Leadership Perspective on the New Generations (Generation Y and Generation Z)

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Abstract

Due to the strong influence of the new generations, a significant change in the working world has been taken place. Especially employeesrequirementstothe leadership changed dramatically. A detailed literature analysis shows that Generation Y (Millennials) and Generation Z affect the areas career, flexibility, training and digitalisation. This research will examine eight leadersstatements regardingthe perceives of the change in their current organizations. Moreovertheyprovide an outlook on the newestGeneration Z, because many of them have not arrived in the working world yet. These leaders are selected from different Austrian companies with employees between 40 and 20.000. All of the respondents have staff responsibility and most of them hold a managerial position in their organization. The findings of the study lead to the assumption that leaders perceive the change through the Millennials and try to keep up, but they are completely stumped with the requirements ofGeneration Z.

Keywords*:* leadership, generations, organisation

1. Introduction

The new generationswere suddenly, unexpectedly on the job market and no one had expected them so quickly. While some of yesterday's managers are still very overwhelmed, leaders have already been taking actions to adjust their organisational situation.The term "new generations" includes members form Generation Y and Generation Z. Generation Y is also known as Millenials and are people who were born between 1985 and 2000. (Hurrelmann &Albrecht, 2014) People, who were born and grew up in the early 2000s are often called Generation Z in the literature. Exactly the generation includes all those born after the year 1995. (Eberhardt, 2015)

Term leadership has become very important under the influence of the new generations. Many years ago, people talked about management,when it came to managing employees. But what is generally said is that management needs leadership to be effective and this leads to the perception that management and leadership are somehow separate. The use of techniques and controlling measures plays a major role in management and is often referred to as a mechanical process. Better known as administrative activities. In this regard, leadership is seen as inspiring, future-oriented and charismatic in our psyche. (Walker, 2011)

The paper will investigate the opinion of theCEOs/managers in Austrian companies regarding their influence on the new generation with the focus of the organization. More over the reaction on the affected change on the new generation is part of this paper.

2. Literature Review

2.1 New generations in the labor market

Today the basic question is "does a company fit my CV" rather than "do I suit the business?" (Tulgan, 2010)Internships, studying abroad, knowledge of foreign languagesand community involvement are key components of the curriculum vitae of the new generations. The key challenge for them is to navigate between bachelors and master's degrees, diplomas and further additional training and to design a total life factory in order to obtain scarce and coveted jobs. (Böhlich, 2010)

Flexibility is the keyword caused by digitalization, which allows people to work while they are on holiday or at home. Laptops and e-mails allow the availability and accessibility of work at any time. The boundaries between the professional and the personal life have become slightly blurred. (Parment, 2009)

Elaboration models and flexible working hours are a special request from Ypsilons to ensure a separation and balance between work and private life. The career path of Generation Y is characterized by a series of short-term employment (average 16 months) due to lack of challenges and boredom, and not as intended due to a lack of loyalty. (Fitzel, 2013)

Their worldview and openness can strengthen the concept of loyalty and have nothing in common with subordination and blind obedience. Income is a major concern for them and can only be improved by frequent job changes, also called job hopping. Beside the monetary aspect the identification with the brand of a company plays an important role and to identify with the vision.In other words employer branding. A long-term working relationship can only be assured if the values of Ypsilons are served. (Sheahan, 2010)

The executive has to believe / representchanging values by himself, which is another important aspect of the new generation's work environment. A study in 2006 with the title "How human success leadership can be" with young and experienced executives showed a significant shift in leadership behavior.In focus of Generation Y is sustainability and respect.These set of values are important in the selection process regarding the next employer for nearly a half of the respondents of younger executives.

2.2 Leadership Generation Y

But how should leadership within Generation Y look like now? One thing is for sure, it is a generation that avoids the harassment and pressure of managers. It is a generation that cannot be impressed by rigid management. It rejects regulations and hierarchies, in part. Managers are sometimes praised for being efficient implementers, but they are not admired. Millennials expect respected persons to prove themselves daily anew and get thereby their acknowledgment. Leadership is the only way to achieve business goals and lead Generation Y. The personality of the leader offers an opportunity for identification and orientation and can impress the new generation. Furthermore, it offers a projection screen for their own wishes and goals. It's the leader's demonstrated and imparted values that animate and motivate people to join in, and not the manager's commands that bring the millennials on board, as they did in the past. The playful bond that is conveyed by the leader gives Generation Y the feeling of not being tied to the company. Generation Y people are willing to have confidence in their leaders, but also to trust them and already prefer to accept praise. But also the acceptance and definition of common team tasks and goals. In this way, they are also prepared to accept the negative side, such as criticism. Through the value profile lived by the leader, the new generations are ready to contribute to the company and to perform excellently and thus the company is also recognized as valuable and meaningful. The decisive element to lead, reach and address a whole generation is the personality of the leader. (Buzek, Leone&Sobolweska,2015)

