

# **Being a leader who enhances and encourages employee loyalty in Finnish millennials**

## Abstract

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| Title of the thesis<br><b>Being a leader who enhances and encourages employee loyalty in Finnish millennials</b>  |                                 |                         |
| Degree<br>Bachelor of International Business  |                                 |                         |
| Abstract<br><p>This thesis examines employee loyalty in Finnish millennials and aims to provide suggestions on how to enhance said loyalty via effective leadership, thus also enhancing employee retention. The phenomena studied behind employee loyalty or the possible lack of it in Finnish millennials are job-hopping in the 21<sup>st</sup> century and lacking leadership.</p> <p>A collection of theoretical data was gathered to gain insight on job hopping and employee loyalty and various leadership models that could work with millennial workers in Finland. The source material was collected from books, scholarly articles, online articles and websites. The empirical study was conducted as interviews made via both in person and phone calls. The interview responses worked as real-life examples of Finnish millennial workers' views and experiences on leadership and employee loyalty.</p> <p>The research resulted in a conclusion that millennials in Finland want to be led by a modern, mentoring type leader who simultaneously guides but also gives tools and opportunities for independence and autonomy and has good self-leadership skills.</p> <p>Further research on the topic is suggested however, as leadership models need to continuously adapt to the rapidly changing working life and world around them.</p> |                                 |                         |
| Keywords<br>leadership, employee loyalty, employee retention, employee turnover rate, millennials, job hopping, leadership styles, employee engagement  |                                 |                         |

## Contents

|       |  |    |
|-------|--|----|
| 1     | Introduction.....  | 1  |
| 1.1   | Background for the research.....   | 1  |
| 1.2   | Objectives of the study and research questions.....                            | 2  |
| 1.3   | Theoretical framework .....  | 2  |
| 1.3.1 | How to Lead the Millennials: A Review of 5 Major Leadership Theory Groups<br>3 |    |
| 1.3.2 | Employee turnover.....   | 4  |
| 1.3.3 | Millennials.....   | 4  |
| 1.3.4 | Leadership.....  | 4  |
| 1.3.5 | Employee loyalty .....   | 5  |
| 1.4   | Research methodology.....  | 5  |
| 1.4.1 | Literature review .....  | 5  |
| 1.5   | Delimitations of the study.....  | 6  |
| 1.6   | Key concepts of the thesis .....   | 6  |
| 2     | Millennials.....   | 8  |
| 2.1   | Millennials, who are they?.....  | 8  |
| 2.2   | The significance of the millennials at the workplace.....                      | 8  |
| 2.3   | Leading millennials, what motivates them.....                                  | 8  |
| 3     | Employee turnover.....   | 10 |
| 3.1   | Job hopping in the 21 <sup>st</sup> century .....                              | 10 |
| 3.2   | People leave managers, not jobs.....   | 11 |
| 3.3   | What makes millennial workers leave? .....                                     | 13 |
| 4     | Leadership.....  | 15 |
| 4.1   | Self-leadership.....   | 15 |
| 4.2   | Modern leadership styles .....   | 17 |
| 4.2.1 | Transformational leadership .....  | 17 |
| 4.2.2 | Servant leadership.....  | 18 |
| 4.2.3 | Authentic leadership .....   | 18 |
| 4.2.4 | Leader engagement.....   | 19 |
| 4.3   | Suitable leadership style for millennials .....                                | 19 |
| 5     | Leadership in Finland .....  | 21 |
| 5.1   | Finnish working culture .....  | 21 |
| 5.2   | Typical leadership styles in Finland .....                                     | 21 |
| 6     | Conducting the Research .....  | 23 |

|       |                                |    |
|-------|--------------------------------|----|
| 6.1   | Interviews .....               | 23 |
| 6.2   | Interview findings .....       | 23 |
| 6.2.1 | Theme 1: The leader .....      | 23 |
| 6.2.2 | Theme 2: The employer.....     | 24 |
| 6.2.3 | Theme 3: Employee loyalty..... | 25 |
| 6.2.4 | Summary .....                  | 26 |
| 7     | Conclusion.....                | 30 |
|       | List of Figures .....          | 31 |
|       | References .....               | 32 |

# 1 Introduction

## 1.1 Background for the research

In the 21<sup>st</sup> century, “job hopping” has become more common than before among the millennials and Generation Z worldwide. But according to one article (Malm, A. and Tarki, A. 2020), millennials in e.g., the US are more loyal as employees than commonly thought. Therefore, it is good to study what are the contributing factors and leadership styles that make millennials want to stay at their job. Millennials in the working life are worth studying for, since they currently fall in the age groups that represent the novel work force (vastly different from the baby boomer generation), as well as the soon-to-be senior level workers. They are then followed by Generation Z which is next to enter the working life in larger numbers.

A well-working, successful company consists of various independent but closely interwoven parties: a company needs leaders in the form of various positions such as managers, team leaders and CEOs. Another central part are the employees, often consisting of subordinates to different managers. Employee wellbeing is an essential part of this well-working company machine. It is affected by many different factors, leadership being one of the most important ones. Wellbeing at work among other factors in turn increases loyalty towards the employer, which in turn has a positive effect on the performance of the company, and their employee turnover rate. The Ministry of Social Affairs and Health in Finland supports this claim by stating that *wellbeing at work increases productivity and commitment to the job, and it reduces incidents of sick leave* (Ministry of Social Affairs and Health 2020).

The inspiration for this topic came from a social media post in LinkedIn. In her post, social media influencer and HR specialist Shaneé Moret (2020), tells a story about a friend of hers: *My friend’s boss yelled at him in front of the entire office, humiliating him. Because he was 13 minutes late to work. “If you’re late again, you won’t have a job.” He wasn’t even given a chance to explain himself. My friend wanted to yell back, but bit his tongue, he needed the income. Over six months working at the company, it was the only time he had ever been late. On multiple occasions, he had even taken work home or stayed late to prove this dedication. During his lunch break he texted me: “I’m looking for another job, let’s talk later.” That’s how fast loyalty can be destroyed.*

This thesis discusses how leadership affects employees’ loyalty, which in turn possibly reflects on their work performance through said loyalty, and by default the success and performance of the company, and the turnover rate in said company. In his book *Struggling with the Demon: Perspectives on individual and organizational irrationality*, Kets de Vries

(2001 p. 10) states that *from my observation of leaders in action, I have become convinced that they make a difference.*

This bachelor's thesis was a study on leadership and its effects on employee loyalty in Finnish millennials and thus company performance. The research studied various leadership styles and determined which support employee loyalty in millennials the best. The research focuses on the company performance and the leader's role in improving it via improving employee loyalty. Thus, employee performance in itself is secondary in nature. The theory part mostly focuses on the general worldwide depiction of millennials to get a more general idea of millennials as a whole siding with some theory about typical leadership styles in Finland.

## 1.2 Objectives of the study and research questions

The objective of the study was to determine how the quality of leadership and the leadership style affects employee loyalty in millennials and thus their performance in various industries. More precisely, the author researched which leadership styles suit millennials the best, and what kind of effects poor leadership has on employee loyalty, and in turn how good leadership affects employee loyalty and the employee turnover rate in organizations. The underlying purpose was to determine why employee loyalty is an important part of a company's success, and how employers and managers can contribute to this via effective leadership. Another purpose was to bring possible value and know-how to future leaders.

The research has one main research question and three sub research questions.

### **Main research question**

- What kind of a leader enhances and encourages employee loyalty in Finnish millennials?

