

## **Leading Millennial Employees Through Ethical Leadership**

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**ABSTRACT:** *Managers struggle with how to motivate the Millennial generation employee. Research that explores which leadership styles are effective with Millennial generation employees is limited. The purpose of this study was to explore what leadership styles are effective with Millennial employees, which led to a key research question: To what extent does the ethical leadership style facilitate employee motivation for the Millennial generation? The theoretical framework was based on the social learning. This quantitative study used a survey administered online to collect data using the Ethical Leadership at Work Questionnaire. The participant pool consisted of randomly selected Millennial generation employees (N = 158) who worked in an office setting. The Mann-Whitney U test was used to test for stochasticity. The Kendall's coefficients of concordance and Spearman's correlation were conducted to perform the analysis. The results of this study indicated that the ethical leadership style effectively motivates Millennial employees. This study may contribute to a positive change in leadership practices. Employee job satisfaction may increase as these leadership behaviours are adopted. This in turn may have a positive social impact on the individuals, as well as in the surrounding communities of the individuals who work for leaders who practice the ethical leadership style.*

**KEY WORD:** *Ethical Leadership, Social Learning, Millennial Generation*

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### **I. INTRODUCTION**

An organization that has a focus on developing its employees puts itself at an advantage. The organizational environment and culture affect the motivation of employees. While much research supports that transformational, ethical, and servant leadership styles are effective, other research supports that the cultural aspects of the workforce will influence which leadership styles are most effective (Schuh, Zhang, & Tian, 2013; McCleskey, 2014).

Over the next 9 years, baby boomers will continue to retire, thus making up a shrinking percentage of the United States workforce (Newport, 2015). Within the next 5 years, the Millennial generation will make up over 50% of the United States population. As the percentage that the Millennial generation makes up of the workforce continues to grow, it has forced a change in how leaders should manage.

The dynamic of the workforce will continue to change. Managers in today's organizations struggle with how to connect with and manage the Millennial generation and fall short in adequately motivating these employees. This may put those organizations in a position where they will have difficulty attracting and/or retaining employees from the Millennial generation. Experts are realizing that the older generations must gain a deeper understanding of the overall educational, economic, social, and political makeup of the Millennial generation (Thompson & Gregory, 2012). This makes it important to understand which leadership styles motivate employees from the Millennial generation.

### **II. MILLENNIALS**

#### **Attitudes and Behaviors**

Millennials are well educated with high aptitudes for technology (Ferri-Reed, 2012). The Millennial generation is committed to the job more so than to the organization they work for. They also are self-confident and comfortable with challenging management decisions, often requesting that they be part of the decision-making.

The Millennial generation is known to be impatient and have high and sometimes unrealistic expectations, while under-valuing experience. Millennials expect to have exposure to senior leaders while in junior positions. The Millennial generation has a mindset that focuses on what the organization can do for them compared to previous generations, who concerned themselves with how they could contribute to the organization.

The Millennial generation is shaping today's work environment, making it absolutely necessary to understand how their beliefs and motivations differ from other generational groups (Solnet&Kralj, 2011). The attitudes and beliefs of Millennials are changing not just the culture of organizations and the marketplace, they are also driving changes in politics, education, and family structure. The Millennial generation demands a fair

work life balance, whereas the X generation and baby boomers believe achievement in the workplace has a connection with the time spent working (Thompson & Gregory, 2012; Ertas, 2015).

### **Management Concerns and Considerations**

The challenges Millennial employees present have caused the need for leaders to improve their leadership skills. Many managers, however, are not changing their leadership styles. The generational differences between the leader and employee can be an obstacle to communication and effective interaction.

One of the primary concerns for leaders today is their inability to retain Millennial employees. A survey conducted in 2014 showed that 74% of the managers surveyed were worried that they would not be able to retain their Millennial employees (Ferri-Reed, 2014). This level of fear supports the need for new leadership and management styles to be adopted. Simply put, if the leadership style being used is ineffective, a different leadership style must be applied.

### **Social Learning Theory**

According to traditional behavioral theories, an individual could only learn behavior through direct experience and the result or consequence from that experience. The social learning theory suggests that individuals do not have to physically go through an experience in order to learn a behavior (Bandura, 1971). Individuals learn through vicarious, symbolic, and self-regulatory processes. Bandura (1971) suggested that individuals can learn how to behave by observing other's behaviors and the outcomes from those behaviors. Individuals learn to avoid behaviors and actions that have resulted in pain or punishment for others, and emulate actions that have resulted in positive outcomes.

