Analysis of Generation Y's Perceptions on Leadership Factors Affecting Retention in the Beverage Industry

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Abstract

This paper examined the Gen Y's perception on leadership factors, which affected the retention of Gen Y in the beverage industry. A structured questionnaire was used for data collection. Gen Y employees were asked to respond to their perception on retention strategy in their industry focusing on leadership factors with reference to expectation level, present level, and satisfaction level. The data collected were analyzed using statistical tools and exhibited the gaps to improve the retention strategies.

Keywords : Generation Y, beverage industry, retention strategy, leadership

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Gen Y workforce today comes with a different set of preferences. They are continuously looking beyond the basic bottom lines and profit margins. The younger generation craves for challenges on a daily basis and living up to help them to achieve a certain sense of contentment. Organizations are increasingly focusing on motivational workshops and inspirational initiatives along with a gamut of other HR endeavours to keep their talent pool inspired. A number of research studies have proved that is not just salary that makes the best of leadership.

Generations differ in their perception on leadership, personal values, commitments, and so forth. Leadership needs an appropriate approach with their team and acceptance from them. Mentorship is a good way to provide engagement and inspiration in Gen Ys. It provides regular, periodic feedback in the form of periodical review and performance updates (Mehta, 2016).

According to Rao and Goyal (2015), in India, the working age population will increase from 761 million to 869 million by 2020. Essentially, India is experiencing a bonus workforce within the total population. Besides, it is also poised to become the world's youngest country by 2020, with an average age of 29 years and would also account for 28% of the world's workforce, that is, mostly, the Gen Y workforce are in the age group of 18-31 years. In this study, we measure the perceptions of Gen Y on leadership factors such as approach and accessiiblity of managers, mentoring, feedback from the supervisors, and so forth.

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Employee Retention

Retention has been defined as "keeping" or "engaging the services of" (Collins, 1968, p. 440). Employee retention is viewed as a possible strategy of reducing expenses and increasing productivity (Hale, 1998). Employee retention is a process of encouraging employees to remain in the same organization up to their superannuation or completion of the assignment. This is beneficial to both the organization as well as individuals. Retained employees will become highly involved in their assigned areas with more enthusiasm by exerting all their mental and physical energies. Employee retention is prime talent management strategy, which needs integrated nature of talent management, which ensures best performance by adhering to improved process of talent attraction and retention to meet the requirement of progressive business needs (Lockwood, 2006).

The Beverage Industry

Now, more than ever, consumers are gravitating towards beverages that fulfill multiple needs - hydration, function, energy, healthy, crafted, natural - all without sacrificing flavors. Although cross - category products are blurring traditional category lines, consumers' priority is focusing on global cuisines, recommended diets, nutritional balances, social networks, and desiring adventurous dining experiences. The beverage industries are dealing with our routine life and it needs to ensure qualitative outputs as per FSSA ; hence, there is a need of finding ways to attract a qualified pool of human resources for this industry.

Leadership

People, in fact, don't generally quit companies, they quit managers (Kouzes & Posner, 2002). The intensity of employees' relationships with their bosses is a critical point for retention. Employees' satisfaction with their bosses, quality of communication and exchange process between them, and fair treatment by superiors are related to retention (Griffeth, Hom, & Gaertner, 2000).

Generation – Y

Gen Yers are millennials – those born after Gen Xers and till about 2000 – is the "instant" generation with a need for instant gratification – a generation of abundance, which is completely driven by technology (Rao & Goyal, 2015). Gen Y frequently demands immediate feedback which points towards areas where and how they need to improve (Hershatter & Epstein, 2010). They are interested in direct communication style, continuous encouragement and recognition for their good work (Irvine, 2010). Even though they have been labeled with the terms "millenials" and "Dot.com," globally, the label of Generation Y has stuck. Obviously, the age or life-stage of this generation separates them from the older generations. As millennials become a larger percentage of the workforce, employer success will depend on millennial's success, so it becomes imperative that the millennials are engaged. It is ,therefore, the employers' role to provide variety in work tasks and patterns as well as opportunities to learn the interesting aspects of even mundane tasks (Barnes, 2008).