### **Sub questions**

1. Why is employee loyalty important?
2. What kind of leadership style(s) support(s) employee loyalty the best?

## 1.3 Theoretical framework

The theory part of the thesis focuses on theories, models and studies made about leadership styles, millennials, and employee loyalty. The topics mentioned are discussed within the scope of a theory that provides an overview on which main themes need to be present when choosing a leadership style for millennials. This theory is based on a study prepared

by Bernadeta Cahya Kumala Putriastuti and Alessandro Stasi, called *How to Lead the Millennials: A Review of 5 Major Leadership Theory Groups*. Studying the topic of this thesis via this study of 5 major leadership theory groups builds an adequate framework around millennials and what main themes are typically present when they are being led the most efficiently.

### 1.3.1 How to Lead the Millennials: A Review of 5 Major Leadership Theory Groups

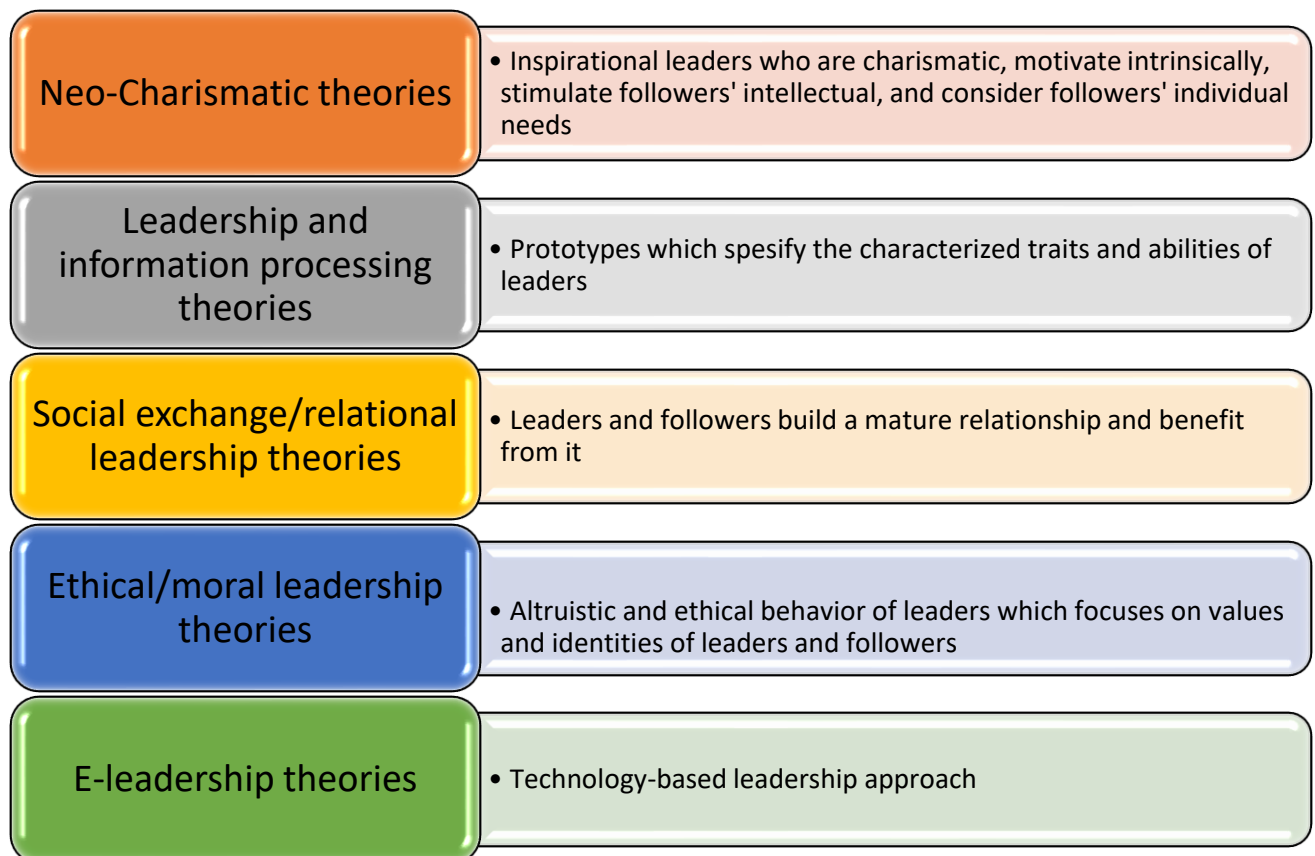


Figure 1 How to Lead the Millennials: A Review of 5 Major Leadership Theory Groups (Created by the author, based on Putriastuti, B. C. K and Stasi, A. 2019)

This study examines the five different main leadership theory groups or themes and how compatible they are with millennials.

To summarize, all the five main theory groups described are suitable for millennials, but all of them also have characteristics that are less suitable for millennials. As an example, E-leadership theories suit millennials well due to millennial workers being tech-savvy and prefer a flexible working environment. However, E-leadership is also unsuitable for millennials because *millennials prefer face-to-face communication and interpersonal relations with*

*leaders* (Putriastuti, Stasi 2019). This need for interpersonal communication however can be satisfied via the social exchange/relational leadership theories, as they provide a mature relationship between the managers and subordinates, benefiting both. Similar dualism appears in all the five leadership theory groups. This suggests that when leading millennials one might in fact need to possess qualities and leadership methods from all these main leadership theory groups. Therefore, all of them are only partially compatible with millennials. This might sound challenging and raises the already existing discussion of millennials being too demanding and difficult to manage. But so is the current working life millennials need to adapt to. Using traits of all the theory groups, a leader must adapt their leadership style according to the situation at hand, in synchronicity with the millennial subordinate who continuously needs to adapt to their surroundings and demands of the modern working life, while simultaneously striving for self-improvement, professional development and personal wellbeing at work and outside work.

The remaining part of the theory of this thesis discusses the millennial related topics in more detail, providing a more thorough study on what motivates and attracts millennials in terms of leadership and them seeking employment. The following themes will be discussed:

### 1.3.2 Employee turnover

This part explains what employee turnover means, why preventing it is important in an organization, and its relevance when discussing millennial issues.

### 1.3.3 Millennials

This part describes who are the millennials, what is their significance at today's workforce, and what are their wants and needs in order to succeed and perform well at their job.

### 1.3.4 Leadership

This part of the research focuses on leadership, what is a leader, different leadership styles, models and trends, and how to become a leader that enhances employee loyalty in millennials. There is also a separate section discussing leadership in Finland, providing insight into the Finnish working culture and leadership style, and therefore demonstrating the leadership styles that millennials are typically subjected to in Finland.

### 1.3.5 Employee loyalty

This part of the research studies what is employee loyalty and why is it important. More specifically, the significance of employee loyalty in creating value for the business and company success.

## 1.4 Research methodology

The research was conducted by using the qualitative research method, as there already is a vast quantity of existing theories and studies about leadership and millennials. The author studied the existing theories, and then compared this data to the research results that can be gathered from the semi-structured interviews conducted for this thesis report. The interviews function merely as real-life examples, providing a small pool of Finnish millennials and a portrayal of how the existing theories about millennials and leading them apply to their own personal working life in various industries. While these examples do not provide large-scale research results where scientific deductions can be gathered from, they help the reader in visualizing how a typical Finnish millennial might function in their working life today, clarifying the research topic and supporting the theory part of this thesis.

Secondary data for this thesis was collected from suitable theories and models, articles, literature and scholarly publications about leadership and employee loyalty.

Primary data for this thesis was gathered from semi-structured interviews with a minimum of five employees from different departments in different industries in order to get a more versatile pool of respondents and data. This interview method was also chosen so that the researcher can study whether there is any variation in the findings between different departments and fields, and how big is the effect to the company success from each department compared to each other. Another purpose of the interview method was to determine whether the phenomena, leadership styles and study results presented in the theoretical data align with actual working life.