Bandura (1971) suggested that an individual's behavior is either intentionally or unintentionally learned through the influence of observations and examples. An individual's cognitive capacity enables them to adjust their behaviors based on observation, as well as foresee probable outcomes and consequences that are tied to specific actions. The social learning theory supports that through self-regulation, individuals are able to control behavior by developing consequences for their own actions (Bandura, 1971). Skill sets, customs, and rules for generative and innovative behavior can also be adopted through observation. Once learned, an individual is able to apply these rules to make judgments and determine courses of action that expand beyond what the individual has observed (Wood & Bandura, 1989).

The aspects of the social learning theory that are most relevant to organizational management are employee development through mastery modeling, building employee's self-efficacy in order to maximize employee's effectiveness, and motivating the employee through goal systems (Wood & Bandura, 1989). Learning through mastery modeling is dependent upon four component processes. Those components are attentional, representational, behavioral production, and motivational processes. Attentional processes determine what behaviors people observed and retain from their observations. Representational processes are the act of applying the observed behaviors that have been retained in the form of a rule or norm. Behavioral production processes entail the individual translating the rules and norms into appropriate actions. Motivational processes refer to how individuals adopt behaviors that produce positive outcomes (Wood & Bandura, 1989).

### **Ethical Leadership**

The concept of ethical leadership was introduced in by Brown et al. (2005). Ethical leadership is grounded in Bandura's social learning theory (Brown et al., 2005). This makes it the leadership style that correlates most closely to the leadership behaviors supported by the social learning theory. The foundation of ethical leadership is leading by example and treating people fairly (Brown et al., 2005; Mayer et al., 2012). An ethical leader serves as a role model, demonstrating and communicating the values, standards, and principles under which the employee must operate. In this role, the ethical leader rewards employees who demonstrate ethical behavior and punishes employees who demonstrate unethical behavior.

Ethical leadership differs from transformational leadership in that there is a focus on both ethics and being a role model, whereas transformational leadership only focuses on being a role model (Babalola, Stouten, & Euwema, 2016). Unlike the challenge of pseudo-transformational leadership, where the leader's true intentions can be masked by the transformational leadership style, ethical leadership style is based on a leader's virtue. Ethical leaders are transparent and honest with employees. This leadership characteristic is a preferred behavior by the Millennial employee. Millennial generation employees respond well to leaders who are transparent and honest.

Ethical leaders care how employees feel and have a genuine interest in their opinions. Millennial employees thrive in an environment where their opinions and views are considered by the leadership. This behavior presents a positive correlation between the Millennial employee's preferred leadership behavior and ethical leadership style.

As previously stated, instead of the Millennial employee developing loyalty to an organization, he or she develops loyalty to the leader. The type of relationship that exists between the Millennial employee and the leader will determine the employee’s level of loyalty. Through operating in the best interests of the employee and showing consideration for the employee’s thoughts and ideas, an ethical leader creates a sense of loyalty from the Millennial employee and produces career satisfaction amongst all followers (Pucic, 2015).

### III. METHODOLOGY

I conducted this research using a quantitative methodology. This research focused on understanding whether the ethical leadership style is effective in managing the Millennial generation employee. The population included individuals who live in the United States who were born between the years of 1981 and 2000. The target population was limited to Millennial generation employees who are employed working in an office setting.

A survey was administered using the ELW instrument to determine the correlation between the independent variable of ethical leadership and the dependent variable of employee motivation. Qualtrics was used to distribute the surveys and identify the participants. They were able to collect 158 responses and provide them to me. I conducted an analysis on that sample.

I performed statistical analysis using Kendall’s coefficient of concordance (Kendall’s *W*) to measure the relationship between the ethical leadership style and motivation and a Mann-Whitney *U* to test the validity of the data. A Likert scale was used to apply the ELW instrument.

My research question and hypothesis are

RQ: To what extent does the ethical leadership style facilitate employee motivation for the Millennial generation?

$H_0$ : Leadership characteristics whose philosophies align with the ethical leadership style do not facilitate employee motivation for the Millennial generation.

$H_1$  : Leadership characteristics whose philosophies align with the ethical leadership style facilitate employee motivation for the Millennial generation.

### IV. RESULTS

Attributes an effective leader must have include believing in the possibility of success, good communication skills, empathy, energy, and sound judgment (Pardesi&Pardesi, 2013). A leader with a positive attitude and mood will receive more employee buy-in and drive higher employee performance. That positivity trickles down to influence the attitudes of the employees in the decision-making across the team (Eberly & Fong, 2013). An effective leader has clear vision, operates with honesty and integrity and takes accountability for what he or she is responsible for. Illustrated below in Table 1 are the specific behaviors of the ethical leadership style.

