

*Full Length Research Paper*

# Leadership challenges associated with the management of Generation Y employees: A proposed theoretical model

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**This paper acknowledges that Generation Y (Gen-Yers), who have grown up in a world of convenience and easy access to information, are more complex to lead and to understand than generations before them. Gen-Yers have entered the labour market at a time when the current labour force is aging in the world and in South Africa. Gen-Yers are working with forty to sixty-year-olds and in some cases supervising employees old enough to be their parents. If unhappy with work circumstances Gen-Yers change careers fast, thus creating frustration for employers struggling to retain and recruit talented high-performers. According to the report for the Future of Small Business Management (2007) issued by the Institute for the Future (ITFF) based in California which has forecasted emerging trends affecting the global marketplace for 40 years, Gen-Yers, will emerge as the most entrepreneurial generation ever in the next decade. These highly independent individuals will rather be small business owners or freelancers and will choose not to work for large corporations. What are the leadership challenges facing South African companies when they engage with Gen-Yers? Firstly, this paper explores the concept Gen-Yers, as discussed in the theory. Secondly the paper further explores possible conflicting areas between current leadership practices and Gen-Yers. The paper concludes by supporting the value that Gen-Yers can bring to companies and suggests some practices that can be adopted by leadership to engage and motivate them and at the same time ensure that their companies stay ahead of competitors by keeping Gen-Yers motivated to stay in their employment. A theoretical model is suggested for testing Gen-Yers tenure of employment relationship.**

**Key words:** Management, Generation Y, Gen-Yers, leadership challenges, motivation, entrepreneurial orientation.

## INTRODUCTION

The term *generation* is based more on theory and observation than on empirical evidence. Rhode and Platteel (1999) as cited in Plotz (1999) suggest that it has nothing to do with age, but rather, that they share the same formative experiences. These formative experiences come via the media and it is further suggested that brain patterns of various generations may be different. People born during various times have been given names such as Baby Boomers, Generation X and Y also known as the millennium generation. The term

Generation Z is also more widely heard. The Baby Boomers were born during and after the 2nd World War (1940 to 1960). This generation was known for knowing what to do, and making sure that it is done. The Generation X, (Gen-Xers) born from about 1960 to 1980 respected human values more and felt that their upbringing was too strict. Generation Y is a term used to describe the demographic cohort following Generation X. They are also known as "The Millennial Generation". They were born from the mid 1980's to the mid 1990's. The term was simply generated because it came after Generation X (Grobler et al., 2006). This generation has entered the workforce and brought with them an unexpected change to the labour market. They accept

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technological change with ease, showed little respect and loyalty for their co-workers and employers (Howe and Straus, 2000).

Howe and Strauss (1991) postulated that the Gen-Yers themselves used the term "Millennials" in place of Generation Y so as not to be associated with Generation X. A decade later they followed up their research and use the start year as 1982 and the end year as 2001. Motivating it, they believe that the graduates of the year 2000 high school sharply contrasts with those born before and after them due to the attention they received from the media and what influenced them politically. Communication technology caused the major difference between the pre-Boomers, the Boomers, Gen-Xers and Gen-Yers. The relevancy lies in the difference in pace and complexity that the media changed. Children watched cartoons and movies in their formative years up to five years and again in their teenage years. Today Gen-Yers find the old Walt Disney films slow and boring if compared with images and action of today's movies and cartoons (Restak, 2003).

A recent article (Generation Y, 2009) cited by Prof Kaplan an associate managerial science professor at Long Island University-Brooklyn in New York where he stated that Gen-Yers is not likely to respond to traditional command –and control type of management which is still practiced in many firms. They question everything and do not know when to keep their opinions to themselves. This inevitable will leads to conflict in the workplace.

### **Objectives of the study**

Against the afore-mentioned background, Gen-Yers as a concept and the associated variables with the term are explored. Antecedents of leadership practices that may impact on a Gen-Yers motivation to stay with a firm are identified and unpacked. The purpose of this theoretical study is to suggest a theoretical model that can be explored for future scientific research. It is further motivated that this theoretical study is significant in providing thinking ground for existing companies if they want to employ and retain Gen-Yers. It is further suggested that new or existing companies cannot afford to ignore the possible impact that Gen-Yers may have on their Entrepreneurial Orientation - Firm Performance relationship.