Need of the Study

The need of this study is to understand Gen-Ys view on employees' retention in the beverage industry located in and around Chennai. Employees are the major asset of an organization, if a good employee moves out, an organization will face loss of intellectual property along with replacement cost. According to Nigam (2015),

employee retention is in the top list of a progressive organization. In India, attrition is higher than the global average and is the highest in Asia. The high turnover may lead to undesirable consequences such as culture and environment instability, losses in productivity and customer services. To obviate such situations, organizations need to understand the composite psyche of Gen Y, need to understand what Gen Y wants instead of exploring what an organization offers. Yiu and Saner (2014) narrated that skill shortage and employee attrition can hamper the national development strategy and economic performance.

Statement of the Problem

As per Census 2011 data released in December 2015, nearly 120 million were seeking or availing for work. The total figure accounted for nearly 11% of the population. While half of the total numbers were not working at all, the rest were looking for work for six months in a year. Those aged between 20-34 years of age made up 47% of the total whole number. Employees are more likely to stay with an organization if they have a good boss, are recognised for individual contributions, and had great company leadership. Generally, employees like to have their bosses who treat them with dignity. The superiors should treat them as a friend, to inspire and motivate them, providing pats on the back, and should be able to provide instant feedback in order to take corrective actions.

Literature Review

Mathur (2016) exhibited that our Govt. of India is quite serious about the "Make in India" movement, which mainly focuses on creative progressive industrial environment to attract global recognition and ultimately to generate more employment opportunities for our young workforce. Gen Y is the fastest growing and a technically vibrant group which needs effective engagement. He enumerated that delay or absence in giving feedback usually causes frustration to the Gen Y group. They want technology enabled approach from the leaders, which is helpful for high retention and satisfaction. Furthermore, they are career driven and expectations are different and they want to be connected with social networks, if organizations restrict to extend the above, they will move on to the next organization. The most important factor in Gen Y retention lies in the concept as not to "what an organization can offer," but in understanding "what does Gen Y want".

Umamaheshwari and Krishnan (2015) proved that continuing in the same organization is mostly possible due to harmonious relationships between supervisors and employees, and support received from the supervisors has a significant influence on employee retention. The supportive nature of supervisors enhances the confidence level among employees for rendering dedicated output towards achieving the organizational goal. This research gave an insight of giving importance while preparing talent retention strategies.

Kumar (2014) suggested to provide instant and regular feedback to Generation Y employees, whether it is an appreciation or improvement points and they want to be treated on an individual basis. He explored Gen Y employees and found that they expected their managers to be good mentors. Managers must be taught how to coach and mentor their employees and be friends with them and give up the controlling, directing, examining, and auditing style of leadership. Furthermore, he narrated that employee retention is going to be one of the greatest challenges facing an organization as attrition rate is likely to go up as the percentage of generation Y employees in the organization will rise. It was suggested that managements should pay careful attention to the process of work design, engagement, empowerment, and future career options to foster young talent in their organization.

According to Pendse (2014), today is an era of people managers, who not only manage the work, but also facilitate the growth of the team. There is a 'war for talent,' but there is a need for talent to go to war too. With increasing competition, organizations are under pressure to cut costs and face difficulty in maintaining profitability, and hence, companies prefer to retain talent who can support the company in staying competitive rather than hire new talent. Thus, understanding and meeting the aspirations and expectations of such employees becomes a key to employee retention.

Rop, Amudhaya, Kanali, and Chepkilot (2014) observed that the supervisor – employee relationship is an important attribute which significantly affects retention of Gen Y. Furthermore, they attributed that the supervisors need to give freedom to the Gen Y employees for taking routine job-related decisions ; also, the supervisors need to extend mentorship support for the career aspirations of employees for achieving high level of employee retention.