### 1.4.1 Literature review

- Desk research using scholarly publications from Google Scholar, LUT scientific library and the public library
- Other publications and literature on leadership and employee loyalty

## 1.5 Delimitations of the study

The research was limited to Finnish millennial workers and focused on their wants and needs in the current and future job market. In order to achieve a sufficient amount of variety and creditability in the data, the author decided on a minimum of five interviewees. The maximum of interviewees was to be ten, so that the workload would not be too large for the scope of this research. The interviewees were chosen from different age groups and different departments in various industries, to get an interesting and versatile pool of replies. Also, the interviewees were required to have a sufficient working history behind them, approximately 8-10 years. The final quantity of research subjects ended up being six millennials.

The interviews targeted Finnish millennials to determine how leadership and job hopping is shown in Finland, which is one of the main themes of this thesis. The research results therefore focused on Finnish millennials and managers. Despite of the focus on Finnish millennials, some source material considers millennials worldwide. Even though different cultures and environments have an effect on millennials, making them slightly different in different countries, millennials can be considered as a relatively cohesive demographic. This is due to them being exposed to worldwide phenomena via globalization and the internet, which have strongly been in effect during millennials' childhood and growth period. One could determine from this that the general depiction of millennials despite their nationality is quite universal, having some obvious cultural and environmental effects to an extent. Therefore, in this research the millennials were mainly studied as a global demographic. The Finnish millennial viewpoint is presented via examining Finnish leadership styles and working culture and how they function with the millennials. Also, when comparing the interview responses from the six Finnish millennials to the universal data about millennial workers, the possible comparison and differences are presented there.

## 1.6 Key concepts of the thesis

Employee loyalty

Indicates how loyal the employee is to their employer in terms of the probability of them staying with their current employer and not seeking other employment opportunities.

Millennials

A generation representing people born within the timeframe from the early 1980s to mid-1990s. This is the generation currently representing a large

portion of the workforce today in various age groups.

#### Leadership style

The way a leader implements their leadership with their subordinates, how they behave and communicate in order to lead

## 2 Millennials

### 2.1 Millennials, who are they?

There are various versions about the definition of the Millennial, more precisely in which year does one need to be born in to be considered a Millennial. The Pew Research Center has done research on Millennials for about a decade and from their perspective anyone born between the year 1981 and 1996 is considered a Millennial (Dimmock 2019). As there is still debate about the exact birth years of Millennials, this thesis was written with the Pew Research Center's theory in mind.

### 2.2 The significance of the millennials at the workplace

Today millennials are the generation that simultaneously represents the past, current and future workforce, since they fall into several age groups that are of working age, making them a relevant study subject. This versatile pool of different age groups in itself makes millennials a relevant group in the job market.

Allison Iuchs (2017) describes the importance of millennial workers as such: *Millennials are an ethnically diverse and educated generation that can bring many positive traits to a company. Millennials are more tech-savvy, socially conscious, progressive and compassionate than previous generations, so businesses must adapt to new ideas in order to find and retain millennial candidates.*

While some employers might feel that the millennial generation has too high demands and are more of a liability than an asset, the author of this thesis sees a positive opportunity to growth for companies by having millennials in their workforce and putting effort into making them fully engaged. This is especially vital in business, since millennial workers surely know the wants and needs of millennial consumers the best. Also, in 2020 millennial workers already represented 50% of the working age population in Finland, which is a big increase from the 20% figure in 2010 (Mellanen 2020). By the year 2025 this percentage is expected to be even bigger: 75% (Löfberg 2020).

### 2.3 Leading millennials, what motivates them

In the recently (2020) published book *Hyvät, pahat ja millenniaalit* (The Good, the Bad and the Millennials), the Finnish husband and wife Atte Mellanen and Karoliina Mellanen discuss how to lead millennials. The mere publication of said book at the current time shows that knowing how to lead millennials is a trendy and relevant topic to discuss.

In their book, Mellanen (2020) explains that according to studies on millennials approximately 40% of employees are already planning the next step in their career while entering to their current one, and only 39% sees themselves working for the same employer after a year. The studies also estimate that millennials will have on average 16 employers along their career, and the following generation will have 32. This suggests that millennials change jobs between 1-2 years in the beginning of their career (Mellanen 2020). This brings the topic back to job hopping, which is a big dilemma for employers, considering millennial workers. How can an employer ensure that the person they hire will bring value to the company in the long run, if the expectation is that they will most likely not stay in the position for longer than 1-2 years. This increases competition among employers in order to retain talent in their company (Mellanen 2020).

Another issue that Mellanen (2020) mentions, is that in addition to having problems retaining millennials, the mental wellbeing and sustenance of millennials is a prominent issue that needs attending to. According to the private sector healthcare Mehiläinen, 2-3% of working-age Finns are experiencing symptoms of a burnout, and the numbers seem to increase annually (Mellanen 2020). This exhaustion especially the younger workers are experiencing today is mostly related to the ever-increasing creative knowledge-based work, causing excessive brain exertion due to stress, pressure, tight deadlines and difficulties in task management. This combined with ever-increasing demands and continuous changes, a burnout will be increasingly prone to appear among employees. According to the UK Health Foundation's study, millennials could end up being the first generation to be more ill in mid-life than their predecessors the baby boomers (Dodgson 2018). Therefore, companies need to develop strategies that will help them compete over the millennial workers engagement, especially the top talent. Mellanen (2020) continues to explain that the secret to retaining millennial workers can be found in the sustainable leadership of people and having the know-how to utilize the millennial workers' full potential without making them face burnout. He also mentions that according to Bruce Tulgan, who has vastly studied different generations, millennials will be the most promising and efficient generation there has been to date, if they are understood properly that is. Millennials are described being extremely experimental, self-relying, confident and better educated than any other previous generation. So, despite of many employers having the image of a lazy, difficult-to-please millennial, the truth lies somewhere in between wanting to be comfortable at work yet simultaneously being very goal-driven and ambitious. The end vision in this case is that millennials want a working life where organizations will not succeed at the expense of a burned-out employee, but rather because of a well-maintained employer who enjoys their job (Mellanen 2020).

### 3 Employee turnover

According to Ongori (2007), employee turnover is a term widely used in business circles. He continues to explain that employee turnover is the rotation of employees within an organization. This rotation means employees leaving the company, and new ones entering in return via recruitment.

In fact, a so-called employee turnover rate can be used as an indicator on how frequently employees change within a company. As originally defined by Price (1977), *the term turnover is the ratio of the number of organizational members who have left during the period being considered divided by the average number of people in that organization during the period*. The higher the turnover rate is, the more negative the outcome for the company is. This means that the more a company has employees coming and going within the company, the more time and resources the company has to waste. Constantly having to recruit and train new workers instead of taking care of the existing ones is costly for the company in terms of time and money spent in the human resources department. The talent one hires in their company should be treated as a long-term investment. No one should ignore the importance of keeping the workers one hires and trains. Also, a high turnover rate in a company has a negative effect on its public image: workers presumably tend to care about the reputation of the company and what type of treatment can be received in said company. A company's high turnover rate can be expected to send a negative signal to workers looking for a new position, suggesting that the company in question might not be the most desirable option out there, since people do not seem to be keen on staying and working there. If workers, especially millennials, feel like their needs will most likely not be met in a company with a reputation of a high turnover ratio, there is a high chance of them seeking employment elsewhere.

Therefore, the positive opposite of employee turnover can be described as employee continuity. The purpose of this thesis includes the depiction of how leaders can with their own effort and leadership styles support employee continuity within their organization.

#### 3.1 Job hopping in the 21<sup>st</sup> century

Despite always having existed, job hopping is very much a modern phenomenon. It affects companies worldwide as they are trying to attract millennials, and then retain the talent they have procured (Rivers 2018). The benefits of avoiding a high level of employee turnover rate are savings in recruitment costs and training, as well as retaining a positive company image and a reputation as an employer of choice.