### **RESEARCH METHODOLOGY**

Secondary data has been used. Peer-reviewed journal articles, conference proceedings, internet sources, textbooks, media and newspaper publications were utilised in this study. The accuracy of some of the data may be difficult to verify and to overcome this problem and the biased factor, cross checks of data from multiple sources, where possible, were done. It was then possible to rework the data as it applied to the topic of interest in order to suggest a theoretical model for future research (Zikmund, 2003).

### **LITERATURE REVIEW**

South Africa's Generation Y (SA Gen-Yers) has been growing up in times of major transition: a political transition with deep social impacts, accelerating urbanization, and widening and deepening globalisation. Although this presents opportunities, also brings new challenges. The SA Gen-Yers is the group that has to build a unified, non-racial society bridging the prejudices and mistrust of previous generations. They also have to develop and maintain their own cultures and customs while being integrated with a global society. Thus, while globalisation affords this generation with more opportunities, they need to be more competitive and more adaptable as a consequence of international competition (Visser, 2009). The environment and challenges are different and this generation will without doubt have to do things in a different way. Much of their inheritance in terms of the economy, environment and global stability is not looking good. Gen-Yers are custom to the attention of their parents, they have had less financial strain and received high doses of external praise from authority figures to validate their accomplishments. No one loses and everybody is acknowledged for participating. Gen-Yers accept the "latest new thing" with ease in their lives and have a positive self-esteem (Fogarty, 2008; Wierzycka, 2009).

The brain changes its organization and functioning to accommodate the abundance of stimulation forced on it by the modern world. One consequence of this change is that we face constant challenges to our ability to focus our attention. The brain further responds, for better or worse to the technology all around us: cell phones, television, e-mail, laptop movies, computers and the World Wide Web (www) and thereby the brain changes how it functions (Restak, 2003). Gen-Yers have been brought up in a world of instant access to information as they have been exposed to advanced technology and social networking (Wierzycka, 2009).

### **Management of communication technology**

Robinson (2008) as cited in Seopa (2008) said that South Africa's first multicultural generation - Generation Y - has far more opportunities than previous generations; they have been freed of dependence on conventional media, and are more interested in making a success and expressing themselves. Until fairly recent times SA tended to be about ten years behind America in terms of developments in many fields. For example, by 1949 United States of America (USA) had 10 million monochrome Television (TV) sets and had an operational full colour TV by 1961. In 1971 South Africans could view a very good quality colour PAL TV, far better than the average American was familiar with. With the efficiency of current electronic messaging and the global market the

ten year gap has now narrowed to about a year and in some fields, like catching an Internet virus South Africa (SA) is on real time with the rest of the world.

Research conducted amongst 7500 student by Junco and Mastrodicasa (2007) as cited in Wierzycka (2009) revealed that a typical profile of a Gen-Yers comprises of the fact that 40% obtain their information via television, 94% do own a cell phone and they use text messaging; 28% have a blog and 44% of them read other people blocks; 34% obtain instant information via websites, 49% download music using peer to peer file sharing and 16% download software. Gen Y's have been brought up in a world of convenience and fast tracking information and technology, which shapes their way of thinking. This is supported by several of the other authors cited in this work. These technology advances which created many additional ways to communicate are considered by older generation management as a waste of time if not understood (Arnold, 1997). It is suggested that management must use the social networks and the knowhow of the Gen-Yers to position themselves in groups and networks (Wordon, 2009).

The instant communication framework Gen-Yers developed through extensive computer usage has led to a need for more professional feedback than that of past generations. Communication platforms such as short message service (SMS), e-mail, video chat, and blogging have engendered a mindset that necessitates constant communication with others. That mind-set has been brought into the workplace (Sachs, 2009). They will also seek regular reinforcement, constant feedback, lofty goals and significant rewards (Naidoo, 2005). Based on the literature and discussions, the following research hypothesis is formulated:

**H<sub>1</sub>:** There is a relationship between the management of communication technology in the workplace (independent variable) and Gen-Yers tenure of employment (dependent variable).