Das and Baruah (2013) identified that human resources are a mix of complex and are very difficult to manage, and this is a prime asset which can make or break an organization. Retaining the human assets will help in the long term growth and development of an organization, and in fact, it will add to the goodwill. There is a direct relationship between employee retention and job satisfaction. If the retention factors such as leadership, work environment, job security, and so forth exist, then the tendency to quit the job will get reduced. The managements need to put in continuous ongoing efforts to retain the good performers.

Kultalathi, Edinger, and Brandt (2013) analyzed the intention of Gen Y about their expectations with leadership style and innovativeness as these affect their work life. Among 132 samples, 90 of them being Gen Y and balance from others, the data were analyzed using ANOVA and it was found that there were statistically significant differences in the preferences of their leadership styles. It was inferred that the organizations need to pay attention to leadership as per the expectation levels of Gen Y.

Thompson (2011) evaluated employers' perception that sourcing short term and consultancy roles are easy and manageable with less cost, and some employers feel that it is meaningless to give importance to Gen Y. But it is true that the employment opportunities favour the job seekers in many occasions. Nowadays, job changing and switching careers are socially accepted phenomena, in fact, it is encouraged in most of the cases as the career aspirations get changed for the Gen Y. Hence, employers need to have more vigilance on employee retention, otherwise it may have a negative impact. He narrated that the employers should be aware of requirement of generation cohorts and should evaluate the best strategies to be followed, particularly psychological makeup and desires.

Kaliprasad (2006) enumerated the human factors which attract, retain, and motivate the people. He strongly insisted that an organization's ability to retain its employees totally depends upon it managerial ability to manage them, an employee can get thoughts of quitting only due to bad leadership. Furthermore, the author suggested implementing interlinked processes of motivation, interaction, vision, and learning to reduce employee turnover.

Objectives

(1) To assess the level of leadership factors on retention of Gen Y employees based on their expectations, present situation, and satisfaction.

(2) To compare Gen-Y's expectations, their present situation, and their satisfaction levels of leadership.

Methodology

The data for this study was collected through structured questionnaire from 163 Gen Y group (18-31 years) employees working in three major beverage companies located in Chennai. The universe of the study is 450 out of which 329 samples were selected and 163 are in the Gen Y age group. We followed random sampling method. The response period was open from December 2014 to April 2015. After the survey collection period was complete, the data were analyzed using the Statistical Package for Social Sciences (SPSS). One way ANOVA test was applied to compare the expectations, present experience, and the respondents' satisfaction levels. LSD multiple comparison test was applied to find out which of the occasion mean value differs. Also, the study assesses percentage of Gen Ys' perception on leadership and supervision in all three occasions.

Table 1. Gen-Y's Expectation Levels

Valid	Frequency	%	Valid %	Cumulative %
Very Low	1	.6	.6	.6
Low	14	8.6	8.6	9.2
Neutral	12	7.4	7.4	16.6
High	84	51.5	51.5	68.1
Very High	52	31.9	31.9	100.0
Total	163	100.0	100.0	

Table 2. Gen Y's Present Level of Leadership

Valid	Frequency	%	Valid %	Cumulative %
Strongly Disagree	2	1.2	1.2	1.2
Disagree	22	13.5	13.5	14.7
Neutral	16	9.8	9.8	24.5
Agree	84	51.5	51.5	76.1
Strongly Agree	39	23.9	23.9	100.0
Total	163	100.0	100.0	

Analysis and Results

The research was conducted to examine the perception of Gen Y employees on leadership factors affecting retention in the beverage industry. The Table 1 shows the Gen Y's expectation levels towards various leadership factors measured using a 5-point Likert scale. Out of 163 respondents, 52 (31.9%) respondents had a very high-level of expectations from leadership factors such as realistic supervision, mentoring, and expected that they will receive valuable feedback from their managers to upgrade their performance ; 84 (51.5%) respondents had a high-level of expectations from leadership factors ; 12 (7.4%) respondents stood with neutral ; 14 (8.6%) respondents had low expectations from leadership ; and and one (1) (0.6%) respondent had very low expectations. Gen Y is a huge and diverse group, but has some common expectations for instant feedback (Chanania, 2012) from the leaders. Kumar (2014) also observed a similar result that Gen Y expects good mentors. The above analysis shows that most of the Gen Y employees had high- level of expectations from leadership factors in terms of receiving instant feedback from superiors, mentoring, participative decision making, and so forth towards maintaining the supervisor- subordinate relationship for smooth running of the day to day operations of their organizations.