Job-hopping might be both a prominently current and an increasing trend today. When examining various source material on the matter, one can see that job-hopping is often connected to millennials. But not in a sense of employee loyalty, as the topic of this thesis suggests. As Mellanen (2020) mentions in the introduction chapter of their book *Hyvät, pahat ja millenniaalit*, the Finnish company executives describe millennial workers as being impatient, difficult to manage, self-centered, unable to focus, and lazy. Out of all this, a question arises: is this the whole truth? Surely there must be some underlying issues that cause millennials to be or at least behave in such manners as described above. Or is it rather a matter of misinterpretation on the company executives' end, due to the differences of world views between different generations, as the senior level managers today mostly represent the baby boomer (predecessors of millennials) generation. Therefore, this bachelor's thesis aims to examine and answer the questions on what causes job-hopping and loss of employee loyalty in Finnish millennials, and how to lead them to prevent said job-hopping.

### 3.2 People leave managers, not jobs

The following figure describes what makes employees leave a company. It is based on a study *Surveying the forest: A meta-analysis, moderator investigation, and future-oriented discussion of the antecedents of voluntary employee turnover* (Rubenstein, A. L., Eberly, M. B, Lee, T.W, & Mitchell, T. R. 2017)

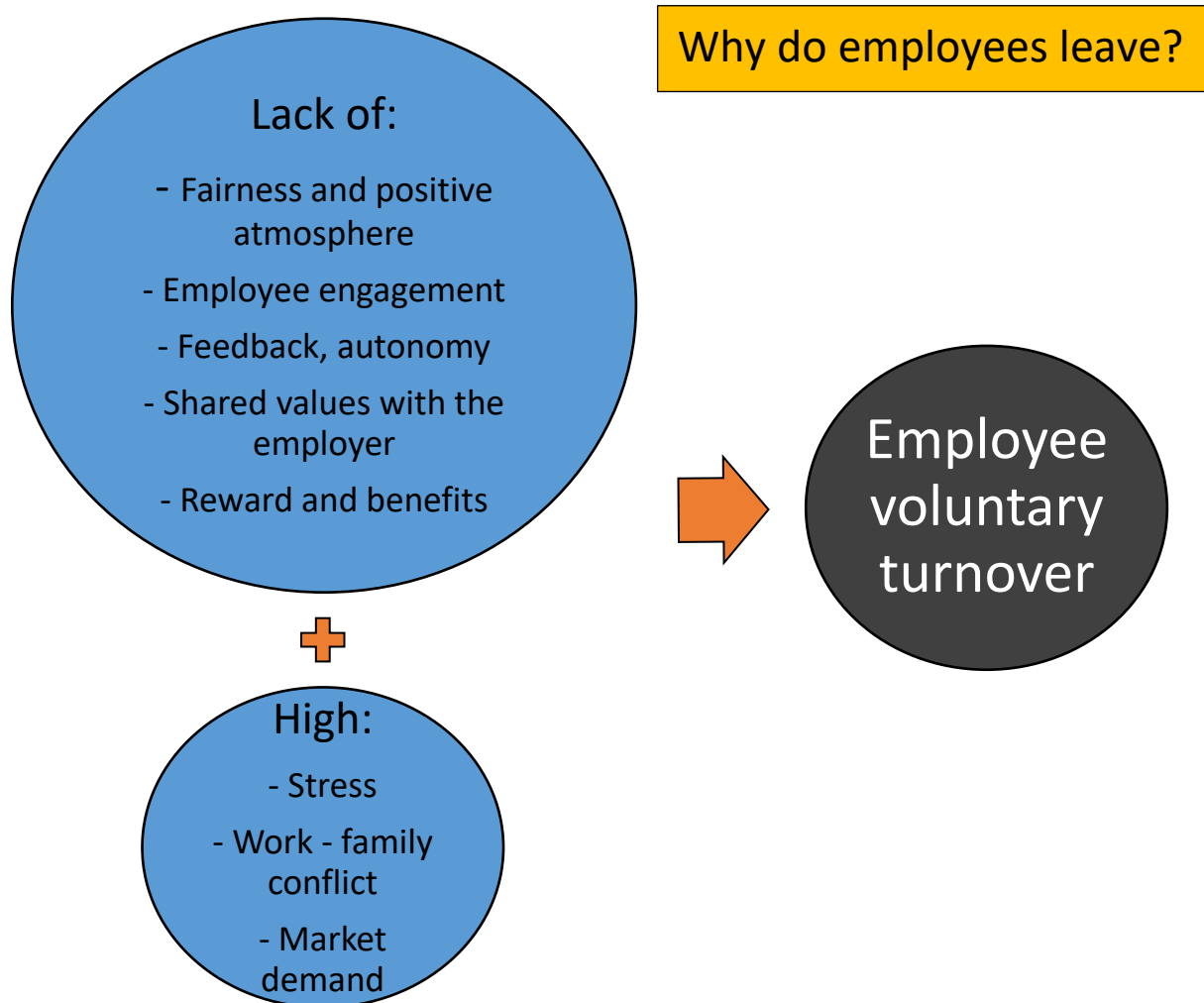


Figure 2 Why do employees leave (Created by the author, based on Rubenstein, A. L., Eberly, M. B, Lee, T.W, & Mitchell, T. R. 2017 and Cioca, I. A. 2018)

As seen in the figure above, there are several contributing factors to why employees leave a job voluntarily. Whereas this does not solely apply to millennials but rather employees in general, it is a relevant issue to point out, as it provides a general basis for the basic motivations of human beings collectively. This basic knowledge combined with millennial-specific information should act as a good descriptor of millennial job-hoppers.

There are various factors that might make a person either enjoy or despise their workplace, such as co-workers, the general atmosphere, perks and salary, commute and such, but there is one very crucial element that might have the biggest effect on an employee's willingness to either stay or leave a company, and that is their closest superior. According to Victor Lipman (2015) the reason why people leave their managers, is lack of employee engagement from the leader's end. In USA alone, the numbers of disengaged employees are quite staggering (Lipman 2015). The Gallup data, Towers Watson data and Dale Carnegie data show that *somewhere around 60% or 70% of employees are simply not working*

as hard as they could be (Lipman 2015). E.g. the Gallup data shows 30% of employees “engaged.” Towers Watson data shows 35% “highly engaged.” Dale Carnegie data shows 29% “fully engaged.” And these studies are not small; the Gallup survey includes more than 350,000 respondents and the Towers Watson survey includes more than 32,000. Gallup goes on to estimate an annual cost in lost U.S. productivity of more than \$450 billion. Even if the results are imprecise, it gives a sense of the magnitude of the problem with how many employees are wasting their talent and potential, when the working environment seems un-nurturing like this (Lipman 2015).

A leader’s reputation and way of doing their job can affect employee loyalty and satisfaction also on the upper management level, such as the CEO of the company. A prime example of this are leaders such as the founder of Facebook Mark Zuckerberg, and SpaceX founder and CEO Elon Musk. They have a very visible profile and are known by many, therefore their actions and business decisions tend to be highly followed and scrutinized over, reflecting to the company reputation in addition to their own. And in case a company reputation shifts to the negative side, it might cause employees to lose their motivation and employee loyalty towards their employer. Employees also have their own professional reputation to worry about, especially today when everything is quickly posted and shared in social media. So, if a person’s employer has a bad reputation, they might feel that it reflects poorly on themselves as well, due to others possibly judging their life choices, values and morale. These are often very sensitive topics to people, especially in certain cultures where losing face is a big shortcoming. Also, considering possible future employers, one can expect anyone wanting to have mainly reputable former employees in their CV. In conclusion one could state that a low employee turn-over rate is based on manager-employee relationship management and the people skills of the leader.

