructing a story for their employees that helps them to understand what they are doing and why they are doing it. The “why” is especially important as it creates a purpose for their job. Managers at large and established should emphasize the reasoning behind their work and how it contributes to the company to create awareness in the employee’s mind. This will help the young employees to understand the purpose and their individual contribution and support talent retention. Moreover, as the young employees will move through different life stages, it is important to understand the expectations on the different career levels (Pandita & Ray, 2018). As they reach their mid and late careers, their expectations change towards more stability and having met expectations before increases the chances for talent retention. As Collings et al. (2017) state, promotional ladders create pre-defined expectations for the employees as they know what to expect when and how they reach the next level. With employees moving through different life stages, having promotional ladders is a managerial practice that will help to match expectations over time. Understanding the generational cohorts’ needs (Naim & Lenka, 2018) and combining it with the understanding of expectations of an employee may increase the chance of talent retention.

In order for young employees to stay at a company, the right technical equipment for work is essential as young employees have grown up with newer and faster technology (Naim & Lenka, 2018). Findings from the conducted interviews show a big prioritization of material equipment, such as an iPhone or the right computer. Therefore, we suggest a consideration of these into future strategies. If done so, employees are more likely to commit to a company. When the requirements cannot be met, the findings show that young employees are likely to leave a department (Rousseau, 1989). At the same time there is sometimes a mismatch about what the young employees want compared to what the managers think they want. As a manager might have different expectations compared to the young employees regarding material equipment, it may create a feeling of not living up to the expectations of the young employees (De Vos et al., 2009). Companies should continue to work on their understanding and expectations of the younger employees to create a bigger sense of belonging and to avoid disappointment (Rosseau, 1990). The study has shown that this helps to increase retention rates. Therefore, by working with expectations, managers should avoid a breach or violation of the contract and instead help their employees to feel heard (Rosseau, 1989).

The older generations interviewed in this study could see these generational differences themselves. They had a different point of view of what they were looking for when they were recruited, compared to the younger generations today. Their mindsets were different in points such as pace of change, salary expectations, work equipment, milestones and career paths, involvement as well as work-life balance.

Managing change and retaining young talents

Change of speed is seen as more ambitious to strategically approach with a practice when employees are younger. Later in life, due to older age and experience, employees' thoughts are evolving and a more accepting mindset is shaped towards pace of change. Age showcases employees' growth and calmness in not moving as fast. By accepting the organizational structures and the size of a company, employees are learning to adapt to the pace given. In early career stages the speed of change can become a burden and lead to frustration (Tarique, 2021). This was seen in the studied example, since Volvo Group is a large and established organization. Therefore, changes were not happening quickly because everything needed to be approved between different instances. By matching the employee's expectation of how changes are happening from an early career stage on, more emphasis can be put on personal and innovative change ways (Younas & Bari, 2020). Large and established organizations should emphasize managers to support young employees with a faster change approach in their organization.

When it comes to motivation of young employees in large and established organizations specifically, the study has shown involving them from an early stage on has been proven a successful practice. When researching the phenomenon of talent retention, it has been pointed out that through motivation this started to increase the employee's involvement from an early career point on. Employees have been more likely to stay and have spoken about an increased commitment to the company. As De Hauw & De Vos (2010) argued, organizations need to understand their newly hired expectations, especially when they are young and in the beginning of their career to increase the chance of an increased retention. As the studied company showed a change towards a more managerial listening approach of their employees and trying to create the right expectations from the start, they are showing progress towards managing expectations. However, this study has found that gaps in knowledge-sharing among managers can create losses of employees. It can prevent managers from better understanding their young employees when recruiting. In the empirical section it was named that better onboarding should be developed to include employees directly within a team (Rosseau, 1989). This implies that if knowledge is not shared amongst managers in large and established organizations, it can cause problems in setting up a team.

Our study has shown that firms are working proactively in accordance with Festing & Schäfer (2014) as talent retention needs to be an ongoing process. In order for large and established companies to stay competitive, practices are implemented such as frequent development talks and clear milestones are set to create a transparent overview of the next steps that are needed in order for a promotion. It has been mentioned that this communication is very much

appreciated, and transparency helps the talents to understand exactly where the next step will lead to (Naim & Lenka, 2018; Younas & Bari, 2020). This has also been seen from the conducted interviews, that the HR department has been conducting pulse surveys each year to understand their employees and continuously work with employee development. According to De Hauw & De Vos (2010) the young employees' careerism is affected by the practices that foster job training and job development, as this creates loyalty and sense of belonging in the organization (Pant & Venkateswaran, 2019; Tarique, 2021).