The Table 2 shows the Gen Y's perception regarding their present situation - various leadership factors. Out of 163 respondents, 39 (23.9%) respondents strongly agreed with the present leadership factors, 84 (51.5%) respondents agreed with the present leadership factors, 16 (9.8%) were neutral, 22 (13.5%) respondents disagreed, and 2 (1.2%) respondents strongly disagreed with the present leadership factors in their organization - such as mentoring, supervision, providing instant feedback, and supervisor-subordinate relationship. So, comparing the respondents' current perceptions regarding their expectations with the leadership in their organization, it is observed that the respondents wanted the leadership practices to improve. This finding is in line with the findings of Rop et al. (2014), who found that the attributes of the relationship between boss and subordinates is important, and it significantly affects Gen Y's retention in the beverage industry.

The Table 3 shows that Gen Y's satisfaction levels with the various leadership factors that were being used in their organizations. Out of 163 respondents, 29 (17.8%) respondents were very highly satisfied with the

Table 3. Gen-Y's Satisfaction Levels

Valid	Frequency	%	Valid %	Cumulative %
Very Low	2	1.2	1.2	1.2
Low	19	11.7	11.7	12.9
Neutral	30	18.4	18.4	31.3
High	83	50.9	50.9	82.2
Very High	29	17.8	17.8	100.0
Total	163	100.0	100.0	

Table 4. Mean and SD of Leadership Factor on Retention of Gen Y with Reference to Expectations, Present Level, and Satisfaction

Leadership	Mean	SD	One way ANOVA Repeated measure's F value	P-value	LSD Multiple comparison test result
Expectation	3.77	0.67	6.889	0.002	Expectation > Present> Satisfaction
Present	3.65	0.71			
Satisfaction	3.57	0.74			

leadership factors such as supervisor-subordinate relationship, mentoring, instant feedback provided by the supervisor, and so forth ; 83 (50.9%) respondents were satisfied with the present leadership factors, 30 (18.4%) were neutral, 19 (11.7%) respondents' satisfaction was low, and the balance 2 (1.2%) respondents had very low satisfaction levels. In a recent study, around 53% employees in India were not found to be satisfied with their immediate manager (Kaur, 2013). As per our analysis, the satisfaction level among the respondents working in the beverage industry is around 70% (17.8 + 50.9). Das and Baruah (2013) observed that there is a direct relationship between employees' retention and satisfaction. If the level of satisfaction improves, the organization will achieve a high level of retention of employees.

Hypothesis

✎ **H1:** There is a significant difference between leadership with respect to employees' perceptions regarding their expectations, present level of leadership practices prevalent in their organizations, and their satisfaction levels with the leadership.

The leadership factors affecting the retention of Gen-Y in the beverage industry have been measured for : their expectations, present situation, and their satisfaction levels. That is, Gen-Y beverage industry employees' expectations with the leadership factors which will affect their retention status ; their present situation regarding these factors ; and whether they were satisfied with these factors. The mean score is found to be 3.77, 3.65, and 3.57, respectively for the three parameters : expectations, present situation, and satisfaction levels. One way ANOVA repeated measure test was applied to compare these three mean values. The significant *p*-value infers that the three mean values are statistically different. To get more details, the LSD multiple comparison test was applied. The result indicates that expectation mean is greater than present mean, and both are greater than the satisfaction mean. The mean values clearly indicate that mean value of satisfaction level is lower than their present situation, which is lower than their expectations. That is, there is a gap between the expectations and present situation, and there is a gap between satisfaction and present situation.