### 3.3 What makes millennial workers leave?

Hannah L. Miller (2021) lists a few prominent reasons why millennial workers leave their job. First, millennials want work-life balance, so if the employer is lacking in this area, they are less likely to retain their millennial workers. Work wellbeing is essential to millennials, due to them having concerns about burning out in their job, which is typically caused by *unrealistic expectations for deadlines, lack of recognition and working too much on the weekends* (Miller 2021). Also, as a demographic, millennials get bored easily, typically due to the lack of employee engagement and a meaningful job. They also wish their workplace to be an emotionally safe environment, so suppressing these workers’ emotions, thoughts, opinions and concerns will lead to disengagement and eventually to them leaving their job. Lack of growth opportunities also is something that makes millennials often consider looking

employment elsewhere. This is even more likely if another company offers them a better job. (Miller 2021)

Another common reason among millennials to leave their current job seems to be ageism that they experience at work. It consists of general dismissive treatment from their seniors and supervisors, as well as lack of respect and mentoring (Smith 2021). Miller (2021) supports this by mentioning that ageism among millennials' leaders is a real problem and should not be taken lightly, as it is discriminatory and can lead to not only losing the employee, but even to legal actions against the company in question.

Also, a global economic crisis, The Great Recession, that started in 2007 had a large impact on millennial workers' trust in their job stability, making them restless. Concerns about decrease in earnings and chances to advance in their careers made millennials re-think their options and prospects. The most recent development in this phenomenon among millennial workers is the historic quitting spree caused by the Covid-19 pandemic; *The restlessness of working from home and a booming job market have spurred millions of workers to leave their employer in a mass exodus dubbed "The Great Resignation."* (Smith 2021). Under this global health threat people are re-evaluating their wants and needs in terms of both their personal and professional lives, resulting in *a sense of urgency to take control over their careers* (Smith 2021).

## 4 Leadership

It is common knowledge, that leadership can be seen and needed in many different situations and phenomena in our world. One can see it in the animal kingdom, where the parents guide and teach their young, or establish a pack hierarchy for efficient functioning e.g. among wolves. There is a certain need for order and guidance among us humans as well, both professionally and personally. And being more complex creatures, leadership and employee-employer relations can get tricky at times among the human race. Whether leadership truly is complicated or not, one might argue that it is definitely needed, especially in professional settings. When leadership is mentioned, the first thought that might occur for many is that it is mainly something to do with guidance and telling others what to do, being the boss. However, leadership is more than that, and provides many other necessary qualities as well as responsibilities, making it a significant factor in the company machine.

The current working life is now drastically different and versatile compared to the previous generations' experiences worldwide. The challenges and everchanging nuances of the modern world with new technologies, trends, and ambitions force companies to be more mindful about how to attract and retain the latest generation to enter the workforce in large quantities: the millennials. And since the millennials fall under several age categories of working age, ranging from people in their 20s to people in their 40s, millennials will be increasingly represented in leadership positions as well. This provides workers on both senior and junior levels, resulting in eventually millennials leading millennials (in addition to the younger generation of Gen Z). Therefore, when leading millennials, it is important to acknowledge that the available leadership for them is still very much varying between different generations and their typical leadership styles. And since the leaders who themselves are millennials and typically represent the age groups ranging from 26 to 40, they have in their earlier career been led by the previous generation, the *baby boomers*. It is safe to assume that this affects their own leadership style as well, if one embraces the same leadership techniques in their own leadership which they were exposed to while still in the subordinate level themselves. This combined with the modern leadership trends can be a challenging merge of previously learned outdated characteristics, personal skills and attributes, and demands of the modern world. This raises a need for self-leadership skills, which is one of the most relevant themes when discussing leading millennials.

### 4.1 Self-leadership

A phenomenon worth mentioning, that has become increasingly prominent today, is self-leadership. Tony Gambill (2021) explains its significance saying *research shows that the*

two primary reasons leaders fail are because of failed relationships, or because they fail to continually learn. This continuous learning process is crucial in developing self-leadership, as it involves the paradox of leading and being led by one-self (Sydänmaanlakka 2012).

To describe self-leadership better and to provide tools on how to use it, Gambill (2021) together with a colleague introduce the SOAR Self-Leadership Model in their book *Getting it Right When it Matters Most – Self-Leadership for Work and Life* (2021). Being a relatively recent publication (2021), this book assumingly provides modern and current intelligence on how self-leadership works today. This serves the purpose of this thesis well, as the aim of the research is to shed light on how to lead the millennials of today and tomorrow. The anagram SOAR stands for the four stages of the self-leadership model, Self, Outlook, Action and Reflection, as demonstrated in the following figure:

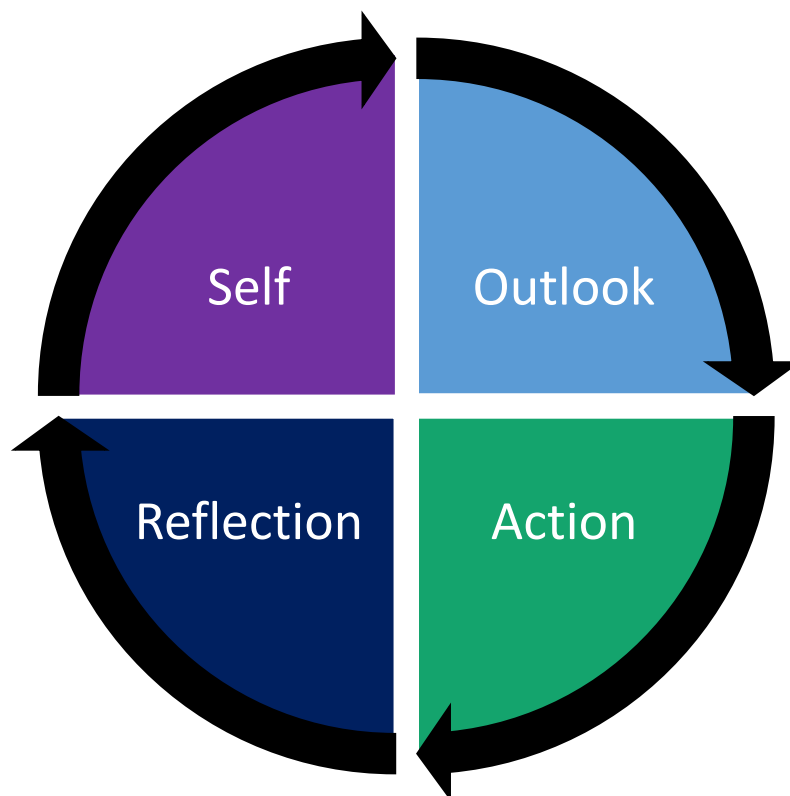


Figure 3 SOAR Self-Leadership model (Created by the author, based on Gambill, T. 2021)

The **Self** part of the SOAR-model represents the unique individual that someone is, based on their personality, physical traits, intelligence, habits, beliefs, strengths, and weaknesses. **Outlook** stands for the way one views situations, impacted by their emotions and inner biases. **Action** means the part where we put the previously mentioned qualities into practice, having conversations to help with our most important goals that need successful relationships in support of them getting achieved. **Reflection** is the part where one reflects on their behaviour and what they achieved by it, and what to possibly improve or adapt to in

the future (Gambill 2021). Together these four sections of the model create an interactive collective for practicing self-leadership within oneself.