If we apply generation factors to SA we will find out that the influences were initially much watered down and focused on white youths. However, over the last 15 years wealthy blacks and most whites have started catching up. As electrification and housing has spread, so has access to TV spread to many black households. Many non-wealthy blacks and whites have access to a compact disk (CD) player. It is suggested that most of the students in high school today have not had the same relentless visual exposure that the USA youth has had over the last forty years. It is estimated that while only about 5% of teenagers in SA have access to the Internet at home and the numbers who have Internet access at school is increasing daily as international and local benefactors make this possible. This in turn will increase access and exposure to the global village (Visser, 2009). Based on the literature and discussions, the following research

hypothesis is formulated:

**H<sub>2</sub>:** There is a relationship between access to the internet at place of work (independent variable) and Gen-Yers tenure of employment (dependent variable).

### Work place challenges

For the first time in South Africa four different generations are working side-by-side in the workplace. Older workers were the managers and the younger workers did what was asked of them, without any questions being asked. Definite rules existed as to how the manager was treated and how older workers treated younger workers. Generational differences affect everything from recruitment, team-building, change, and motivation, maintaining and increasing productivity. Gen Y's are presenting new challenges to those who manage them (Naidoo, 2005).

Robinson (2008) as cited in Seopa (2008) said that Generation Y is more interested in making their mark and expressing themselves than being in "paternalistic conversations" that pushes information to them. They want to belong to a niche as well as stand out as individuals within a group. This generation wants to express itself. Information must be facilitated to them to stimulate conversation in order for them to participate. It is reported that Gen-Yers do not have a good reputation in the workplace. Some managers report them as having no work ethics, lack of respect, distraction with social networking and they show little if any loyalty to the company they are employed in. It is however believed that if Gen-Yers are constantly challenged in the work place to engage in new things their tenure of employment is longer (Wordon, 2009). Based on the literature and discussions, the following research hypothesis is formulated:

**H<sub>3</sub>:** There is a relationship between workplace challenges (independent variable) and Gen-Yers tenure of employment (dependent variable).

The afore-mentioned were supported by famous South African radio reporter Cliff (2008) who supported Robinson's (2008) sentiments in his presentation. Cliff (2008) emphasised authenticity in adverts because young people are in charge of their mediums, do not subscribe to mediums, and they can move at any time. According to Cliff (2008), young adults do not want to be patronized. They just want honesty. Positive brand experiences will be shared with friends but so will bad experiences quickly be heard by all on the social network. Cook (2008) cited in Seopa (2008) said "Most companies are not young and learner friendly" young people are often showed away due to a lack of experience and that prevents them from entering the workplace. She further

emphasised that firms can learn from young people.

Over the past decade much time and effort has been spent on understanding and integrating Gen-Yers into the workplace. In effect, employers have had to change their expectations and management style when dealing with Gen-Yers as employees. Performance management is more difficult and riddled with pitfalls. Patience, self-control and determination are key requirements. Tenure of employment is much shorter (Wierzycka, 2009). Gen-Yers in SA have grown during South Africa's first fifteen years of democracy; therefore they are well-informed about their human rights as stated in the constitution. It has been reported that this is an issue in corporate environments. Some employers are concerned that Gen-Yers have too great expectations from the workplace and desire to shape their jobs to fit their lives rather than adapt their lives to the workplace (Gorgarty, 2008). To better understand this mindset, many large companies are currently studying this conflict and are trying to devise new programs to help older employees understand Gen-Yers, while at the same time making them more comfortable in the workplace. The divide between work and life is continually growing narrower as more people shift from the office to a home based workplace (Sasch, 2009). The rate of home-based office workers has increased significantly in the past two years. Gen-Yers do not want to repeat the mistakes their parents have made, working long hours, neglecting family, friends and personal pursuits (Naidoo, 2005). Based on the literature and discussions, the following research hypothesis is formulated:

**H<sub>4</sub>:** There is a relationship between Gen-Yers desire to fit work to lifestyle (independent variable) and Gen-Yers tenure of employment (dependent variable).