**Table 1 Ethical Leadership Style Behaviors**

<b>Ethical Behaviors</b>	<b>Description</b>
People Orientation	Care about, respect and support followers.
Fairness	Do not practice favoritism, treat others in a way that is right and equal, make principled and fair choices.
Power Sharing	Allow followers a say in decision making and listen to their ideas and concerns.
Concern for Sustainability	Care about the environment and stimulate recycling.
Ethical Guidance	Communicate about ethics, explain ethical rules.
Role Clarification	Clarify responsibilities, expectations and performance goals.
Integrity	Consistence of words and acts, keep promises.

I conducted a Kendall’s coefficient of concordance (Kendall’s *W*) to assess the research question. In conducting the Kendall’s *W*, the mean rating for each ethical leadership style behavior was calculated. The agreement is determined by how much variability there is between the average ranks in the data set compared to the maximum possible variability.

The results of the Kendall’s *W* indicated that there is a positive relationship between the ethical leadership style and employee motivation for the Millennial generation, thus rejecting the null hypothesis. The motivation driven by the ethical leadership style was measured on a 5-point Likert scale ranging from *strongly disagree* to *strongly agree* relating to whether they will be motivated at work by specific ethical leadership

behavior. The mean rating of 3.86 equated to Millennial employees preferring ethical leadership behavior slightly less than *agree*.

The means of the specific behaviors within ethical leadership ranged from 4.39 to 2.35. The ethical behaviors related to people orientation, concern for sustainability, ethical guidance, role clarity and integrity all rated above 4, with integrity having the highest rating. This equates to the Millennial employees more than agreeing that these specific ethical behaviors motivate them. This indicates a strong relationship between these ethical behaviors and the motivation of Millennial employees. These behaviors are related to having a concern for employees, caring about the environment, communicating and explaining ethical rules, clarifying responsibilities, and operating with integrity respectively.

As illustrated in Table 2, the ethical behavior related to power sharing rated 3.5, which equates to above *neither agree nor disagree*. This indicates a moderate relationship to motivating Millennial employees. This behavior is related to allowing decision making input from employees. The ethical behavior related to fairness rated 2.35, which is slightly above *disagree*. This indicates a negative relationship to motivating Millennial employees. This behavior is related to treating all employees equally and fairly.

**Table 2 Ethical Leadership Descriptive Statistics**

	N	Mean	Std. Deviation	Minimum	Maximum
People Orientation	158	4.14	0.717	1	5
Fairness	158	2.35	1.307	1	5
Power Sharing	158	3.50	0.661	2	5
Concern for Sustainability	158	4.06	0.785	1	5
Ethical Guidance	158	4.22	0.710	1	5
Role Clarity	158	4.34	0.725	1	5
Integrity	158	4.39	0.810	1	5

Kendall's W was run to determine if there was agreement between 158 Millennial employees on to what extent the ethical leadership style motivated them. The 158 Millennial employees statistically significantly agreed in their assessments,  $W = .327, p < .05$ . These results are reflected in Table 3.

**Table 3**

*Results From Kendall's Coefficients of Concordance With Ethical Leadership Behaviors.*

N	158
Kendall's W <sup>a</sup>	.327
Chi-Square	310.10
df	6
Asymp. Sig.	.000

## V. IMPLICATIONS

The findings of this study indicate that the ethical leadership style is effective in motivating Millennial employees. A leader's personality may influence which leadership style he or she practices. A leader could practice the ethical leadership style more easily if it feels the most natural to him or her. If the leadership behaviors that are required to practice the ethical leadership style do not come naturally to an individual, the behaviors can be learned (Bandura, 1971; Wood & Bandura, 1989). Ultimately, by practicing the ethical leadership style, a leader can be effective in motivating Millennial employees.

The findings of this study also indicated which specific behaviors from the ethical leadership style were most effective to the Millennials surveyed. The ethical leadership behaviors that were not effective in motivating Millennial employees were identified as well. The leader must operate with integrity first and foremost. This behavior had the strongest relationship to motivating Millennial employees. Providing role clarity was the second most preferred behavior, with providing ethical guidance rounding out the top three behaviors. To the contrary, demonstrating the behaviors of fairness and power sharing will not effectively motivate Millennials.

The social implications from the study could be positive provided it is properly applied in today's workplace. Employees who are positively motivated in the workplace have a direct positive impact on organizational performance, productivity, and culture. Furthermore, an employee's job satisfaction directly impacts his or her health and behavior outside of the workplace. Leaders practicing ethical leadership behaviors may indirectly impact the surrounding community of where the employees live, driving a much broader positive social impact. Although the findings from the study were insightful, further research should continue to gain a

deeper understanding of how to effectively motivate Millennial employees. This may include exploring the effectiveness of other relevant leadership styles such as the servant and transformational leadership styles.

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