As the term itself suggests, self-leadership is not technically one of the styles of leadership that leaders can or should use when working with millennials, as it is not a leadership style per say. However, it can and should be used as a tool in leadership and any work one does. It is a modern phenomenon that is highly prominent in millennials' working and personal lives, affecting their wants and needs and also providing them with a higher sense of their own capabilities and an ability to self-reflect. This in turn gives them more tools and ideas about how to ask for more from an employer in terms of meeting their needs career-wise. However, self-leadership is something a leader can use in improving their own personal professional growth, most likely making them into a better leader, and better suitable to lead millennials, as millennials tend to wish their leader to be someone they can look up to and who sets an example with their own action, skills and professionalism. Margy Kerr-Jarret (2016), a freelance writer and a self-proclaimed millennial, supports this suggestion by stating that *young professionals such as myself need good leaders to look up to, learn from, and our leaders need to be in tune with how our millennial minds work.*

## 4.2 Modern leadership styles

*Leadership style is pivotal for improving the employee experience of millennials* (Tolbert 2021). Leadership styles can be divided quite clearly into two sections: traditional vs. modern leadership styles. The traditional leadership style(s) is more connected to the older generations, today represented by the *baby boomer* generation, whereas the modern leadership styles are more connected to the newer working force generation, the millennials. Therefore, the following section of this thesis will provide a short preview of some of the modern leadership styles today.

### 4.2.1 Transformational leadership

In comparison to its predecessor transactional leadership, transformational leadership focuses more on the future, thus being more modern. Where transactional leadership functions through social exchange, e.g., the leader offering rewards for good performance and *denying rewards for lack of productivity*, transformational leadership focuses on stimulating growth and inspiration for personal achievement in their followers, as well as helping them develop into leaders themselves (Bass M. B., Riggio R. E. 2006). One might deduce from this, that transformational leaders help develop self-leadership in their followers, which can be described as a modern approach, as self-leadership seems to be a modern phenomenon. Self-leadership is also beneficial for the leader to practice in their own work, as it also

acts as a good asset when leading millennials, since they tend to want and need a leader they can look up to and respect, and whose wisdom and professional skills they can trust. It is safe to assume that a leader who practices self-leadership is more in tune with their leadership and are able to reflect how effective it truly is.

#### 4.2.2 Servant leadership

According to Forbes Councils member Brian Tait (2020), a servant leader focuses directly on the people below them, rather than the company as a whole. In servant leadership the leader ensures that their people are able to grow on a professional as well as personal level. Tait (2020) explains that servant leadership has gained more popularity today, and the results seem promising: many have the impression that when leaders shift their focus from the company to the employees, they will most likely have in their possession a good set of highly skilled and motivated employees, which in turn enhances productivity of the company. Tait (2020) provides an elaborating example of a modern servant leadership abiding company, which is Google. They take very good care of their employees, and this has resulted them having *remarkably increased productivity and revenue* (Tait 2020).

While this leadership style seems good for millennials in a sense that it is focused on taking care of the subordinates directly, it might not be the most ideal style to choose, as it is not versatile enough. With millennials it is important to include them in decision making, as well as engage them in a way that they use their talent and effort for the benefit of the company as well. An engaged millennial worker is committed to their employer, self-development and the company's future, resulting in a high level of employee loyalty, reducing the possibility of a high employee turnover rate.

#### 4.2.3 Authentic leadership

Authentic leadership occurs when a leader is authentic in themselves, not having a fake "at work" persona. Kevin Kruse (2013), CEO of LEADx, explains that authentic leaders are self-actualized individuals who are aware of their strengths, their limitations, and their emotions, making them self-aware and genuine. They give feedback directly but with empathy and focus on the long-term shareholder value and put the company's interests above their own. They also show their real selves to their followers.

Why this leadership style might work with millennials and employees in general is that it most likely enhances good relationships between a leader and his subordinates, which provides a strong basis for work-wellbeing and enjoying oneself at work.

#### 4.2.4 Leader engagement

An engaged employee is defined as someone who is emotionally attached to the organization they work at, is passionate about his or her work, and cares about the future of the company (Seijts and Crim 2006, pp.3). Therefore, leader engagement is a leadership phenomenon where the leader includes employee engagement in their way of leading their subordinates.

As previously mentioned, millennials are often described as being the lazy, ungrateful, no-good generation of workers. While this viewpoint is already questionable today, there is in fact an increasing need to start accommodating millennials and their needs. In a recent blog post, a Finnish business technology growth expert Sami Karkkila (2021), who is the CEO of Sofigate in Finland, urges companies to start enhancing their employee engagement strategies in order to attract and keep millennial workers. He mentions that in fact, the leaders of today have only a few years to make the necessary changes to make their companies attractive to millennials. Karkkila (2021) explains that millennials are simultaneously demanding and impatient, handle disappointment worse than their parents in their time, and do not feel a sense of loyalty towards their employer. This emphasizes the significance of individual management when leading millennials. As a summary he suggests that in order to keep millennials happy and functioning, companies need to provide a working environment that offers all the necessary tools and surroundings to practice personal growth using the latest technology, while simultaneously ensuring the millennial workers will not end up suffering from a burn-out.

What can be deduced from this is that being a leader who makes effort on employee engagement is rather relevant in enhancing employee loyalty, especially in millennials who often wish to be appreciated and will be the future decision makers and leaders in the working life.

#### 4.3 Suitable leadership style for millennials

As millennials are a representative of the modern era and have grown up in a progressing world in terms of technology development, globalization, the internet emergence and novel ideologies and values, it is safe to say that the leadership style best suitable for leading them needs to be a modern one. Considering millennials and the modern leadership styles described above, all of the four different modern leadership styles would work with millennials to some extent. The best option however might be a combination of them all, or if one wishes to choose one style that is the most suitable, the author of this thesis might suggest Authentic leadership as being the most favorable option. Authentic leadership combined

with a high level of employee engagement and self-leadership skills would most likely be a very well-functioning style to lead millennials. Being so focused on self-development and good social skills, it seems like a flexible leadership style, making it more easily adaptable than the other leadership styles mentioned. These findings correlate quite well with the previously mentioned base theory of this thesis, the 5 major leadership theory groups (Figure 1) introduced by Putriastuti and Stasi (2019). Out of all the modern leadership styles, be it a broader leadership theory group or a more specific leadership style, a well-adapted combination of different theories and styles seems to be the best approach when leading millennials. In fact, Putriastuti and Stasi (2019) suggest that as the workforce is still continuously changing, the leadership theories need to also continuously adapt to these changes in the same pace as the world around them shifts and evolves. They also suggest that a new, more complex leadership style needs to be developed to suit all the varying needs of the millennial workers. Therefore, further research on this topic is needed as the millennial working life and leadership proceeds in the future.

## 5 Leadership in Finland

As the millennials are often described the same way globally, it is possible to examine the topic of this thesis from various international sources. The overall depiction of what affects millennials today is quite in unison, especially now that the internet and globalization provide a more international and globally connected working environment for millennials all around. However, as this thesis is focusing on Finnish millennials, the next section will provide some insight on leadership in Finland and the Finnish working culture, and whether it has an effect on the Finnish millennials.

### 5.1 Finnish working culture

The general depiction of working life in Finland is that Finns have a high sense of work morale. Hard work has been valued throughout times in Finland, especially during and after the Second World War, when perseverance and rebuilding were crucial for survival. The somewhat tough Northern environment and four seasons have brought a certain amount of challenges to the everyday life in Finland. This in its own part explains the Finnish aptitude for hard work.

There is a downside to working hard, however: working too much. Therefore, in the Finnish working culture finding a balance to achieve the appropriate workload can be challenging. Luckily the work legislation in Finland is rather good, and employees get paid holidays and maternity and paternity leave.