### **Leadership support**

Having low inherent expectations of corporate loyalty, Gen-Yers will deal with the emotional trauma of being unemployed better and will adjust rapidly to changing work conditions. Gen-Yers carry little financial responsibility in terms of property ownership or investments, and thus are better able to survive a crisis. They are also highly educated, skilled at multi-tasking and cheaper to employ. Although spoilt, they are not ignorant. Gen-Yers will lower their demands and expectations to meet their needs. It is thus likely that, in the short term, all that knowledge, higher education and creativity can be harnessed by employers with a minimum of effort. The question that arises is "how does today's leadership deal with the challenges Generation Y brings to the workplace (Naidoo, 2005; Wordon, 2009).

When leading and motivating Gen-Yers, honesty is valued by them; it is suggested that managers must communicate on their terms; make the workplace fun; do

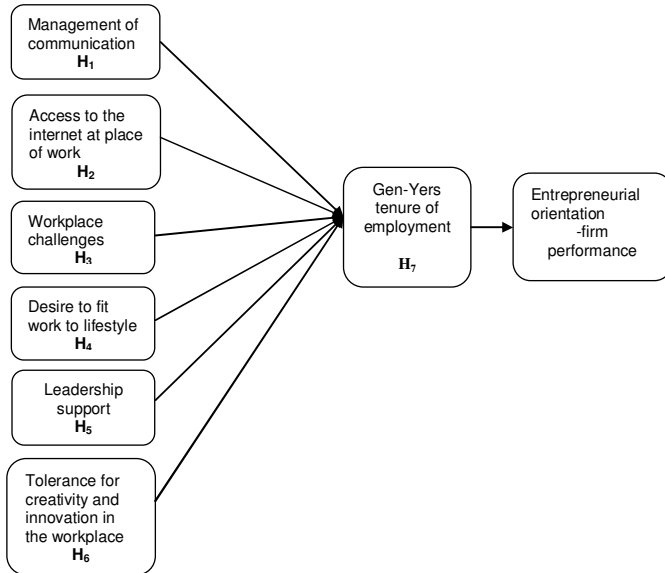
not expect something from them if you cannot do it yourself; explain the "why factor" and what is in it for them; let them know what they do, matters. Leaders need to make work challenging to take advantage of their high-achievement mentality. Part of that is to build relationships with them and to get to know them. Customised benefits and tailored career paths is something managers should be considering. Generation Y want to be part of an organisation that is on the cutting edge of technology. They should be challenged to find technological solutions to everyday issues (Veldsman, 2002). This generation is used to making and spending money. "Show me the money," is part of Y's everyday language. They are extremely good at negotiating and will seek compensation packages that allow them to maintain their lifestyles. Money is important to them, but so is having work-life balance (Naidoo, 2005).

Attaining that balance is what will drive them and when the time comes they will want to spend more time with their children. Unlike the Boomers and Generation X, Generation Y will see family as being first (Wardon, 2009). Leaders will have to find a balance between providing a work environment that will leverage the genius of Generation Y and not alienating the rest of the workforce. By knowing more about Gen-Yers a leader can change behaviour to reverse their perceptions. They do spend more time on Face book than on the details of their jobs but managers can use this knowledge to create their own groups and networks and blogs. As long as a challenge is provided Gen-Yers have proven to stay long after hours they do believe that loyalty works both ways and that respect is a two way street (Wardon, 2009). The leadership challenges associated with future-fit organisations will require better and different leadership challenges. Gen – Yers will stay within a firm if they can identify with their leadership personal stance (Veldsman, 2002). Based on the literature and discussions, the following research hypothesis is formulated:

**H<sub>5</sub>:** There is a relationship between leadership support (independent variable) and Gen-Yers tenure of employment (dependent variable).