For organizations to address young employees' expectations, especially to prevent job hopping and foster development, this study has shown the use of talent mobility as a strategy. This is a practice that has become more important, especially in large and established organizations, and gradually been implemented into HR strategies (Kaktina, 2023). Talent mobility is a strategic tool to use as it supports keeping talents within the organization. Furthermore, it prevents performance loss and removes the uncertainty of who to hire for internal positions (Collings et al., 2017). The studied example is a showcase for how moving employees can prevent losing internal high performers. Thus, they are able to move within the organization. However, switching positions is not always welcomed by every manager as they may be afraid of letting their employee go. This in turn may make the employee feel unappreciated and can evoke negative feelings of an employee towards the organization, but it has to be addressed, that in the case study this sparsely occurred. In this research, it could be argued to emphasize understanding the beliefs by managers towards the employees to deepen practices (Tarique, 2021). As our data has shown, the employees who felt listened to and understood by their managers had more positive feelings towards their organization. The managers can see employees' qualities as important and are encouraging the switching of positions to further develop the employees. In return, those employees get a feeling of job satisfaction and a sense of fulfillment which supports retention at the company in accordance with Taylor (2019). Thus, connecting talent mobility with expectations would enhance the research and understanding of how talent mobility between employees and managers could be improved (Rousseau, 1989; Tarique, 2021). This is especially necessary for young employees, as they have high expectations of their employer. Before starting a job, their expectations are already set and can be of a stationary mindset. The study has shown that these beliefs can include switching to a new company after a few years and just developing and climbing the career ladder. If it is their first job they may have their mind set on not staying there for a long time to be able to progress in the career, which is an important factor for organizations to be aware of (De Vos et al., 2009; De Hauw & De Vos, 2010). The case study has shown how making continuous use of talent mobility is a common practice to overcome internal hurdles. The desire of young employees for constant change and exciting tasks can be addressed well through the practice of talent mobility as well. Due to the size of our studied company, it was shown that there are many opportunities to switch positions and try out new things within large organizations. As soon as an employee expresses a desire for new challenges within the company, a manager can respond to this request and specifically look for a new place for this employee. In this way, the person's desire for change can be met and a way is found to keep the talent within the company. This shows that large companies are using talent mobility and applying it to increase talent retention in companies.

Conclusion

This research has been aiming to answer the question of “*How does a large and established organization with an aging workforce work to retain young employees?*”. By conducting this study, it was found that large and established firms should support managers by developing talent retention strategies that can specifically cater to young employees' unique needs and expectations. Practices such as development, feeling heard as well as having good managers were valued highly by younger employees. However, work-life balance is a factor that is important for both young and old employees.

With an organization being established and of large size, centralized structures bear the risk of losing information. This risk needs to be addressed as knowledge sharing is highly important for retention. By creating awareness and centralizing knowledge within a company, the firm's learning can improve and contribute to the overall success.

This study found that talent retention strategies can specifically cater to young employees' unique needs and expectations. Therefore, talent retention strategies should put a lot more emphasis on the individual expectations and beliefs and create an understanding between employees and managers. Focusing on individual needs should be added to strategic planning, though its practicality is questionable in large and established organizations, due to manpower and feasibility.

By answering the research question, this paper has contributed to the existing literature, by enhancing the knowledge of internal talent mobility in connection with talent retention and its use in organizations for young employees. This is underlined by taking social exchange theory and the psychological contract theory into account and connecting talent management theory in depth with expectation management. This research puts emphasis on expectations and individual beliefs, rather than generalizing and focusing purely on generations.

Future research

This implies that future research of talent management should focus more on internal talent mobility and expectation management. This could be done by focusing on young employees and their expectations on the organization. It is important that future research does not just focus on the generational theories but does research regarding the individual and how this influences motivation and expectations. Research should be done over a longer period of time to see the long-term effect and changes of talent retention strategies. To get deeper insights into this topic, the study could be conducted in different contexts, such as different countries, organization sizes and industries. Overall, it is suggested to do more practical studies on talent management due to the limited amount that has been researched in that area.