### 5.2 Typical leadership styles in Finland

*The Finnish leadership is described often with a concept Management by perkele. This term was originally invented by the Swedes, their attempt to describe the Finnish harder style to lead. For Swedes Finnish leadership style is too commanding and unnecessary straightforward. According to Ekwall and Karlsson (1999, pp. 150-155), the Finnish leaders are strong authorities who ultimately bear the responsibility and are able to make large decisions alone. A leadership role in Finland is therefore essential, and the decisions he or she does are not usually questioned. Although the workers would disagree with the decision of senior management, they still are able to work in spite of the differences of opinion. In Finnish organizations is also important that the leader is present and available because employees are accustomed to the fact that the leader is always attainable when needed. (Lämsä 2010)*

Leadership in Finland has traditionally been similar to the general culture, straightforward and honest. Absence of the small talk culture also results in Finns often getting straight into

business and offering honest and to-the-point feedback and communication. This can bring challenges in international settings and business negotiations, as certain social cues might be lost when Finns are honest and outspoken and expect the same from others. This can result in misinterpretations (Lämsä 2010).

However, Finns working among Finns can be quite effective, even though chaos may appear as Finns are often used to solving problems as they go, therefore not shying away from hectic environments and situations.

The ever-rising amount of millennial workforce today has also had its effect on the Finnish working life and culture. Due to this, the softer, employee embracing leadership styles are on higher demand. Finnish leaders need to adapt their harsher leadership styles to serve and engage the millennial workforce better.

## 6 Conducting the Research

### 6.1 Interviews

There were six (6) interviewees in total interviewed for the purpose of this thesis, which was to determine what makes Finnish millennials loyal to their employer and how does the leader affect this phenomenon. The respondents represent different industries and age groups within the millennial generation, ranging from ages 31-39. The different industries represented were healthcare, information technology, transportation and logistics, humanitarian sector, and retail and sales. The respondents have 8-18 years of work experience. The interviews were conducted mainly via phone conversations. One interview was done in person.

For the purpose of this analysis of the interview findings, the interview questions were divided into the following three themes: the leader, the employer and employee loyalty.

### 6.2 Interview findings

#### 6.2.1 Theme 1: The leader

The interviewees described their experiences of different leaders they have had during their working history via both negative and positive examples.

Based on the respondents' answers, a **good** leader possesses the following characteristics and attributes:

Someone who helps their subordinates and is on their side, a good leader is a true professional in their field and can therefore lead by example. A leader with good professional know-how is more likely to get their subordinates' respect, which in turn most likely strengthens the leader-subordinate bond. A good leader was someone who was easily approachable and always had some time to have a conversation about anything the employees might have trouble with. This sort of openness and connection made the leader feel more trustworthy and supportive, which helped the subordinates in achieving an experience of being heard and supported, something that millennial workers in particular seem to need, as Melanen (2020) pointed out. Therefore, the desired characteristics described coincide with the theory part of this research.

The respondents almost collectively described two different types of **good** leaders. The first good type being a professional but distant leader, and the second good type is an empathetic and responsible leader who lacks the ability to let go of too much control and giving

the subordinate independence. In fact, ideally millennials seem to wish for a leader who is a combination of the two.

Based on the respondents' answers, a **bad** leader possesses the following characteristics and attributes:

Someone who runs a tyranny at the workplace with outdated views on company culture and life in general. Also, a too hierarchical and unapproachable leader was not considered a good leader. Yet having no authority was also considered a bad trait in a leader, there was a desire for a balance between being easily approachable and being able to take management responsibility. Inability to give constructive criticism was also an undesired trait, in addition to being unjust and condescending. Being too busy and not making or having enough time for their subordinates were some of the negative aspects in the respondents' experiences about leaders.

The respondents described their **ideal** leader as such:

It was important to the respondents of the interviews to have a leader who subordinates can respect, look up to and strive to be like. Therefore, a coaching mentor type leader seemed to be a popular choice as a leader. This type of a leader is a true professional at both their own field and how they practice leadership, therefore leading with example and being able to earn the respect of their subordinates easily.

Additionally, having a good professional connection with the subordinates in terms of communication and information exchange was something the interviewees wished for in an ideal leader. Also, a leader who invests in wellbeing at work, offers various incentives and holds onto common ground rules was something to be strived for.

As a conclusion, the ideal leader for millennial workers seems to be one that gives their subordinates independence and room to shine and grow by themselves, but also be easily accessible and available when support and guidance is needed. Specifically, an ideal leader trusts their workers' occupational abilities and supports their skills by encouraging subordinates to strive for further professional education.

### 6.2.2 Theme 2: The employer

**The employer** in this theme refers to the actual company the interviewees worked at, as well as their colleagues and the environment they worked in.

The opening question in the interviews *Do you enjoy your current job? Why/Why not?* (Appendix 1) was to determine whether the respondents had any dissatisfaction towards their

current job description or work environment in itself, without necessarily having anything to do with the leader they had. However, turns out that the leader had a very significant role in the background nonetheless, either positively or negatively. Some respondents described their work as enjoyable due to the job itself being motivating and satisfactory, as well as having good colleagues to work with, but bad leadership from the management side was having a negative effect on the experience as a whole. On the contrary, some respondents did not enjoy their current job merely due to the job environment being chaotic due to external factors, despite having good leadership. In these cases, it was the leader that was able to hold the company together and guide them through chaos, which had a positive effect in terms of the employee willing to stay and work through the chaos together. One might deduce that if the leader of the company or team is good, they can keep employees from leaving even in the most dire of situations.

Concerning colleagues there was mostly consistency in terms of viewing the co-workers as significant and important when determining whether the general atmosphere at the workplace was enjoyable and motivating or not. Some of the interviewees however found this part less meaningful as they preferred to work individually. Nonetheless, in these more self-sufficient workers' cases whenever they did need to consult colleagues it was important that everything went smoothly and efficiently, with mutual respect. This supported their motivation in their own individual work. Therefore, feeling appreciated and respected by their colleagues (not just by their leader) was also important.

One of the interview questions was "Does the industry you work in affect the quality of the management? If yes, how?". After examining all the answers, it seems like the industry the interviewees worked in had somewhat of an impact in the quality of the management, which in turn had an effect on the respondents' employee loyalty, in both positive and negative. The impact of the industry on the leadership in itself was also varied between a positive and a negative impact, so both are most likely equally present in various fields of business and industries, at least separately. It is not clear however whether the industry's impact on leadership can be simultaneously positive and negative or not. Therefore, this topic would need further research.

### 6.2.3 Theme 3: Employee loyalty

The beginning question for the interviews was "Do you enjoy your current job? Why/Why not? (Appendix 1). This question was chosen to determine a general view of the interviewees' current state of content in their job, as it might serve as a base for employee loyalty in them.

A reoccurring theme in the respondents' replies concerning employee loyalty seemed to be the importance of being appreciated. If the employee felt appreciated in their job, it grew their professional self-esteem, efficiency, and motivation, which in turn made them willing to stay in said workplace. Supporting this statement was the negative side of it all: the interviewed millennials who felt they were not appreciated for their work were thinking of leaving or even planning on re-educating themselves for a new occupation in a completely different field.

To examine the subject in more detail, the interviewees were asked questions about what makes them leave a job, and what makes them stay. Many had the experience of good leadership making them more committed and motivated to working at the company. Some even had a deep-rooted loyalty towards their job tasks and stated that they would only leave the job if they were fired, even if things were difficult in terms of leadership or otherwise. In some cases when the employee stayed in a company due to employee loyalty, their loyalty was directed more towards their colleagues, rather than their leader. Therefore, even if the leader had failed in other aspects of their leadership, putting together a good team amongst colleagues can salvage the situation, keeping workers loyal to the team and working for the company. This sort of an arrangement might not be a particularly long-lasting savior however, as it puts all the strain on the subordinates, possibly creating additional resentment towards the leadership, resulting in ever-growing dissatisfaction and eventually losing the employee. Therefore, in these situations it is vital that the leader takes swift measurements to improve their leadership and show that they are dependable and on their subordinates' side, which is something many of the interviewed millennials wished for in a manager. To many of the respondents, material aspects were also important, such as salary and other benefits. They expected to get a fair compensation for their work, the same fairness that they expect in overall treatment from their leaders. However, based on the interview responses the immaterial aspects and rewards seemed to be slightly more motivating than the material ones to these millennial respondents. They felt that work wellbeing of the employees is important to be maintained by the employer, E.g., in the form of material or immaterial benefits, proper healthcare and social gatherings.