### **Tolerance for creativity and innovation**

Gen-Yers are demanding, outspoken, ambitious, demand high rewards, they want fast track career progression, active mentorship's, and they want to be acknowledge, most of them want time to peruse their own interest. They struggle to deal with failure or criticism and because they have been raised to be team players, with a great deal of oversight, they tend to flounder if left unmanaged or unsupervised (Amar, 2004). They resent hierarchical leadership structures. If their demands are not met, they are quick to resign, often without another job to go to, safe in the knowledge that their parents will look after them (Wierzycka, 2009).



**Figure 1.** Proposed Theoretical Model for Gen-Yers Tenure of Employment

Diversities and history generate creativity in the workplace. The more diversity one has in the workplace the more creativity one can expect. The workplace needs to appreciate that, Gen-Yers do not want to sit and cannot sit in one place. In a new financial reality, many companies will look to Gen-Yers to come up with cheaper, more technology-oriented solutions. The headspace of young people is indeed a company's greatest asset (Wordon, 2009). Based on the literature and discussions, the following research hypothesis is formulated:

**H<sub>6</sub>:** There is a relationship between the level of tolerance for creativity and innovation in the workplace (independent variable) and Gen-Yers tenure of employment (dependent variable).

### Entrepreneurial orientation (EO)

The term EO refers to processes, decision-making and practices within an existing organisation that may lead to a new activity, venture, product, process, activity. The core of EO lies in the fact to act alone, to take risks, to be innovative, to be competitively aggressive and to be proactive (Dess and Lumpkin, 2005). At the centre of entrepreneurship is innovativeness. It is the fundamental basis of an entrepreneurial organisation for developing new products or designing new processes (Drucker, 1985; Schumpeter, 1934). Innovativeness describes an organisations willingness to add newness with added value. Risk-taking is associated with the willingness of the entrepreneur to take calculated business related risks

(Aloulou and Fayolle, 2005). The concept pro-activeness has two attributes added to it namely autonomy and competitive aggressiveness, where autonomy refers to the actions undertaken by individuals or teams intended to establish a new business concept. Competitive aggressiveness refers to a response to threads that already exists in the market place (Dess and Lumpkin, 2005). Knight (1997) found empirically, that risk taking and competitive aggressiveness should be included in the same dimensions with pro-activeness. Based on the literature and discussions, the following research hypothesis is formulated:

**H<sub>7</sub>:** There is a relationship between Gen-Yers tenure of employment (independent variable) and firm entrepreneurial orientation- firm performance (dependent variable).

### Conclusions

Generations are shaped by the events around them. In theory the economic chaos should act to modify outlook on life. In practice it is more likely to merely change their short-term behaviour. Gen-Yers may feel that their comfortable existence is being threatened by current events; the global crisis may well be the best thing that has happened to its members. Without a doubt, and annoyingly for most of Generation X managers, Gen-Yers will come forward as a more powerful force in the workplace (Morton, 2002).

Given the financial turmoil one may well ask what the future holds for Gen-Yers. For the first time they are facing real complications which test their ability to make demands on others. Widespread unemployment and financial trouble will challenge any feelings of entitlement. Where Gen-Yers have always relied on parents for financial support, the position may well overturn. Faced with the decimation of their savings the same parents may well have to turn to their Gen Yer children for financial support. Although not brought up to be responsible and accountable, they are extremely adaptable (Martin, 2005).

### FUTURE RESEARCH

There are many arguments as to what impacts on a firm's EO (Dess and Lumpkin, 2005). Future research should consider the impact of Gen-Yers tenure of employment on existing firm's EO. The antecedent's communication technology; workplace environment and management with their respective variables as identified in this study represent only a few possibilities. The following theoretical model (Figure 1) suggested therefore for future research.

Although it is argued that Gen-Yers tenure of employment and its antecedents has a relationship with

firm entrepreneurial orientation, it is postulated that other key constructs be explored. If these are combined otherwise maybe stronger relationships can be identified. The theory leaves itself wide open for speculation about the real impact and behaviour of Gen-Yers in the workplace. Few well researched academic articles exist. Most of the secondary data used stem from e-articles, hearsay and speeches made by public figures and or company chief executive officer(s) (CEO's). The model suggested, based on the collection of this secondary data is a starting point for future empirical research to see if indeed a new wind is blowing for the scientific teachings of management.

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