2.3 Leadership Generation Z

The keyword for Generation Z is "digital natives". Different means of communication and communication channels play a major role here. Since Generation Z is still much unexplored in part, the first studies are already being carried out. These are astonishing, especially in the area of human resources. In contrast to their predecessors, they are hardly willing to commit themselves to a company. Rather, what counts is the strict separation between professional and private worlds. Flexibility is a particularly negative aspect when it comes to working hours, as it can be exploited by the company and is therefore a potential threat. It is also astonishing that the assumption of management responsibility is playing an ever smaller role. (Scholz, 2014) An Australian study was entitled "Don't manage me - understand me." If one wants to believe this statement, possible yet unforeseeable challenges for leadership work will fall within the core competencies of leadership. (Buzek, Leone&Sobolweska,2015)

3. Research Methodology

In this work the qualitative market research method is used. The reason why this survey is appropriate is, because the interviewer can be flexible during the conversation. There is the possibility to respond to answers and further more everyonehas the opportunity to change questions. This reduces the risk of losing relevant information.For data collection the guided interview with experts was chosen. The advantage of this qualitative market research method is that there is the possibility to demand. (Hug &Poscheschnik, 2010) Thereby versatile insights on a subject area can be gained together with experts. An expert is defined as a person who has many years of professional experience in a specialist field and/or extensive specialist knowledge. Opinions of people who are not so familiar with the topic can consume the results of the interviews. (Fischer, 2006)

For the expert interviews a guideline was created. It supports a structured survey during the interview, although it still allows a flexible process. By structuring the interview, it is possible to quickly return to the actual topic, if there is any deviation. (Mayer, 2004) A guideline question often only can be answered by spontaneously asking interposed questions. These ad- hoc inquiries are not presented in the interview guide. The guideline only contains defined questions to ask and thus serves as a guide. (Gläser&Laudel, 2010)

The following defined research questions were derived from the literature review:

1. How have the requirements of your employees changed in the last few years and what are the specific requirements?
2. What measures do you take as a result of the changed framework conditions in order to meet the requirements of your employees?
3. Is your company affected by high staff turnover?
4. What requirements do you have for future employees?
5. What role does digitization play in a modern work organization?
6. What might the requirements or characteristics of Generation Z look like?

The interviews with the experts were conducted in German, as the experts work in German-speaking countries despite their international experience. The background idea was not to build language barriers and thus important information would be lost.The selection of the experts was important step during the whole process. The following criteria have been set for this survey due to the reason that human resource subject is in responsibility of the board:

- C-level management/CEO
- (international) experience (preferred in AUT/GER)
- several years of experience in the field of research
- highly educated
- motivation to support and enable knowledge transfer

Table 1: Overview of the experts

Int. No.	Branch	Education	Position	Experience	Number of employees
1	Home applianceindustry	Master degree/MBA	HR Director/CFO	12	<40
2	Cross industries	Master degree/MBA	CEO/Board Member	30	<1000
3	Service industry	PhD	CEO/Board Member	35	<20000
4	Beverageindustry	Master degree	Human Resource Manager	4	<150
5	Banking industry	Master degree	Head of Retail Banking	35	<1000
6	Clothingindustry	Bachelor degree	Head of Human Resource	3	<600
7	Banking industry	PhD	Head of Recruiting and Personal Development	12	<1200
8	Consulting industry	Master degree	Managing Principal	10	<350

Source: own research

The interviews with the experts took place between the 15. February 2018 and the 24. July and had the same procedure. At the beginning the course of the conversation was explained. Afterwards an introduction with warm up questions took place to know more about the background and the work experience. With the agreement of the experts, the interviews were recorded on tape. The interviews took between 25-41 minutes.The experts came from the home appliance, service, oil, beverage, clothing, banking and consulting industry and are responsible for between 40 and up to 20.000 employees. For the topic of this research group, it was important that all of the experts have had many years of experience in their field to be able to respond to changes in requirements.