#### 6.2.4 Summary

In this section the author is meant to summarize the interview findings and compare them to the theoretical data gathered for this thesis. This part provides answers to the research questions:

## **Main research question**

- What kind of a leader enhances and encourages employee loyalty in millennials?

## **Sub questions**

- Why is employee loyalty important?
- What kind of leadership style(s) support(s) employee loyalty the best?

Even though the pool of recipients was small (six millennials), it was enough to gain an overall perspective of how Finnish millennials truly feel about their leaders and work, compared to the older and more recent studies made on them. The responses served as good examples of the variety of millennial workers in Finland. There seemed to be a good amount of consistency with the answers in terms of reoccurring themes among all the respondents. One example of this being the millennials' apparent need for the balanced combination of independence and support from their leaders.

When examining the reasons why millennials leave a job, there are various aspects that are either lacking or too present (Figure 1). Millennials wish to be respected and appreciated in the form of including them in decision making, thus acknowledging their professional expertise providing them with further motivation and commitment to their employer. This was visible also in the interviews conducted for this survey. The interview responses also supported the other reasons for voluntary employee turnover seen in Figure 1. These were having a lack of a positive, fair and supportive atmosphere, as well as lack of benefits, feedback and autonomy. Once more we are faced with the magic combination that tends to make millennials content: having both autonomy and support from their leader in a well-functioning balance.

Based on the interviewees' responses, the following answers can be offered to the previously mentioned sub research questions:

1. Why is employee loyalty important?
  - When employees are loyal to their employer, it is an indicator of them being well engaged in their job, led by their leader. An engaged, loyal worker is more likely to stay in an organization long-term, enhancing the company success and being a valuable asset for the future success as well. This is visible in both the theory and research part of this thesis.

2. What kind of leadership style(s) support(s) employee loyalty the best?

- The leadership styles studied in the theory part of this thesis include the authentic style, the servant style, the transformational style and leader engagement. All of these offered good options as a leadership style to choose from when hoping to lead millennials the best, but authentic leadership seemed to be most prominent in being the most suitable if one wanted to only choose one style. Based on the theory and research however, a combination of different modern leadership styles might be a well-functioning solution when choosing a leadership style that supports employee loyalty the best.

As for the main research question on what kind of a leader enhances and encourages employee loyalty in Finnish millennials, the study offers the following suggestions: A modern leader who is focused on the wellbeing and engagement of the employees and is able to adapt to the increasing demands and changes of the leadership field. A successful leader of millennials practices good self-leadership and supports it in their subordinates as well, engages their employees by appreciating them and involving them in decision-making as well as handing out appropriate feedback, rewards and other benefits. Millennials appreciate a leader who listens to them and takes their needs and professional opinions into consideration, and thus is able to make their millennial workers feel appreciated. This in turn promotes more admiration and commitment towards the leader, which by extension enhances employee loyalty towards the company they work at. Considering all this and the previously mentioned theory about the five main leadership theory groups, the millennials' needs and outside pressure and challenges are so numerous and varying that leadership styles and theories need to keep up with them and adjust accordingly. This alone might not be enough, however. As Putriastuti and Stasi (2019) suggested in their research, a more complex leadership theory is needed when leading millennials, one is not simply enough when choosing from the already existing ones. Therefore, further research on this topic is needed. While new leadership styles are being discovered, leaders might need to result in combining different leadership styles to accommodate the millennial workers' needs, as they are equally varied. Also, as Karkkila (2021) mentions in his blog, the need for renewing the field of leadership and company strategies solely for millennials is in fact a rather urgent matter and should be taken seriously enough in order to keep up with the competition and keep the company going. The world is more fast-paced, stressful and technology-based now, and so is the general work description for most millennial workers.

Overall, what can be gathered from the interviews is that the role of the leader is very significant in creating and upkeeping employee loyalty towards the company. Also, regardless

of working in different fields, the respondents' answers were rather identical to each other, with some minor differences. This made it easier to form a concise conclusion of the interview answers. The interviewees seemed to be very observant and able to self-reflect well. They truly know how they should be led, and they will most likely get more demanding as the pressures of the modern world grow. The research resulted in a conclusion that millennials in Finland want to be led by a mentoring type leader who simultaneously guides but also gives tools and opportunities for independence and autonomy.

## 7 Conclusion

Suggesting that employee loyalty and high-quality leadership are closely interwoven, seems like an appropriate deduction to be made from the research findings.

Some new topics and research subjects also emerged during this thesis' research, such as whether the industry's impact on leadership can be both negative and positive simultaneously or not. Further research on the topic would be advised. Further research was also suggested in terms of discovering a new more complex leadership style that is suited for leading millennials the best.

Based on all the theory and interview responses it is quite safe to assume that millennials not only feel the pressure to perform in their own work but have high demands for their leader as well. These demands manifest themselves as the millennial workers' wishes for a professional, driven, responsible, yet empathetic and supportive leader. This suggests that a leader who leads millennials needs to be versatile and possess a certain well-functioning duality of empathy and sternness in their leadership. The same as Mellanen (2020) describes the millennials' professional wants and needs in their book about how to lead millennials, these six millennials that were interviewed for the research want a leader who simultaneously gives support and independence.

Based on all the research findings one could say that the answer to the main research question of *How to be a leader who enhances and encourages employee loyalty in Finnish millennials* is listening. They have all the answers, if leaders can only think to ask. Ask, and they will tell you. And if an employer's millennial worker can see that their leader is truly listening and engaging, they are more inclined to give all the answers one needs as they will most likely feel recognized and appreciated. This type of feedback directly from the subordinate is valuable intelligence for the leader to have in terms of personal growth in continuously developing their leadership skills, as the everchanging field of leadership demands it. As previously mentioned, millennials are often referred to as the lazy generation of young, immature children. However, one might say that millennials are like children in a more positive, more truthful way when it comes to their needs: support and guide them but give them the tools to strive for personal an independent excellence.

## **List of Figures**

Figure 1 How to Lead the Millennials: A Review of 5 Major Leadership Theory Groups (Created by the author, based on Putriastuti, B. C. K and Stasi, A. 2019)

Figure 2 Why do employees leave (Created by the author, based on Rubenstein, A. L., Eberly, M. B, Lee, T.W, & Mitchell, T. R. 2017 and Cioca, I. A. 2018)

Figure 3 SOAR Self-Leadership model (Created by the author, based on Gambill, T. 2021)

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## **Appendices**

### Appendix 1

#### Interview questions

#### **Background information**

- Year of birth
- Industry you work in
- Title
- How many years of work experience do you have?

#### **Interview questions**

- Do you enjoy your current job?
  - Why/why not?
- What kind of leaders have you had along your career?
- What kind of a leader do you need?
- What kind of a leader can you respect and appreciate?
- Have you ever been in a leader position yourself?
  - Has it affected your company loyalty?
- When was the last time you switched jobs?
- How many times have you left a job?
- What makes you leave a job?
- What makes you loyal to a company?
  - What makes you stay?
- How significant is the leader's role in your loyalty towards the company?
- Does the industry you work in affect the quality of the management?
  - If yes, how?