Managerial implications

- The managerial implication that can be derived from this study is that companies who are rethinking their strategic approach on talent retention, should consider managing expectations from the beginning on. This includes the whole recruiting process. By making new employees feel welcome and creating a team, this evokes a sense of belonging, therefore, every employee can be integrated better. Moreover, talent retention may be prevented, and talents are motivated to stay within a company for a longer time.
- Generally, managers should be aware and trained to understand the different ages people are at. It is important to remove the prejudice on younger generations that have built up and focus more on listening. Furthermore, the approach of listening can be widely implemented and support employee's personal growth and development. As diversity is important for team dynamics and drives success, managers should look out for setting up mixed teams. In order to develop an understanding of talent retention, employees' expectations need to be understood and considered. These findings should be spread within organizations in order to enhance growth and contribute to a company's overall success.
- In order to prevent dissatisfaction and address the desire for change in younger employees, talent mobility should move into the center of strategic focus. That way, firms can increase their change offers and accessibility to retain talent. Through transparency and creation of visibility as well as advertising awareness and an understanding of such can be developed.
- Exit interviews are a proactive strategy of finding out the driver of employees leaving a company and prevent losing talent in the future by addressing challenges early on. Data like exit interviews should be analyzed and stored centrally in order to identify potential trends as well as solutions for improvement. A centralized learning and data management system for this process can support the future of talent retention management.

Acknowledgement

We would like to acknowledge and give thanks to our supervisor Niklas Egels Zandén at the School of Business Economics and Law at the University of Gothenburg for guiding us through this process. Thank you also to Andreas Diedrich and our fellow students, who supported this process by feedback and improvement suggestions throughout the formation process. In addition, we would like to give special thanks to Volvo Group Digital & IT, in pairing up for the thesis with us. Thank you, especially to Mikael Aldén, our Volvo Group internal supervisor, who supported us with the conduction of the interviews as well as his colleagues and the participants of this study to constituting to the data collection of this study.

References

Bryman, A., & Bell, E. (2011). *Business research methods* (3rd ed.).

Bureau of Labor Statistics, US. Department of Labor Statistics. (2022, September 22). EMPLOYEE TENURE IN 2022. *News Release Bureau of Labor Statistics, US. Department of Labor Statistics*. [Accessed 2023.04.14] Available at: <https://www.bls.gov/news.release/pdf/tenure.pdf>

Chambers, E.G. & Foulon, Mark & Handfield-Jones, Helen & Hankin, Steven & Michaels, Edward. (1998). The War for Talent. *The McKinsey Quarterly*. 3. 44-57.

Collings, D., & Mellahi, K. (2009). Strategic talent management: A review and research agenda. *Human Resource Management Review*, 19(4), 304-313.

Collings, D., Mellahi, K., & Cascio, W. (2017). *The Oxford handbook of talent management*.

Costa, A. (2008). The international mobility of technical talent: Trends and development implications. In *The international mobility of talent: Types, causes, and development impact*, The International Mobility of Talent: Types, Causes, and Development Impact, 44-83

D'Amato, A. and Herzfeldt, R. (2008), "Learning orientation, organizational commitment and talent retention across generations: A study of European managers", *Journal of Managerial Psychology*, Vol. 23 No. 8, 929-953.

Dam, N., Hack-Polay, D., Rahman, M., & Mahmoud, A. (2023). Psychological Contract and Young Talent Retention in Vietnam: Development and Validation of a Hierarchical Reflective Structural Model. *Businesses*, 3(1), 36-51.

De Hauw, S., & De Vos, A. (2010). Millennials' Career Perspective and Psychological Contract Expectations: Does the Recession Lead to Lowered Expectations? *Journal of Business and Psychology*, 25(2), 293-302.

De Vos, A., & Meganck, A. (2009). What HR managers do versus what employees value. *Personnel Review*, 38(1), 45-60.

De Vos, A., De Stobbeleir, K., & Meganck, A. (2009). The relationship between career-related antecedents and graduates' anticipatory psychological contracts. *Journal of Business and Psychology*, 24(3), 289-298.

Felderer, M., Méndez Fernández, D., Turhan, B., Kalinowski, M., Sarro, F., & Winkler, D. (2017). *Product-Focused Software Process Improvement* (Vol. 10611, LNCS sublibrary. SL 2, Programming and software engineering). Cham: Springer International Publishing AG.

Festing, M., & Schäfer, L. (2014). Generational challenges to talent management: A framework for talent retention based on the psychological-contract perspective. *Journal of World Business* : JWB, 49(2), 262-271.

Flyvbjerg, B. (2006). Five misunderstandings about case-study research. *Qualitative inquiry*, 12(2), 219-245.

Gallardo-Gallardo, E., Nijs, S., Dries, N., & Gallo, P. (2015). Towards an understanding of talent management as a phenomenon-driven field using bibliometric and content analysis. *Human Resource Management Review*, Human resource management review, 2015.

Goldsmith, M., Carter, L., & Institute, T. (2009). *Best practices in talent management how the world's leading corporations manage, develop, and retain top talent*. Hoboken: John Wiley & Sons.