The hypothesis is tested with the help of statistical tools (see Table 4). The significant p value (0.002) is less than 0.01, and hence, the hypothesis H1 is accepted with a 1% significance level. Hence, Gen Y employees' perceptions on leadership differ for the three parameters : expectations, present situation, and satisfaction levels.

The results show that Gen Y's expectation levels were not fulfilled and the organizations need to work strategically to retain the good employees. In one study of exit interviews, 38% of the employees reported leaving because of salary and 4% because of dissatisfactory supervision. In a questionnaire posed to these same individuals 18 months later, only 12% reported leaving because of salary, whereas 24% cited supervision as the cause (Pendse, 2014). As per Thompson (2011), job dynamics are changing and employers cannot eradicate attrition, but they can effectively reduce it. Therefore, it is evident that leadership is very much important to take forward an optimum retention strategy.

Suggestions

The following suggestions are recommended to reach a high level of Gen Y retention :

↳ Lead through learning and facilitate mentors,

↳ Encourage participative management and innovations,

↳ Job satisfaction needs to be improved by developing good working conditions,

↳ Encourage to think deeply as to what they would like their leadership brand to be, and take conscious actions to craft that and to hone those skills,

↳ Create a sound feedback mechanism,

↳ Influence without authority,

↳ Enable them with engagement,

↳ Create a technology enabled work place.

Managerial Implications

↳ Organizations need to build an appropriate communication channel to build consistency and transparency and to create engaged culture throughout the organization ; the leaders should embrace those practices for demonstrating the values of the organization.

↳ Organizations need to implement innovative methods of communication by utilizing more technicalities and apps.

↳ The leaders should create a motivational culture instead of motivating Gen Y directly. Creating a strong and consistent leadership pipeline is high on priority for every organization as it is an essential part of long term growth.

↳ Gen Ys are a growing age group, and it is not possible to obviate attritions. However, the same can be minimized or controlled by adhering to optimum leadership.

↳ Corporates need to formulate a system, and covering retention is one of the main key result areas for the top level people. According to Pillai (2010), "People may run the organizations, however, good organizations are run by good systems along with good people. One of the strategies that Chanakya suggests is to make a system that takes attrition into account right from the day one " (p.152).

↳ As a corporate, there is a need to organize process for leadership growth and there is a need to develop a strong leadership culture. "In the last one year, we have been training leaders to think before they act and reflect before

they react" (p. 66) said Prince Augustin, Executive VP, Human Capital and Leadership Development, M&M.

✎ Globally, Gen Y is going to occupy around 50% of the total workforce by 2020 ; hence, the leadership approach needs to be aligned for creating a flexible approach, instant feedback, progressive work culture, and updated technology.

Conclusion

The vibrant and dynamic Gen Y is filled with energy, ambition, thirst to excel, and have great futuristic ideas. Moreover, it's an age of instant gratification. They are highly conscious and have more potential to adhere to change management with updated technicalities. This study proves that the expectation level of Gen Y is more than the present situation and their existing satisfaction levels. The management needs to frame leadership strategy to concentrate to reach expectations and satisfaction levels of Gen Y employees. The beverage industry is doing mostly seasonable business and needs to centralize the leadership qualities towards achieving business goals. Furthermore, the Govt. of India recently announced for 100% FDI for the food processing sector ; this announcement will definitely create a lot of employment opportunities for budding professionals, and hence, the industry should concentrate upon employee retention. In our country, we have many demographic dividends. Gen Y should have confidence in their company's leadership which creates a positive morale and increases the possibility of enabling employees to be retained in the same organization.

Limitations of the Study and Scope for Further Research

This research was carried out in Chennai City in India only with Gen Y employees and has its own limitations which limit generalization. The study was carried out only in the non - alcoholic beverage industry. In the future, it can be tried with other segments of the industry and other generation of employees.

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