All of them have a university degree and two of eight have a doctoral degree.The data, which is collected, is integrated and recorded accordingly. All data is examined carefully repeatedly. The participants are coded as I1, I2, I3, I4, I5, I6, I7 and I8 due to data protection requirements.

4. Results

The opinions of the experts in context to the research questions were analysed in more detail.

4.1 Changing requirements

All experts agreed that there changes have been taken placeonthe demand ofthe working world in the past few years. Strongly driven by the new generations. Experts I1, I5 and I6 mentioned the key word "flexibility" in the context of work-life balance. In regards to the statement I8 mentioned: "They want more flexibility and more creative freedom (...) they put a lot on a balanced life. Our generation was more important to make a career."

Training and development related to making career is very important have been confirmed by I5 and I7.

"Less hierarchically (...) that an authoritarian leadership style is completely inappropriate" was the statement from expert I3. A regular feedback process which is desired by the new generations is confirmed from I4.

4.2 Measures to meet new requirements

To meet the new requirements, I1, I2, and I3 confirmed that the human resource development plays an important role in their business.I2 and I3 also mentioned the need of mentoring programs that have to be available for employees with personal coaching activities. Furthermore, the employees are specifically trained internally and externally to their job requirements in the company. Regarding flexibilisation, I1 said: "On the one hand we have a working model with flexible working hours. On the other hand we have core time where I want to make sure that people are available." I6 even mentioned that they will introduce a sixth week of vacation to all employees as a measure for a better Work-Life-Balance. The company of I4 has also implemented a process because of the acclaimed feedback processes. Other programs to counteract the new demands of the new generations are motivation programs in the context of provision programs (I2, I6)

4.3 Staff turnover / fluctuation rate

Surprisingly I1 and I2 said that their staff turnover is zero. I3, I6 and I4 underscore that with their statement that the fluctuation rates are minimal or not an issue. I7 was unable to cite any concrete figures, but said it was below the industry average. Only expert I8 said that they have an above-average staff turnover (consulting industry).

4.4 Requirements future employees

The experts agreed that certificates and grades are no longer such as important, asoperational experience. I3 agreedto the statement: "combination of professional and personal qualities." and "(…) pro-active thinking, solution-oriented thinking, problem-oriented thinking (…)" are the requirements for future employees. I6 and I7 explicitly mentioned that they are looking for technology affinity or digital know how. In addition to a solid education, the experts expect basics skills, such as good performance or appearance, the other part is training-on-the-job.

4.5 Role of digitalization

Experts agreed that digitisation means flexibilisation within the workplace. This statement was underlined byI2, I3, and I8. However, the face-to-face contact with other team members is still very important for the management and even if home-office is allowed, it is not obligatory.The usage of different available communication channels through the digitization is highlighted by I5. I8 confirms this statement and explains it with more agility and flexibility in the communication within the organization. I1 admits that they have missed the topic of digitalisation in the company and are currently working on implementing different measures.

4.6 Generation Z

The experts were not quite sure about the changing requirements of Generation Z.I3, I5, I8 underlined that there will be drastic changes, but the direction is still unknown. I3 further said that in this context, leadership behavior will play a crucial role.Through the initial experience with Generation ZI7 found out that there could be a further strict separation between work and leisure. Z's wants to be more independent underlined I2."Flexibility is a major aspect and working hours" and "... more loyalty." mentioned I4 regarding Gen Z.I8 posed dramatically the new requirements by saying that there will be no classic work organizations with employees. Employees will be subject matter experts and only hired by organizations,ifthere are any specific projects.

5. Conclusion

The objective of this paper is to investigate the experts' opinions regarding the new generations including Generation Y and Generation Z regarding their changing requirements to the world of working.

The study has shown that the theory can be compared with practice. In the context of Gen Y and Gen Z, the keywords career, flexibility, training and digitization have been mentioned.The managers have already actively taken action against the change in their company and implemented different measures e.g. flexible working hours,possibilities for further development and mentoring programs. The analysisfurther shows that managers' demands on new employees have changed. A solid education is a basic requirement, but no longer the main reason for hiring a person. The working experience is much more important today.However, only to the specifically perceived changes that are caused by the millennials organisations and leaders take counteractions but there is no clear concept. Generation Z seems to be a black box for the experts. They agree that this generation will bring further changes and challenges.In order to respond to the detailed demands on the working environment of Generation Z in advance, a survey within this generation should be conducted.

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