Heath, C., Hindmarsh, J., & Luff, P. (2010). *Video in Qualitative Research: Analysing Social Interaction in Everyday Life* (Introducing qualitative methods). Los Angeles, Calif. u.a: Sage.

Hinings, C.R. (1997). Reflections on processual research. *Scandinavian journal of management*, 13(4), 493–503.

Indeed (2023). Hur ofta ska man byta jobb? [Accessed 2023.04.15] Available at: <https://se.indeed.com/karriarrad/karriarutveckling/hur-ofta-byta-jobb>

Kaktina, J. (2023, March 30). *Talent Mobility: What is it and How Can You Implement it?* / *Career Star Group*. Career Star Group. [Accessed 2023.04.14] Available at: <https://careerstargroup.com/2023/03/30/talent-mobility-what-is-it-and-how-can-you-implemet-it/>

Karlsson, C., & Olsson, O. (1998). Product Innovation in Small and Large Enterprises. *Small Business Economics*, 10(1), 31-46.

Lee, C.C., Lim, H.S., Seo, D.(J). and Kwak, D.-H.A. (2022), "Examining employee retention and motivation: the moderating effect of employee generation", *Evidence-based HRM*, Vol. 10 No. 4, 385-402.

Lewis, R., & Heckman, R. (2006). Talent management: A critical review. *Human Resource Management Review*, 16(2), 139-154.

Martin, P. Y., & Turner, B. A. (1986). Grounded theory and organizational research. *The journal of applied behavioral science*, 22(2), 141-157.

Mensah, J. (2019). Talent Management and Employee Outcomes: A Psychological Contract Fulfilment Perspective. *Public Organization Review*, 19(3), 325-344.

Muratbekova-Touron, M., Kabalina, V., & Festing, M. (2018). The phenomenon of young talent management in Russia—A context-embedded analysis. *Human Resource Management*, 57(2), 437-455.

Naim, M.F. and Lenka, U. (2018), "Development and retention of Generation Y employees: a conceptual framework", *Employee Relations*, Vol. 40 No. 2, pp. 433-455.

OECD (2023), "Enterprises by business size (indicator)." [Accessed on 22 May 2023]
Available at: <https://doi.org/10.1787/31d5eeaf-en>

Pandita, D. and Ray, S. (2018), "Talent management and employee engagement – a meta-analysis of their impact on talent retention", *Industrial and Commercial Training*, Vol. 50 No. 4, 185-199.

Pant, J., & Venkateswaran, V. (2019). Exploring millennial psychological contract expectations across talent segments. *Employee Relations*, 41(4), 773-792.

Pilbeam, S., & Corbridge, M. (2010). *People resourcing and talent planning : HRM in practice* (4th ed.). Harlow: Financial Times Prentice Hall.

Rodríguez-Sánchez, J., González-Torres, T., Montero-Navarro, A., & Gallego-Losada, R. (2020). Investing time and resources for work–life balance: The effect on talent retention. *International Journal of Environmental Research and Public Health*, 17(6), 192.

Rousseau, D. (1989). Psychological and implied contracts in organizations. *Employee Responsibilities and Rights Journal*, 2(2), 121-139.

Rousseau, D. (1990). New hire perceptions of their own and their employer's obligations. *Journal of Organizational Behavior*, 11(5), 389-400.

Silverman, D. (2020) *Interpreting Qualitative Data*, 6th edition. London: SAGE.

Tansley, C. (2011). What do we mean by the term "talent" in talent management? *Industrial and Commercial Training*, 43(5), 266-274.

Tarique, I. (2021). *The Routledge companion to talent management* (1st ed., Routledge companions in business, management and marketing).

Taylor, S. (2019). *Resourcing and talent management* (Seventh ed.).

Twenge, J., Campbell, S., Hoffman, B., & Lance, C. (2010). Generational Differences in Work Values: Leisure and Extrinsic Values Increasing, Social and Intrinsic Values Decreasing. *Journal of Management*, 36(5), 1117-1142.

Volvo Group (2023a). Volvo Work Culture. [Accessed 2023.02.15] Available at:
<https://www.volvogroup.com/en/careers/work-culture.html>

Volvo Group (2023b). About us. [Accessed 2023.02.15] Available at:
<https://www.volvogroup.com/en/about-us.html>

Volvo Group (2023c). About us. [Accessed 2023.05.09] Available at:
<https://www.volvogroup.com/en/about-us/history-and-r-d-milestones/from-hisingen-to-the-world.html>

Younas, M., & Bari, M. (2020). The relationship between talent management practices and retention of generation 'Y' employees: Mediating role of competency development. *Economic Research - Ekonomska Istraživanja*, 33(1), 1330-1353.